

**QUARTERLY REPORT**  
**MARCH 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 Mr. Abdul Basit Mr. Ghazanfar Baber Siddiqi Mr. Mehmood-ul-Hassan Asghar Mrs. Nida Jamil
<b>Independent Director</b>	: Mr. Aziz-ul-Haque
<b>Audit Committee</b>	: Mr. Aziz-ul-Haque - (Chairman) Syed Maqbool Ali (Member) Mr. Mehmood-ul-Hassan Asghar (Member)
<b>Human Resources &amp; Remuneration Committee</b>	: Mr. Aziz-ul-Haque - Chairman Syed Maqbool Ali (Member) Mr. Ishtiaq Ahmad - (Member)
<b>Auditor</b>	: Faruq Ali & Co. C-88, Ground Floor, KDA Scheme No. 1, Main Karsaz 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 Standard Chartered Bank Pakistan Limited Meezan Bank Limited United Bank Limited Bank Al-Falah Ltd Silk Bank Limited Summit Bank Limited Faysal Bank Limited MCB Bank Limited
<b>Registered Office</b>	: Dewan Centre, 3-A Lalazar Beach Hotel Road, Karachi
<b>Shares Registrar &amp; Transfer Agent</b>	: 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.
<b>Factory Office</b>	: H/20 & H/26, S.I.T.E., 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 nine months and third quarter ended on 31 March 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.

**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.

These 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**

Businesses are currently focusing on sustainability and survival rather than growth in near future. The policies of government towards textile sector and businesses overall are not friendly which is heading towards more bad days for industry. The finance cost is as much high that no business can sustain its operations at such level of interest rates. Organizations on its own are struggling for survival by taking different measures but industry can only survive and move forward out of the way with support by government.

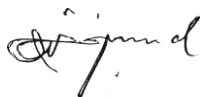
The industry performance mainly depends on consistency in government policies and continuous provision of utilities at affordable rates. We look for the attention of government to address the challenges and help the industry in order to eliminate poverty and unemployment from country by reducing the markup rates substantially and restoration of energy concessions for export-oriented industry making it possible for the textile sector to compete in the international market.

**Conclusion**

In conclusion, we bow beg and pray to Almighty Allah, Rahman-o-Rahim, in the name of our beloved Prophet Muhammad (Peace be upon him) for the continued showering of his blessings, Guidance, strength, health and prosperity to us, our company, country and nation, and also pray to Almighty Allah to bestow peace, Harmony, brotherhood and unity in true Islamic spirit to whole of Muslim Ummah; Ameen: Summa Ameen

**LO-MY LORD IS INDEED HEARER OF PRAYER (HOLY QURAN)**

By and under Authority of the Board of Directors



**Ishtiaq Ahmed**  
Chief Executive Officer



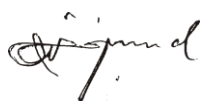
**Syed Maqbool Ali**  
Chairman – Board of Directors

Dated: April 26, 2023

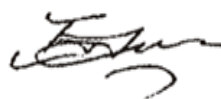
**DEWAN TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2023**

	Notes	(Un-Audited) July-March, 2023	(Audited) June 30, 2022
<b>(Rupees)</b>			
<b><u>EQUITY AND LIABILITIES</u></b>			
<b><u>SHARE CAPITAL AND RESERVES</u></b>			
Authorized share capital 50,000,000 (2022 :50,000,000) Ordinary shares of Rs. 10/- each		<u>500,000,000</u>	<u>500,000,000</u>
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		(6,054,512,210)	(5,706,187,727)
Capital reserve			
Surplus on revaluation of property, plant and equipment	6	<u>2,797,410,640</u>	<u>2,851,974,176</u>
		(2,463,455,480)	(2,060,567,461)
<b><u>NON CURRENT LIABILITIES</u></b>			
Long term financing	7	201,544,687	166,920,985
Deferred taxation	8	<u>248,210,851</u>	<u>270,497,367</u>
		449,755,538	437,418,352
<b><u>CURRENT LIABILITIES</u></b>			
Trade and other payables		152,148,758	153,723,408
Mark-up accrued		2,187,399,882	1,901,746,751
Short term borrowings		293,897,780	281,897,780
Liability for staff gratuity		1,984,351	50,528,588
Unclaimed dividend		254,206	254,206
Overdue portion of long term financing		<u>2,925,634,170</u>	<u>2,944,482,769</u>
		5,561,319,147	5,332,633,502
<b><u>CONTINGENCIES AND COMMITMENTS</u></b>			
	9	-	-
		<u>3,547,619,205</u>	<u>3,709,484,393</u>
<b><u>ASSETS</u></b>			
<b><u>NON-CURRENT ASSETS</u></b>			
Property, plant and equipment	10	3,503,494,813	3,617,888,547
Long term investment	11	-	-
Long term deposits		<u>8,721,608</u>	<u>12,012,134</u>
		3,512,216,421	3,629,900,681
<b><u>CURRENT ASSETS</u></b>			
Stores and spares		5,719,890	11,439,780
Trade debts - unsecured		1,621,115	36,433,404
Advances - considered good		583,748	1,709,645
Taxes recoverable - net		23,161,611	23,137,410
Cash and bank balances		<u>4,316,420</u>	<u>6,863,473</u>
		35,402,784	79,583,712
		<u>3,547,619,205</u>	<u>3,709,484,393</u>

