

DEWAN FAROOQUE SPINNING MILLS LIMITED

**HALF YEARLY REPORT
DECEMBER 31, 2021**

COMPANY INFORMATION

BOARD OF DIRECTORS

Executive Directors	: Dewan Abdul Baqi Farooqui Chief Executive Officer & Director
Non-Executive Director	: Mr. Ghanzanfar Babar Siddiqui - Chairman, Board of Directors Mr. Imran Ahmed Javed Syed Maqbool Ali Mr. Haroon Iqbal Mrs. Nida Jamil
Independent Director	: Mr. Aziz -ul-Haque
Audit Committee	: Mr. Aziz -ul-Haque (Chairman) Syed Maqbool Ali (Member) Mr. Ghanzanfar Babar Siddiqui (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	: Abbass & 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 half year ended December 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:

Company's net revenue for half year have also increased to Rs. 334.494 million as compared to net revenue of Rs. 292.192 million of the corresponding period of last year. Company has suffered gross loss of Rs. 53.994 million as compared to the gross loss of Rs. 26.080 million of comparable period of last year, whereas operating expenses of the company have decreased by Rs.19.442 million. Due to working capital constraints, the company continued the production of yarn on contract basis to keep the company operational.

The economic growth momentum remained intact when compared with SPLY and Pakistan's textile industry performed very well in the first half of financial year 2021-22. Although there had been inflationary pressure due to surge in global commodity prices and the latest Omicron variant of Covid-19 virus has clouded the world economy with uncertainty, the Pakistan's economy has shown better performance at coping with these pressures with the help of government's pro-growth policies. The Country's exports significantly increased during this period and marked USD 15.12 billion, up from USD 12.11 billion during the same period of fiscal year 2020-21, showing an increase of 24.9%.

In contrast to this, the increasing domestic demand, especially for raw material and capital goods, has led to significant increase in import bills by 66.2% (USD term) in this period as compared to SPLY. International cotton prices are touching to a decade high price due to many factors such as US-China trade commitments, bullish cotton trading and improvement in COVID-19 situation. Local cotton market followed the trend along with news of local crop shortage which resulted in rapid buying by spinners to replenish their yearly stock. As per the fortnightly data released by the Pakistan Cotton Ginners' Association (PCGA) the Cotton harvesting season draws to a close and the country's ginners have received 7.3 million bales of cotton, around 38% up from last year's 5.3 million bales, in support to meet the local textile companies increasing demand. Further, general inflation indices touched double digits by the month of December 2021 in lieu of global inflationary pressures. The government is taking all possible measures to control this inflationary pressure. Increase in the policy rate to 9.75% by State Bank of Pakistan (SBP) is the indirect measure taken to counter inflationary pressures and ensure that growth remains sustainable. Government through various fiscal and monetary measures tried to relieve the industries in tough times and the economy is showing progressive results.

The auditors of the Company have qualified their review report on default in repayment of installments of restructured liabilities and related non-provisioning of mark-up. The company approached its lenders for further restructuring of its liabilities, which is in process. Management is hopeful that such revision will be finalized soon, hence no provision has been made in these condensed interim financial statements.

These condensed interim financial statements have been prepared using going concern assumption as the conditions referred in note 2 are temporary and would reverse in foreseeable future. The company's operating cash flows are positive. The company production has 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.

Future Outlook

Although economic recovery is underway, the economy is also confronting inflation as well as external sector pressure. Further, it is expected that overall Country's exports will benefit from the current domestic and foreign

DEWAN FAROOQUE SPINNING MILLS LIMITED DIRECTORS' REPORT

economic aggression. However, despite the signs of economic resilience and recovery, sustainability of the current growth requires that the trade deficit remains manageable. There may be some pressure on current account due to high imports of Raw Cotton because of continuous increase in international cotton price mainly because of rising demand & disruption in US cotton supplies, import of plant and machinery, increasing trend in international Oil prices and rupee devaluation. Further, the challenges of rising debt, high inflation, increased cost of living, unstable political conditions and geopolitical tensions may obscure the outlook. In this regard, Government needs to closely monitor the imports, which seems to be the challenge having an impact on the foreign exchange reserves and accordingly on the exchange rates.

