

**Idrees Textile
Mills Limited**

Condensed Interim Financial Statements
For the half year ended December 31,
2020

IDREES TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

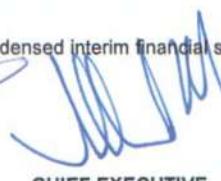
		December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	Note	(Rupees)	
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,674,347,190	1,662,696,972
Long-term deposits		24,757,505	26,665,335
		<u>1,699,104,695</u>	<u>1,689,362,307</u>
Current assets			
Stores, spares and loose tools		44,301,720	47,580,982
Stock-in-trade	5	1,270,324,202	1,538,057,914
Trade debts		762,297,190	782,098,181
Loans and advances		55,731,482	67,718,460
Deposits and short-term prepayments		7,013,499	7,928,309
Other receivables		78,875,188	66,431,692
Other financial assets	6	86,094,620	73,746,320
Cash and bank balances		40,703,610	18,400,305
		<u>2,345,341,511</u>	<u>2,601,962,163</u>
		<u>4,044,446,206</u>	<u>4,291,324,470</u>
Total assets			
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves			
Authorized		220,000,000	220,000,000
22,000,000 ordinary shares of Rs.10/- each		<u>198,528,000</u>	<u>198,528,000</u>
Issued, subscribed and paid-up capital		198,528,000	198,528,000
Capital reserves			
Surplus on revaluation of property, plant and equipment - net of tax		612,358,415	633,848,096
Equity portion of loan from related parties		30,605,178	33,586,069
Revenue reserves		781,497,810	731,526,624
		<u>1,622,989,403</u>	<u>1,597,488,789</u>
Total equity			
LIABILITIES			
Non-current liabilities			
Long-term finance	7	176,594,835	153,555,474
Lease liability		16,376,461	28,145,710
Deferred tax liability		174,191,013	183,503,681
Retirement benefit obligation		53,591,731	48,768,743
		<u>420,754,040</u>	<u>413,973,608</u>
Current liabilities			
Trade and other payables		263,687,848	397,347,898
Accrued mark-up		34,416,282	68,008,376
Short-term borrowings	8	1,564,227,370	1,638,057,210
Current portion of long-term finance	7	89,442,593	99,356,884
Current portion of lease liability		21,862,416	31,498,402
Unclaimed dividend		2,424,885	2,424,885
Provision for taxation		24,641,369	43,168,418
		<u>2,000,702,763</u>	<u>2,279,862,073</u>
		<u>2,421,456,803</u>	<u>2,693,835,681</u>
Total liabilities			
Total equity and liabilities			
		<u>4,044,446,206</u>	<u>4,291,324,470</u>

CONTINGENCIES AND COMMITMENTS

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



CHAIRMAN / DIRECTOR



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

IDREES TEXTILE MILLS LIMITED
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020**

		Half-year Ended		Quarter Ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Note	(Rupees)			
Sales - net	10	1,731,682,924	1,757,548,576	930,612,529	891,798,725
Cost of sales	11	(1,549,693,408)	(1,595,555,501)	(822,213,462)	(799,912,140)
Gross profit		181,989,516	161,993,075	108,399,067	91,886,585
Distribution cost		(13,607,934)	(12,154,781)	(8,494,866)	(8,401,865)
Administrative expenses		(39,802,309)	(42,225,966)	(21,562,799)	(23,043,149)
		(53,410,243)	(54,380,747)	(30,057,665)	(31,445,014)
		128,579,273	107,612,328	78,341,402	60,441,571
Finance cost		(86,784,018)	(109,927,800)	(39,368,693)	(51,361,460)
Other operating expenses	12	(7,490,315)	(13,120,616)	(6,270,294)	(3,416,185)
		34,304,940	(15,436,088)	32,702,415	5,663,926
Other income	13	5,075,532	7,249,329	3,222,203	5,961,266
Profit / (loss) before taxation		39,380,472	(8,186,759)	35,924,618	11,625,192
Taxation					
Current		(24,641,369)	(23,194,934)	(14,305,081)	(12,392,331)
Prior		(453,076)	2,210,212	(349,304)	2,210,212
Deferred		9,312,668	48,292,209	(7,282,687)	31,914,034
		(15,781,777)	27,307,487	(21,937,072)	21,731,915
Profit after taxation		23,598,695	19,120,728	13,987,546	33,357,107
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		23,598,695	19,120,728	13,987,546	33,357,107
Earnings per share - basic and diluted (Rupees)		1.19	0.96	0.70	1.68