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



**Ishtiaq Ahmed**  
CEO & Director



**Muhammad Irfan Ali**  
Chief Financial Officer

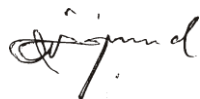


**Syed Maqbool Ali**  
Chairman Board of Directors

**DEWAN TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE NINE MONTHS & QUARTER ENDED MARCH 31, 2023**

	Notes	Nine Months Ended		Quarter Ended	
		July-Mar 2023	July-Mar 2022	Jan-Mar 2023	Jan-Mar 2022
		----- (Rupees) -----		----- (Rupees) -----	
Sales - Net		-	323,046,585	-	97,472,056
Cost of sales		<u>(138,679,914)</u>	<u>(322,227,175)</u>	<u>(45,314,443)</u>	<u>(122,272,270)</u>
Gross profit / (loss)		<u>(138,679,914)</u>	819,410	<u>(45,314,443)</u>	(24,800,214)
<b>Operating expenses</b>					
Administrative & general expenses		(20,186,695)	(5,539,762)	(3,468,909)	(1,628,876)
Reversal of provision against doubtful debts		<u>34,986,400</u>	-	<u>34,986,400</u>	-
<b>Operating (loss)</b>		<u>(123,880,209)</u>	<u>(4,720,352)</u>	<u>(13,796,952)</u>	(26,429,090)
Finance cost	12	<u>(301,294,325)</u>	<u>(210,339,944)</u>	<u>(99,145,244)</u>	<u>(81,600,528)</u>
<b>(Loss) before taxation</b>		<u>(425,174,534)</u>	(215,060,296)	<u>(112,942,196)</u>	(108,029,618)
Taxation					
- Current		-	(4,038,082)	-	(1,218,400)
- Deferred		<u>22,286,515</u>	<u>11,242,165</u>	<u>7,428,839</u>	<u>3,747,389</u>
		<u>22,286,515</u>	7,204,083	<u>7,428,839</u>	2,528,989
<b>(Loss) for the period</b>		<u><u>(402,888,019)</u></u>	<u><u>(207,856,213)</u></u>	<u><u>(105,513,357)</u></u>	<u><u>(105,500,629)</u></u>
<b>(Loss) per share - basic and diluted</b>	13	<u><u>(8.75)</u></u>	<u><u>(4.51)</u></u>	<u><u>(2.29)</u></u>	<u><u>(2.29)</u></u>

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



**Ishtiaq Ahmed**  
CEO & Director



**Muhammad Irfan Ali**  
Chief Financial Officer

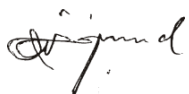


**Syed Maqbool Ali**  
Chairman Board of Directors

**DEWAN TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE NINE MONTHS & QUARTER ENDED MARCH 31, 2023**

	<u>Nine Months Ended</u>		<u>Quarter Ended</u>	
	<u>July-Mar</u> <u>2023</u>	<u>July-Mar</u> <u>2022</u>	<u>Jan-Mar</u> <u>2023</u>	<u>Jan-Mar</u> <u>2022</u>
	----- (Rupees) -----		----- (Rupees) -----	
(Loss) for the period	(402,888,019)	(207,856,213)	(105,513,357)	(105,500,629)
<b>Items that will not be subsequently reclassified to profit or loss :</b>				
<b>Other comprehensive income:</b>				
Revaluation during the period	-	-	-	-
Related deferred tax	-	-	-	-
Remeasurement of defined benefit liability	-	--	--	--
<b>Total comprehensive (loss) for the period</b>	<b>(402,888,019)</b>	<b>(207,856,213)</b>	<b>(105,513,357)</b>	<b>(105,500,629)</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 (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2023**