However, the performance of any organization mainly depends on consistency in government policies and provision of basic utilities including supply of gas, any hinderance of which have impact on the organization's performance. Accordingly, the Company expects that the upcoming government policies will be favourable for the businesses for their long-term growth.

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



Dewan Abdul Baqi Farooqui
Chief Executive Officer & Director



Haroon Iqbal
Director

Dated: February 24, 2022

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, 2021 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, 2021: Rs. 398.067) million along with markup of Rs. 210.713 (June 30, 2021: Rs.210.713) million (eligible for waiver outstanding as of date of restructuring) become immediately payable, therefore provision for markup should be made in these financial statements. Further, the short term finance facilities have expired and not been renewed by banks amounting to Rs. 192.10 (June 30, 2021: Rs. 192.10) million. The company is facing litigations from its lenders; the aggregate suit amount is Rs. 66.60 (June 30, 2021: Rs. 66.60) million the company has also not provided markup on the same amount as fully disclosed in note 6 to the Condensed interim Financial Statements. Further, some of the lenders filed suit for execution against the consent decree.
- b) Had the provisions for the mark up, as discussed in note no 9 to the financial statements and preceding paragraph (a), been made in these financial statements, the loss after taxation would have been higher by Rs. 290.240 (June 30, 2021: Rs. 286.454) million and markup payable would have been higher and shareholders' equity would have been lower by Rs. 290.240 (June 30, 2021: Rs. 286.454) million.

Qualified Conclusion

Based on our review, except for the matter discussed in the preceding paragraph (a) and (b) and its effects, nothing has come to our attention that causes us to believe that these accompanying interim financial statements as of and for the six months period ended December 31, 2021 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, 2021 the company incurred a loss after taxation of Rs. 84.014 (December 31, 2020 Rs. 81.030) million and as of that date it has accumulated losses amounting to Rs. 1,391.220 (June 30, 2021 Rs.1,345.217) billion and its current liabilities exceeded its current assets by Rs. 1,050.931 (June 30, 2021: Rs. 1.022.063) million without providing mark up of Restructured and other liabilities and as refer in above para (a) and (b). Furthermore, the company defaulted in repayments of instalments of restructured liabilities and short term finance facilities which has been expired and not renewed by banks amounting to Rs. 192.10 million as discussed in Para (a) above. The Company is in litigation with its lenders. Following Course, the company has started manufacturing of yarn on Contract basis due to working Capital constraints note 1 in the financial statements. These conditions, along with other matters as set forth in note 2 indicate the existence of material uncertainty which may cast significant doubt about Company's ability to Continue as going concern therefore the company may be unable to realize its assets and discharge its liabilities in normal Course of Business. The amounts of the current liabilities and Loss reported in said note do not include the effect of matters discussed in Basis for Qualified opinion. Our opinion is not modified in respect of this matter.

Other matter

The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income and the notes forming part thereof for the quarters ended December 31, 2021 and December 31, 2020 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, 2021.

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



CHARTERED ACCOUNTANTS

Karachi:

Dated: 24-Feb-2022

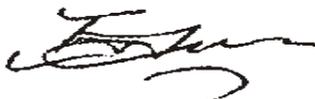
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DEWAN FAROOQUE SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2021

	Un-Audited Dec 31, 2021	Audited June 30, 2021
Notes	------(Rupees)-----	
<u>EQUITY AND LIABILITIES</u>		
SHARE CAPITAL AND RESERVES		
Authorized share capital 100,000,000 (2021: 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	(1,391,219,858)	(1,345,216,585)
Capital Reserve - Revaluation surplus on property, plant and equipment	2,332,375,800	2,370,386,530
	1,918,663,202	2,002,677,205
NON-CURRENT LIABILITIES		
Deferred Taxation	301,634,429	317,159,938
Deferred Liability for staff gratuity	18,161,837	15,641,205
CURRENT LIABILITIES		
Trade and other payables	105,196,287	114,568,403
Accrued mark-up	292,213,083	273,069,999
Short term borrowings	412,864,355	412,864,355
Overdue portion of long term liabilities	463,896,977	463,896,977
Provision for taxation	4,891,974	10,572,616
	1,279,062,676	1,274,972,350
CONTINGENCIES AND COMMITMENTS	6	-
	3,517,522,144	3,610,450,698
<u>ASSETS</u>		
NON-CURRENT ASSETS		
Property, plant and equipment	3,251,163,366	3,319,315,029
Long term deposits	38,226,745	38,226,745
CURRENT ASSETS		
Stores & Spares	25,961,983	22,309,317
Stock-in-trade	-	361,003
Trade Debts- Unsecured, Considered Good	83,710,525	83,624,514
Loans and advances- Unsecured, Considered Good	22,049,380	18,154,240
Trade deposits and other receivables- Considered Good	52,723,635	53,043,602
Taxes recoverable	28,993,730	31,366,691
Cash and bank balances	14,692,780	44,049,557
	228,132,033	252,908,924
	3,517,522,144	3,610,450,698