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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IDREES TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Note	Issued, subscribed and paid up capital	Capital reserves		Revenue reserves	Total
			Surplus on revaluation of property, plant and equipment - net of tax	Equity Portion of loan from related parties	Unappropriated profit	
			(Rupees)			
Balance as at July 1, 2019		198,528,000	636,590,008	44,580,488	775,173,993	1,654,872,489
Total comprehensive income for the period						
Profit for the period		-	-	-	19,120,728	19,120,728
Other comprehensive income		-	-	-	-	-
		-	-	-	19,120,728	19,120,728
Transfer from surplus on revaluation of property, plant and equipment on account:						
- incremental depreciation charge thereon - net of tax		-	(13,994,383)	-	13,994,383	-
- disposals - net of tax		-	(13,418)	-	13,418	-
		-	(14,007,801)	-	14,007,801	-
Transactions with related parties						
Unamortized portion of Interest free Loan		-	-	12,847,403	-	12,847,403
Balance as at December 31, 2019		198,528,000	622,582,207	57,427,891	808,302,522	1,686,840,620
Balance as at July 1, 2020		198,528,000	633,848,096	33,586,069	731,526,624	1,597,488,789
Total comprehensive income for the period						
Profit for the period		-	-	-	23,598,695	23,598,695
Other comprehensive income		-	-	-	-	-
		-	-	-	23,598,695	23,598,695
Transfer from surplus on revaluation of property, plant and equipment on account:						
- incremental depreciation charge thereon - net of tax		-	(21,489,681)	-	21,489,681	-
- disposals - net of tax		-	-	-	-	-
		-	(21,489,681)	-	21,489,681	-
Transactions with related parties						
Fair value effect of interest free loan provided by related parties	7	-	-	1,901,919	-	1,901,919
Unwinding of discount on long-term loan from related parties	7	-	-	(4,882,810)	4,882,810	-
Balance as at December 31, 2020		198,528,000	612,358,415	30,605,178	781,497,810	1,622,989,403

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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IDREES TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Half - year Ended	
	December 31, 2020	December 31, 2019
	(Rupees)	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	39,380,472	(8,186,759)
Adjustments for:		
Depreciation	45,274,421	44,382,417
Provision for retirement benefit obligation	8,754,690	8,565,597
Gain on sale of property, plant and equipment	(1,761,102)	(4,811,655)
Finance cost	81,901,208	105,463,836
Finance cost on unwinding of discount on long-term finance from related parties	4,882,810	4,463,964
Operating cash flows before working capital changes	178,432,499	149,877,400
(Increase) / decrease in current assets		
Stores, spares and loose tools	3,279,262	1,103,264
Stock-in-trade	267,733,712	451,096,025
Trade debts	19,800,991	(98,232,303)
Loans and advances	(10,228,642)	(4,417,164)
Deposits and short-term prepayments	914,810	(4,870,856)
Other receivables	(12,443,496)	(14,746,699)
Increase / (decrease) in current liabilities		
Trade and other payable	(133,660,050)	145,762,717
	135,396,587	475,694,984
Cash generated from operations	313,829,086	625,572,384
Finance cost paid	(111,207,234)	(122,838,415)
Retirement benefit obligation paid	(3,931,700)	(3,053,768)
Income tax paid	(21,405,874)	(12,372,526)
Net cash generated from operating activities	A 177,284,278	487,307,675
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(61,883,537)	(2,602,242)
Proceed from disposal of property, plant and equipment	6,720,000	10,890,999
Long-term deposits	1,907,830	(4,331,275)
Other financial asset - net	(12,348,300)	673,625
Sales tax refund bond	-	14,700,000
Net cash (used in) / generated from investing activities	B (65,604,007)	19,331,107
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term finance	(43,855,821)	-
Proceeds from long-term finance	54,000,000	19,009,571
Lease rental paid - net	(25,691,305)	3,043,365
Net cash (used in) / generated from in financing activities	C (15,547,126)	22,052,936
Net increase in cash and cash equivalents (A+B+C)	96,133,145	528,691,718
Cash and cash equivalents at the beginning of the period	(1,619,656,905)	(1,586,673,502)
Cash and cash equivalents at the end of the period	14 (1,523,523,760)	(1,057,981,784)

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.




CHAIRMAN / DIRECTOR



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

IDREES TEXTILE MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

1. STATUS AND NATURE OF BUSINESS

- 1.1** Idrees Textile Mills Limited (the Company) was incorporated in Pakistan as an unquoted public limited company on June 5, 1990 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 6-C, Ismail Centre, 1st floor, Central Commercial Area, Bahadurabad, Karachi in the Province of Sindh. The principal activity of the Company is manufacturing, processing and sale of all kinds of yarn. The Company's manufacturing facility is located at Kot Shah Muhammad, District Nankana in the Province of Punjab.