	July-March 2023.	July-March 2022
Notes	----- (Rupees) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) before taxation	(425,174,534)	(215,060,296)
Adjustment for non-cash and other items:		
Depreciation expense	114,393,734	79,762,945
Unwinding of discount	15,638,042	13,877,968
Reversal of provision against doubtful debts	(34,986,400)	
Provision for slow moving stores	5,719,890	-
Finance Cost	285,656,283	196,461,976
	<u>386,421,549</u>	<u>290,102,889</u>
Cash outflows before working capital changes	(38,752,985)	75,042,593
<b>Working capital charges</b>		
<i>(Increase) / decrease in current assets</i>		
Stock in trade	-	196,772,409
Trade debtors	69,798,689	(24,030,421)
Advances	1,125,897	55,170
Long term deposits	3,290,526	--
	<u>74,215,112</u>	<u>172,797,158</u>
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payable	(1,574,650)	(28,461,571)
Short term borrowings	12,000,000	(208,294,946)
	<u>10,425,350</u>	<u>(236,756,517)</u>
<b>Cash generated/ (used in) operations</b>	<u>45,887,477</u>	11,083,234
<b>Payments for:</b>		
Income taxes	(24,201)	(4,303,278)
Gratuity	(48,544,237)	(173,200)
Finance cost	(3,154)	(782,413)
	<u>(48,571,592)</u>	<u>(5,258,891)</u>
<b>Net cash inflow / (outflow) from operating activities</b>	<u>(2,684,115)</u>	5,824,343
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	-	--
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term loans	137,062	(200,000)
	<u>137,062</u>	<u>(200,000)</u>
Net increase / (decrease) in cash and cash equivalents	(2,547,053)	5,624,343
Cash and cash equivalents at the beginning of the period	6,863,473	10,144,166
<b>Cash and cash equivalents at the end of the period</b>	<u><u>4,316,420</u></u>	<u><u>15,768,509</u></u>

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

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

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

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



**DEWAN TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2023**

	Revenue reserves			Capital reserves	Total equity	
	General reserve	Accumulated losses	Total revenue reserves	Surplus on revaluation of property, plant and equipment		
----- (Rupees) -----						
<b>Balance as at 1st July 2021</b>	<b>460,646,090</b>	<b>333,000,000</b>	<b>(5,405,352,214)</b>	<b>(5,072,352,214)</b>	<b>705,345,865</b>	<b>(3,906,360,259)</b>
<b>Total comprehensive (loss) for the period</b>						
(Loss) for the period			(207,856,213)	(207,856,213)		(207,856,213)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	--	--	(207,856,213)	(207,856,213)	--	(207,856,213)
<b>Balance as at 31 March, 2022</b>	<b>460,646,090</b>	<b>333,000,000</b>	<b>(5,585,684,506)</b>	<b>(5,252,684,506)</b>	<b>(27,523,921)</b>	<b>(4,114,216,472)</b>
<b>Balance as at 1st 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	--	--	(402,888,019)	(402,888,019)	--	(402,888,019)
Other comprehensive income	--	--	--	--	--	--
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	--	--	(402,888,019)	(402,888,019)	--	(402,888,019)
<b>Balance as at 31 March 2023</b>	<b>460,646,090</b>	<b>333,000,000</b>	<b>(6,054,512,210)</b>	<b>(5,721,512,210)</b>	<b>(54,563,536)</b>	<b>(2,463,455,480)</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 NINE MONTHS ENDED MARCH 31, 2023**