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


Dewan Abdul Baqi Farooqui
Chief Executive Officer & Director


Muhammad Irfan Ali
Chief Financial Officer


Haroon Iqbal
Director

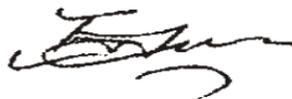
DEWAN FAROOQUE SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED 31ST DECEMBER 2021

	Half Year Ended		Quarter Ended	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Notes	------(Rupees)-----			
Sales / Revenue - Net	334,493,963	292,192,000	184,964,375	148,744,500
Cost of sales / revenue	<u>(388,488,011)</u>	<u>(318,272,330)</u>	<u>(196,200,838)</u>	<u>(165,568,466)</u>
Gross (loss)	(53,994,048)	(26,080,330)	(11,236,463)	(16,823,966)
Operating expenses				
Administrative expenses	<u>(17,157,067)</u>	<u>(36,661,572)</u>	<u>(10,128,281)</u>	<u>(31,091,837)</u>
Selling and distribution expenses	<u>(4,290,400)</u>	<u>(4,227,844)</u>	<u>(1,983,822)</u>	<u>(1,941,837)</u>
	<u>(21,447,467)</u>	<u>(40,889,416)</u>	<u>(12,112,103)</u>	<u>(33,033,674)</u>
Operating (loss)	(75,441,515)	(66,969,746)	(23,348,566)	(49,857,640)
Other charges				
Finance cost	9 <u>(19,206,023)</u>	<u>(18,177,246)</u>	<u>(9,815,893)</u>	<u>(9,179,897)</u>
	<u>(19,206,023)</u>	<u>(18,177,246)</u>	<u>(9,815,893)</u>	<u>(9,179,897)</u>
(Loss) before taxation	(94,647,538)	(85,146,992)	(33,164,459)	(59,037,537)
Taxation				
Current	<u>(4,891,974)</u>	<u>(4,382,880)</u>	<u>(2,705,104)</u>	<u>(2,231,167)</u>
Deferred	<u>15,525,509</u>	<u>8,500,242</u>	<u>7,762,754</u>	<u>4,250,121</u>
	<u>10,633,535</u>	<u>4,117,362</u>	<u>5,057,650</u>	<u>2,018,954</u>
(Loss) after taxation	<u>(84,014,003)</u>	<u>(81,029,630)</u>	<u>(28,106,809)</u>	<u>(57,018,583)</u>
(Loss) per share - Basic and diluted (Rupees)	10 <u>(0.86)</u>	<u>(0.83)</u>	<u>(0.29)</u>	<u>(0.58)</u>

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



Dewan Abdul Baqi Farooqui
Chief Executive Officer & Director



Muhammad Irfan Ali
Chief Financial Officer



Haroon Iqbal
Director

DEWAN FAROOQUE SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 31ST DECEMBER 2021

	<u>Half Year Ended</u>		<u>Quarter Ended</u>	
	<u>Dec 31,</u> <u>2021</u>	<u>Dec 31,</u> <u>2020</u>	<u>Dec 31,</u> <u>2021</u>	<u>Dec 31,</u> <u>2020</u>
	------(Rupees)-----			
(Loss) after taxation	(84,014,003)	(81,029,630)	(28,106,809)	(57,018,583)
Items that will not be subsequently reclassified to profit or loss:				
Remeasurement of defined benefit liability	-	-	-	-
Deferred tax on remeasurement of defined benefit liability	-	-	-	-
	-	-	-	-
Total comprehensive income /(loss) for the period	(84,014,003)	(81,029,630)	(28,106,809)	(57,018,583)