The geographical location and address of the Company's business units, including mill / plants, is as under:

Karachi	Purpose
6-C, Ismail Centre, 1st floor, Central Commercial Area, Bahadurabad	Head Office
Nankana Sahib	Purpose
Kot Shah Muhammad, Tehsil & District Nankana Punjab	Regional Office and Production Plant / Factory

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the 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 34: 'Interim Financial Reporting' (IAS - 34), 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 from the requirements of IAS-34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS-34. These condensed interim financial statements do not include all the information and disclosures which are required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance since the last financial statements of the Company.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the external auditors in accordance with the requirements of the section 237 of Companies Act, 2017.

The comparatives in the condensed interim statement of financial position as at December 31, 2020 have been extracted from the audited financial statements of the Company for the year ended June 30, 2020, whereas, the comparatives in the condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the unaudited condensed interim financial statements of the Company for the half year ended December 31, 2019.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except that obligations in respect of certain staff retirement benefits are carried at present value of defined benefit obligation.

2.3 Functional and presentation currency

These condensed interim financial statements have been presented in Pak Rupees which is the functional and presentation currency of the Company.

3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES AND JUDGEMENTS

3.1 Significant accounting policies

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2020.

3.2 Financial risk management

The financial risk management objective and policies are consistent with those disclosed in the annual audited financial statements of the Company for the year ended June 30, 2020.

3.3 Fair value of financial assets and liabilities

The carrying value of financial assets and financial liabilities reported in these condensed interim financial statements approximates their fair values.

3.4 Adoption of certain standards, interpretations and amendments

There are certain standards, interpretations on accounting and reporting standards as applicable in Pakistan and amendments to certain existing standards which have been published and are mandatory for the accounting period beginning on or after July 01, 2020. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have a significant impact on the accounting policies of the Company and therefore not disclosed in these condensed interim financial statements.

3.5 Estimates and judgments

All the estimates, judgments and methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2020.

4. Property, plant and equipment

- owned

Plant and machinery
Factory building
Office equipment
Vehicles
Furniture & fixture

Half-year Ended December 31, 2020		Half-year Ended December 31, 2019	
Additions	Disposals at carrying value	Additions	Disposals at carrying value
(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
(Rupees)			
59,619,292	-	1,642,378	(1,872,999)
19,354	-	358,966	-
279,654	-	354,000	-
1,965,237	(12,805,871)	153,998	(4,206,345)
-	-	92,900	-
61,883,537	(12,805,871)	2,602,242	(6,079,344)

- 4.1 The Company carries its land, building, labour colony, plant and machinery, electric installations and mill equipment at revalued amounts under IAS 16 'Property, Plant and Equipment'. The latest revaluation of these assets was carried out as at June 30, 2019 by M/s Arif Evaluators (an independent valuer located in Karachi) on the basis of present market values, which resulted in surplus on revaluation amounting to Rs. 157.4 million.

The Company commissioned independent valuations of land, building, labour colony, plant and machinery, electric installations and mill equipment during the years ended June 30, 2006, June 30, 2010, June 30, 2013, June 30, 2016 and June 30, 2019.

	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		(Rupees)	(Rupees)
5. STOCK-IN-TRADE			
Raw material			
- In hand		628,237,073	1,004,724,792
- In transit		429,751,415	349,733,833
Work-in-process		48,684,649	38,283,787
Finished goods		157,996,687	141,459,240
Waste		5,654,378	3,856,262
		<u>1,270,324,202</u>	<u>1,538,057,914</u>
6. OTHER FINANCIAL ASSETS			
Term deposit receipts	6.1	<u>86,094,620</u>	<u>73,746,320</u>
6.1 These represents term deposit receipts with various banks for a period ranging from six months to one year carrying mark-up at the rates ranging from 4.75% to 6.56% (June 30, 2020: 5.9% to 10.00%) per annum. The banks have lien on these term deposit receipts on account of guarantee provided by such banks. These will mature up to December 14, 2021.			
	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		(Rupees)	(Rupees)
7. LONG-TERM FINANCE			
From banking companies (Secured) - At amortised cost			
Term Finance	7.1	80,757,007	90,136,038
Less: Current portion shown under current liabilities		<u>(29,547,995)</u>	<u>(29,547,996)</u>
		51,209,012	60,588,042
Refinance scheme for payment of wages and salaries	7.2	100,500,000	52,500,000
Less: current portion shown in current liabilities		<u>(44,250,000)</u>	<u>(19,687,500)</u>
		56,250,000	32,812,500
From related parties (Unsecured) - At amortised cost			
Opening balance		110,276,320	59,849,513
Receipts during the year	7.3	6,000,000	45,000,000
Repayments during the year	7.3	<u>(34,476,790)</u>	<u>(5,567,612)</u>
Unwinding of discount		4,882,810	10,783,020
Release of equity portion of loan due to change in terms of loan		-	19,482,503
Less: Fair value adjustment		<u>(1,901,919)</u>	<u>(19,271,104)</u>
		84,780,421	110,276,320
Less: Current portion shown under current liabilities		<u>(15,644,598)</u>	<u>(50,121,388)</u>
		69,135,823	60,154,932
		<u>176,594,835</u>	<u>153,555,474</u>
Current portion of long-term finance		<u>89,442,593</u>	<u>99,356,884</u>
Long-term finance		<u>176,594,835</u>	<u>153,555,474</u>