**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**

These condensed interim financial statements for the nine months ended 31 March 2023 reflect that the Company has sustained a net loss after taxation of Rs.402.888 million (June 2022: Rs.340.925 million) and as of that date the Company's negative reserves of Rs.5,721.512 million (June 2022: Rs.5,373.188 million) have resulted in negative equity of Rs.2,463.455 million (June 2022: Rs.2,060.567 million). Further, the Company's short term borrowing facilities having limit to the extent of Rs.315 million have expired and not been renewed. The Company is facing litigations with three of its lenders for repayment of liabilities through attachment and sale of Company's hypothecated / mortgaged properties and out of them two of the lenders had also filed winding up petition under section 305 of the repealed Companies Ordinance, 1984. The Company has defaulted in repayment of its restructured liabilities due to liquidity crunch faced by the Company following the adverse conditions of overall textile industry. Accordingly, the entire restructured liabilities alongwith mark-up eligible for waiver have become immediately repayable. Company, for the time being, 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 realise its assets and discharge its liabilities during the normal course of business.

The condensed interim financial statements has been prepared on going concern assumption as the Company approached its lenders for further restructuring of its liabilities, which is in process. Company is hopeful that such restructuring will be effective soon and will streamline the funding requirements of the Company which will ultimately help the management to resume the operations with optimum utilisation of production capacity. As the conditions mentioned in the foregoing paragraph are temporary and would reverse therefore, the preparation of condensed interim financial statement using going concern assumption is justified.

**3 BASIS OF PREPARATION**

- 3.1** These condensed interim financial statements of the Company for the nine months ended 31 March 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 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 2022.

#### 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 2022.

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 2022.

	(Un-audited) July-Mar 2023	(Audited) 30 June 2022
	----- (Rupees) -----	
<b>6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		
Gross surplus	3,045,621,491	3,122,471,542
Related deferred tax liability	(248,210,851)	(270,497,366)
	<u>2,797,410,640</u>	<u>2,851,974,176</u>
<b>7 LONG TERM FINANCING</b>		
Banks and financial institutions - Secured	2,925,634,170	2,925,634,170
Restructured long term financing	--	18,848,599
Loan from sponsor	7.1 18,985,659	--
Sponsor - Unsecured	182,559,027	166,920,985
	<u>3,127,178,856</u>	<u>3,111,403,754</u>
Overdue portion - Shown under current liabilities	(2,925,634,170)	(2,944,482,769)
	<u>201,544,686</u>	<u>166,920,985</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, 2022 except a restructured lease liability has been acknowledged by a sponsor through an agreement between the Company and the sponsor. The sponsor has successfully settled the loan of the vendor on behalf of the Company.

## 8 DEFERRED TAXATION

### *Credit balance arising due to:*

- Accelerated tax depreciation	46,287,163	45,223,759
- Revaluation - Net of related depreciation	248,210,852	270,497,367
- Finance lease transactions	-	3,795,672
- Long term financing	19,595,209	29,636,083
	-	

### *Debit balance arising due to:*

- Staff gratuity	(575,462)	(14,653,291)
- Provision for doubtful debts	(178,413,352)	(192,543,304)
- Provision for obsolete stock	-	--
- Provision for slow-moving stores and spares	(13,769,637)	(12,110,869)
- Carried over losses	(1,298,965,807)	(1,202,130,198)
	<u>(1,177,631,033)</u>	<u>(1,072,284,780)</u>

Deferred tax asset not recognised

<u>1,425,841,886</u>	<u>1,342,782,140</u>
<u><u>248,210,852</u></u>	<u><u>270,497,360</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 2022 except a settlement as morefully explain in note 7.1 to these condensed interim financial statements.

<b>(Un-audited)</b>	<b>(Audited)</b>
<b>July-Mar</b>	<b>30 June</b>
<b>2023</b>	<b>2022</b>
----- <b>(Rupees)</b> -----	

## 10 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	10.1	3,503,494,813	3,617,888,547
Capital work-in-progress - At cost (Civil work)		--	--
		<u><u>3,503,494,813</u></u>	<u><u>3,617,888,547</u></u>

### 10.1 Operating fixed assets

Opening balance	3,617,888,547	1,386,580,374
Additions during the period / year	--	2,342,520,332
Depreciation charged for the period / year	(114,393,734)	(111,212,159)
Closing balance	<u><u>3,503,494,813</u></u>	<u><u>3,617,888,547</u></u>