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



Dewan Adbul Baqi Farooqui
Chief Executive Officer & Director



Muhammad Irfan Ali
Chief Financial Officer



Haroon Iqbal
Director

DEWAN FAROOQUE SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED 31ST DECEMBER 2021

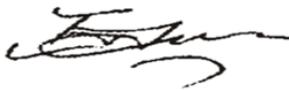
	December 31, 2021	December 31, 2020
	------(Rupees)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before taxation	(94,647,538)	(85,146,992)
Adjustments for non cash and other items:		
Depreciation	79,459,102	57,198,127
Financial charges	19,206,023	18,177,246
Provision for Doubtfull Debts		18,802,400
Provision for gratuity	4,284,624	3,466,012
Cash flow before working capital changes	8,302,211	12,496,793
Working Capital changes		
<i>(Increase)/ Decrease in current assets:</i>		
Stores & spares	(3,652,666)	2,193,768
Stock in trade	361,003	-
Trade debts	(86,011)	(3,857,201)
Loans & advances	(3,895,140)	6,969,838
Trade deposits & other receivables	319,967	(1,846,801)
<i>Increase/ (Decrease) in current liabilities:</i>		
Trade and other payables	(9,372,116)	(24,731,251)
Cash generated from /(used in) operations	(8,022,752)	(8,774,854)
Taxes paid - net of refund	(8,199,655)	19,652,362
Gratuity paid	(1,763,992)	(998,117)
Financial charges paid	(62,939)	(166,933)
	(18,049,338)	9,712,458
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(11,307,439)	(10,061,450)
Long term deposits	-	-
Net cash outflow from investing activities	(11,307,439)	(10,061,450)
CASH FLOW FROM FINANCING ACTIVITIES		
Syndicated Long Term Loan	-	-
Short Term Loan	-	-
Net cash Inflow/(out flow) from financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	(29,356,777)	(348,992)
Cash and Cash equivalents at the beginning of the period	44,049,557	3,682,510
Cash and Cash equivalents at the end of the period	14,692,780	3,333,518

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



Dewan Abdul Baqi Farooqui
Chief Executive Officer & Director



Muhammad Irfan Ali
Chief Financial Officer



Haroon Iqbal
Director

DEWAN FAROOQUE SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED 31ST DECEMBER 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, 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	--	(81,029,630)	--	(81,029,630)
Other comprehensive income	--	--	--	--
	--	(81,029,630)	--	(81,029,630)
Transfer to accumulated loss in respect of incremental depreciation - net of tax	--	20,810,938	(20,810,938)	--
Balance as at December 31, 2020	977,507,260	(1,334,456,361)	1,015,841,439	658,892,338
Balance as at July 01, 2021	977,507,260	(1,345,216,585)	2,370,386,530	2,002,677,205
Total comprehensive income/(loss) for the period (Loss) for the period	--	(84,014,003)	--	(84,014,003)
Other comprehensive income	--	--	--	--
	--	(84,014,003)	--	(84,014,003)
Transfer to accumulated loss in respect of incremental depreciation - net of tax	--	38,010,730	(38,010,730)	--
Balance as at December 31, 2021	977,507,260	(1,391,219,858)	2,332,375,800	1,918,663,202

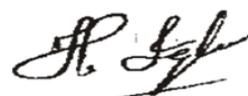
The annexed notes form an integral part of these condensed interim financial statements.



Dewan Abdul Baqi Farooqui
Chief Executive Officer & Director



Muhammad Irfan Ali
Chief Financial Officer



Haroon Iqbal
Director

DEWAN FAROOQUE SPINNING MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 31ST DECEMBER 2021

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. During the period the company 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, 2021 reflect that company sustained net loss after taxation of Rs. 84.014 million (2021: Rs. 112.601 million) and as of that date it has negative reserves of Rs. 1,391.220 million and its current liabilities exceeded its current assets by Rs. 1,050.931 million (2021: 1,022.063 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. The company production have increased as compared to last year due to certain capital expenditures, which also mitigate the risks involved. 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 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 2021.

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 2021.

4.2 Application of new and revised International Financial Reporting Standards

4.2.1 Standards, amendments to standards and interpretations becoming effective during the period

There are certain new standards, amendments to existing standards and new interpretations on approved accounting standards that became effective during the period and are mandatory for accounting periods of the Company beginning on or after July 01, 2021 but are considered not to be relevant or not to have any material effect on the Company's operations and are, therefore, not disclosed in these condensed interim financial statements.

4.2.2 Standards, amendments to standards and interpretations becoming effective in future periods

There are certain new standards, amendments to standards and interpretations that will become effective in future accounting periods but are considered not to be relevant or not to have any material effect on the Company's operations and are, therefore, not disclosed in these condensed interim financial statements.

5 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

5.1 The preparation of these condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events, revision to accounting estimates are recognized prospectively commencing from the period of revision.

5.2 Judgements and estimates made by management in the preparation of these condensed interim financial informations are the same as those that were applied to the financial statements as at and for the year ended June 30, 2021.

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, 2021

	Dec. 31, 2021	Jun 30, 2021
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6 CONTINGENCIES AND COMMITMENTS

There has been no significant change in the contingencies and commitments since the last audited financial statements for the year ended June 30, 2021.

	Dec. 31, 2021	Jun 30, 2021
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7 PROPERTY, PLANT AND EQUIPMENT

		Dec. 31, 2021	Jun 30, 2021
Operating fixed assets	7.1	3,243,563,366	3,316,315,029
Capital work in progress		7,600,000	3,000,000
		<u>3,251,163,366</u>	<u>3,319,315,029</u>

7.1 Operating fixed assets

Opening written down value		3,316,315,029	1,876,890,143
Additions during the period / year	7.2	6,707,439	18,293,839
Surplus on revaluation		-	1,536,836,784
Depreciation during the period / year		<u>(79,459,102)</u>	<u>(115,705,737)</u>
Closing written down value		<u>3,243,563,366</u>	<u>3,316,315,029</u>

7.2 Additions during the period / year

Land		-	2,693,410
Plant & Machinery		6,572,439	10,774,924
Vehicles		-	4,430,505
Computer Equipment		135,000	395,000
		<u>6,707,439</u>	<u>18,293,839</u>

	Dec. 31, 2021	Dec. 31, 2020
8 CASH AND CASH EQUIVALENTS		
Cash and Bank Balances	14,692,780	3,333,518
	<u>14,692,780</u>	<u>3,333,518</u>

9 FINANCE COST

The Company has not made the provision of markup for the period amounting to Rs. 3.786 million (up to June 30, 2021: Rs.75.741 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. 3.786 million and accrued markup would have been higher and shareholders' equity would have been lower by Rs.79.527 million.

	Dec. 31, 2021	Dec. 31, 2020
	Rupees	
10 BASIC EARNINGS PER SHARE		
Loss after taxation	(84,014,003)	(81,029,630)
Weighted average number of ordinary shares	97,750,726	97,750,726
Basic Loss per share	(0.86)	(0.83)

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	789,174	348,798
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12 CORRESPONDING FIGURES

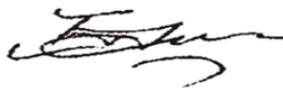
In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", statement of financial position has been compared with the balances of annual financial statements, whereas statement of profit or loss, statement of comprehensive income, statement of cash flows and statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

13 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information has been authorized for issue on February 24, 2022 by the Board of Directors of the company.