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

## 11 INVESTMENT IN AN ASSOCIATE COMPANY

### Investment in associate

Dewan Salman Fibre Limited	<u><u>--</u></u>	<u><u>--</u></u>
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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	<u>104,288,773</u>	<u>104,288,773</u>
Cost of investment (Rupees)	<u>210,000,000</u>	<u>210,000,000</u>
Fair value of investment (Rupees)	<u>91,774,120</u>	<u>91,774,120</u>
Ownership interest	<u>28.47%</u>	<u>28.47%</u>

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 26.1 of the annual financial statement for the year ended 30 June 2022, Company has not made the provision of mark-up for the period amounting to Rs. 55.334 million (up to 30 June 2022: Rs.626.137 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 55.334 million and accrued mark-up would have been higher and shareholders' equity would have been lower by 681.471 million. The said non-provisioning is departure from the requirements of IAS 23 - 'Borrowing Costs'.

	(Un-audited) July-Mar 2023 ----- (Rupees) -----	(Un-audited) July-Mar 2022
13 (LOSS) PER SHARE - Basic and diluted		
(Loss) after taxation	<u>(402,888,019)</u>	<u>(207,856,213)</u>
	----- (Number of shares) -----	
Weighted average number of shares	<u>46,064,609</u>	<u>46,064,609</u>
(Loss) per share - Basic and diluted (Rupees)	<u>(8.75)</u>	<u>(4.51)</u>

## 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 consist of following heads:

14.1 Staff Provident fund		
Staff provident fund	53,370	59,370
14.2 Sponsors Loan		
Short term sponsor loan	<u>30,848,600</u>	-
	<u>30,901,970</u>	<u>59,370</u>

## 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

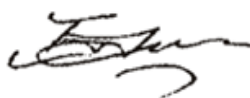
These condensed interim financial statements were authorised for issue on 26th April, 2023 by the Board of Directors of the Company.

## 18 GENERAL

Figures have been rounded off to the nearest rupee.



**Ishtiaq Ahmed**  
CEO & Director



**Muhammad Irfan Ali**  
Chief Financial Officer



**Syed Maqbool Ali**  
Chairman Board of Directors

## ڈائریکٹرز رپورٹ

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

محترم شیئر ہولڈرز،  
السلام علیکم،

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز اختتامی مالیاتی سال 31 مارچ 2023ء کو ختم ہونے والی نو ماہی 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 (فیکٹری بند):

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

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 آپریٹنگ دوبارہ شروع کر سکے گی۔

## مستقبل کا نظریہ:

فی الحال کاروبار مستقبل قریب میں ترقی کی بجائے پائیداری اور بقا پر توجہ دے رہے ہیں۔ حکومت کی ٹیکسٹائل سیکٹر اور مجموعی طور پر کاروبار کے حوالے سے پالیسیاں دوستانہ نہیں ہیں جس سے صنعت مزید بد حالی کی طرف جا رہی ہے۔ مالیاتی لاگت اتنی زیادہ ہے کہ کوئی بھی کاروبار سود کی اس سطح پر اپنے کام کو برقرار نہیں رکھ سکتا۔ تنظیمیں اپنے طور پر مختلف اقدامات کر کے بقا کی جدوجہد کر رہی ہیں لیکن صنعت صرف حکومت کے تعاون سے ہی زندہ رہ سکتی ہے اور آگے بڑھ سکتی ہے۔

صنعت کی کارکردگی بنیادی طور پر حکومتی پالیسیوں میں مستقل مزاجی اور سستی شرحوں پر انڈیلٹیور کی مسلسل فراہمی پر منحصر ہے۔ ہم چینلینجز سے نمٹنے اور صنعت کی مدد کے لیے حکومت کی توجہ چاہتے ہیں تاکہ مارک اپ شرح میں خاطر خواہ کمی کر کے ملک سے غربت اور بے روزگاری کو ختم کیا جاسکے اور برآمدات پر مبنی صنعت کے لیے توانائی کی رعایتوں کی بحالی سے ٹیکسٹائل سیکٹر کو بین الاقوامی مارکیٹ میں مسابقتی بنایا جاسکے۔

## 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 اپریل 2023ء