Dewan Abdul Baqi Farooqui
CHIEF EXECUTIVE OFFICER



Muhammad Irfan Ali
CHIEF FINANCIAL OFFICE



Haroon Iqbal
DIRECTOR

دیوان فاروق اسپینگ ملز لمیٹڈ

ڈائریکٹرز رپورٹ

شروع کرتا ہوں اللہ تعالیٰ کے نام سے جو بڑا مہربان اور نہایت رحم والا ہے
اگر تم ٹھکرا دو 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 2021ء کو ختم ہونے والی ششماہی 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 ششماہی کمپنی کی خالص آمدنی بھی بڑھ کر 334.494 ملین روپے ہو گئی جو کہ گذشتہ سال کی اسی مدت کے مقابلے میں مبلغ 292.192 ملین روپے تھی۔ کمپنی کو گذشتہ سال کی اسی مدت کے مجموعی خسارہ 26.080 ملین روپے کے مقابلے میں مبلغ 53.994 ملین روپے کے مجموعی خسارہ کا سامنا کرنا پڑا جبکہ کمپنی کے آپریٹنگ اخراجات میں 19.442 ملین روپے کی کمی واقع ہوئی۔ ورکنگ کپیکل کی رکاوٹوں کی وجہ سے کمپنی نے کمپنی کو آپریٹنگ رکھنے کے لیے کنٹریکٹ کی بنیاد پر یارن کی پیداوار جاری رکھی۔

معاشی ترقی کی رفتار چٹھلی ششماہی کے مقابلے میں برقرار رہی اور مالیاتی سال 2021-22 کی پہلی ششماہی میں پاکستان ٹیکسٹائل انڈسٹری نے بہترین کارکردگی کا مظاہرہ کیا۔ اگرچہ عالمی اجناس کی قیمتوں میں اضافے کے باعث افراد زر کا دباؤ رہا اور کورونا وائرس کے تازہ ترین اومی کرون ویرینٹ کے باعث عالمی معیشت پر بے یقینی کے بادل چھائے ہوئے ہیں لیکن پاکستان کی معیشت نے حکومت کی ترقیاتی پالیسیوں کی بدولت ان دباؤ سے نمٹنے میں بہتر کارکردگی دکھائی۔ دوران عرصہ ملک کی برآمدات میں 15.12 بلین امریکی ڈالر کا نمایاں اضافہ ہوا جو کہ مالیاتی سال 2020-21 کی اسی مدت کے دوران 12.11 بلین امریکی ڈالر سے زیادہ ہے، جو کہ 24.9 فیصد کا اضافہ ظاہر کرتا ہے۔

اس کے برعکس، بڑھتی ہوئی ملکی طلب خاص طور پر خام مال اور کپیکل گڈز کے باعث چٹھلی ششماہی کے مقابلے میں درآمدی بلوں میں 66.2% (USD ٹرم) کا نمایاں اضافہ ہوا۔ امریکہ چین تجارتی معاہدوں، تیزی سے کپاس کی تجارت اور کورونا وبا کی صورتحال میں بہتری جیسے کئی عوامل کے باعث بین الاقوامی کپاس کی قیمتیں آسمان کو چھو رہی ہیں۔ مقامی کپاس کی مارکیٹ نے مقامی فصل کی کمی کی خبروں کے ساتھ رجحان کی پیروی کی جس کے نتیجے میں اسپنرز نے اپنے سالانہ اسٹاک کو بھرنے کے لیے تیزی سے خریداری کی۔ پاکستان کاٹن گنز ایسوسی ایشن (PCGA) کے جاری کردہ پندرہ روزہ اعداد و شمار کے مطابق کپاس کی کٹائی کا سیزن اختتام کو پہنچ رہا ہے اور ملک کے گنز نے مقامی ٹیکسٹائل کمپنیوں کی بڑھتی ہوئی مانگ کو پورا کرنے کی حمایت میں کپاس کی 7.3 ملین گانٹھیں حاصل کیں جو گذشتہ سال کی 5.3 ملین گانٹھوں سے تقریباً 38 فیصد زیادہ ہیں۔ مزید یہ کہ عالمی افراط زر کے دباؤ کے نتیجے میں دسمبر 2021 کے مہینے تک عام افراط زر کے اشاریے دوہرے ہندسوں کو چھو گئے۔ حکومت مہنگائی کے اس دباؤ کو کنٹرول کرنے کے لیے ہر ممکن اقدامات کر رہی ہے۔ اسٹیٹ بینک آف پاکستان (SBP) کی جانب سے افراط زر کے دباؤ کا مقابلہ کرنے اور ترقی میں استحکام کو یقینی بنانے کے لیے پالیسی ریٹ میں 9.75% تک اضافہ کا اقدام بالواسطہ ہے۔ حکومت نے مختلف مالیاتی اور مانیٹری اقدامات کے ذریعے مشکل وقت میں صنعتوں کو

افادیت پہنچانے کی کوشش کی اور معیشت ترقیاتی نتائج دکھا رہی ہے۔

کمپنی کے آڈیٹرز نے ری سٹرکچر ڈواجبات 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 پر امید ہے کہ اس طرح کی نظر ثانی کو جلد حتمی شکل دے دی جائے گی، اس لیے ان مختصر عبوری مالیاتی بیانات میں کوئی پروویژن نہیں کیا گیا ہے۔

یہ غیر میعاد عبوری مالیاتی حسابات تشویشی مفروضے کو استعمال کرتے ہوئے تیار کئے گئے ہیں کیونکہ نوٹ 2 میں مذکورہ شرائط عارضی ہیں اور مستقبل میں ان کے برعکس ہو سکتی ہیں۔ کمپنی کا آپریٹنگ فلو مثبت ہے۔ گذشتہ مالیاتی سال میں سرمایہ کاری اخراجات کے باعث کمپنی کی پیداوار میں اضافہ ہوا جس کا موازنہ گذشتہ اسی عرصہ سے کیا جاسکتا ہے۔ کمپنی نے اپنے قرض دہندگان سے اپنی ذمہ داریوں کی مزید تنظیم نو کیلئے رابطہ کیا ہے جو عملی مراحل میں ہے۔ لہذا تشویشی مفروضے کا استعمال کرتے ہوئے عبوری مالیاتی حسابات کی تیاری جائز ہے۔

مستقبل کا نظریہ:

اگرچہ اقتصادی بحالی جاری ہے، معیشت کو افراط زر کے ساتھ ساتھ بیرونی شعبے کے دباؤ کا بھی سامنا ہے۔ مزید توقع ہے کہ موجودہ ملکی اور غیر ملکی اقتصادی جارحیت سے مجموعی طور پر ملکی برآمدات کو فائدہ حاصل ہوگا۔ تاہم، اقتصادی لچک اور بحالی کے آثار کے باوجود، موجودہ ترقی کی پائیداری کا تقاضا ہے کہ تجارتی خسارہ قابل انتظام رہے۔ خام کپاس کی زیادہ درآمدات کی وجہ سے کرنٹ اکاؤنٹ پر کچھ دباؤ ہو سکتا ہے کیونکہ بین الاقوامی کپاس کی قیمت میں مسلسل اضافے کی بنیادی وجہ امریکی کپاس کی بڑھتی ہوئی طلب اور رسد میں رکاوٹ، پلانٹ اور مشینری کی درآمد، بین الاقوامی تیل کی قیمتوں میں بڑھتے ہوئے رجحان اور روپے کی قدر میں کمی ہے۔ مزید یہ کہ قرضہ جات، بلند افراط زر، زندگی کی بڑھتی ہوئی قیمت، غیر مستحکم سیاسی حالات اور جغرافیائی سیاسی تناؤ کے چیلنجز اس نقطہ نظر کو غیر واضح کر سکتے ہیں۔ اس سلسلے میں حکومت کو درآمدات پر کڑی نظر رکھنے کی ضرورت ہے، جو کہ غیر ملکی زرمبادلہ کے ذخائر اور اس کے مطابق شرح مبادلہ پر اثر انداز ہو سکتے ہیں۔

تاہم، کسی بھی تنظیم کی کارکردگی بنیادی طور پر حکومتی پالیسیوں میں مستقل مزاجی اور گیس کی فراہمی سمیت بنیادی سہولیات کی فراہمی پر منحصر ہوتی ہے، جس میں کسی بھی قسم کی رکاوٹ تنظیم کی کارکردگی پر اثر انداز ہوتی ہے۔ اسی مناسبت سے، کمپنی امید کرتی ہے کہ آنے والی حکومتی پالیسیاں کاروبار کی طویل مدتی ترقی کے لیے سازگار ہوں۔

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



حارون اقبال
ڈائریکٹر



دیوان عبدالباقی فاروقی
چیف ایگزیکٹو آفیسر اینڈ ڈائریکٹر
مورخہ: 24 فروری 2022ء