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- 7.1 This represents long-term finance facilities obtained by the Company for the purpose of procurement of machinery. The facilities carry markup at KIBOR + 2.5% per annum and are payable in fixed monthly installments within a period of 4 to 5 years. The loan is secured against first exclusive charge over the assets (imported Gen set and Compact Spinning and locally purchased carding machines) with 0% to 25% margin.
- 7.2 It represents long-term financing obtained from a conventional bank under the Refinance Scheme for Payment of Wages and Salaries by the State Bank of Pakistan. It carries mark-up at the rate of 2% per annum. The loan is repayable in 8 equal quarterly installments commencing from March 2021. The financing is secured against land and building and plant and machinery of the Company with 25% margin.
- 7.3 During the period ended December 31, 2020, the Company obtained further loan from directors amounting to Rs. 6 million. These loans are interest free, unsecured and are expected to be repaid by the end of December 31, 2023, further extendable by mutual agreement. Using the discount rate of 10% per annum, the fair value of loan is estimated at Rs. 4.10 million as at December 31, 2020. The difference between the gross proceeds and the fair value of the loan is recognized in equity.

The interest (i.e unwinding of the difference between present value on initial recognition and the amount received) is being recognized on the loan in the statement of profit or loss using the effective interest method.

During the year, the Company has repaid loan amounting to Rs. 34.48 million to directors and their close family members.

	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	----- (Rupees) -----	
8. SHORT-TERM BORROWINGS		
From banking companies - secured		
Running finance	534,845,986	518,062,837
Cash finance	579,357,031	291,345,726
Finance Against Imported Merchandise (FIM)	450,024,353	828,648,647
	<u>1,564,227,370</u>	<u>1,638,057,210</u>

- 8.1 Facilities for running finance, cash finance, FIM and Murahaba are available from various commercial banks up to Rs. 3,300 million (June 30, 2020: Rs. 3,300 million). These facilities are subject to markup at the rates of 3 month KIBOR plus 1.00% to 2.5% (June 30, 2020: 3 month KIBOR plus 1.00% to 2.5%) per annum payable quarterly. These are secured against various assets including first pari passu hypothecation charge over present and future stock-in-trade, pledge of cotton, first hypothecation charge over present and future book debts, ranking charge on the stocks and receivables of the Company, equitable mortgage on various properties and personal guarantees of all the directors of the Company.

The aggregate unavailed short-term borrowing facilities amounted to Rs. 1,736 million (June 30, 2020: Rs. 1,666 million).

9. CONTINGENCIES AND COMMITMENTS

- 9.1 In August 2013, the Oil and Gas Regulatory Authority (OGRA) vide its S.R.O. # 726(I)/2015 notified the sale price for sale of natural gas at Rs. 573.28/MMBTU for captive power consumption (CPP) with immediate effect. Subsequent to the said S.R.O., the Company received gas bills at Rs. 573.28/MMBTU, being considered as CPP by the utility company. The Company, considering itself as industrial consumer paid gas charges at the rate applicable before August 2013 on the basis of the stay order obtained from the Court.

Subsequently, on September 1, 2015, OGRA vide its S.R.O. # 876(I)/2015 notified the price for sale of natural gas at Rs. 600/MMBTU for industrial consumers and on captive power consumption, with effect from September 1, 2015. Aggrieved by the notification, the Company filed a suit in the Lahore High Court contending that the mandatory procedures as laid down in the OGRA Ordinance, 2002 and Rules made thereunder were not fulfilled while issuing the notification. Hence, the Company paid / accrued gas charges at rates applicable before the above S.R.O. # 726(I)/2015 on the basis of stay orders obtained from Lahore High Court, Multan bench, from time to time, until November 2015.

From December 2015, the gas company has started supplying imported Liquefied Natural Gas (LNG) resulting in the change in rates over which no dispute has been raised by the Company.

During the period, the OGRA issued a decision on July 6, 2020, whereby, the Company (the petitioner) was directed to pay the outstanding amount to the utility company within 30 days period from the date of decision. In response to the above decision, a writ petition numbered 35355 of 2020 was filed before the honourable Lahore High Court by the Company against which a stay order has been issued on October 8, 2020, which suspended the OGRA's decision till next hearing.

- 9.2 The Federal Government issued Gas Infrastructure Development Cess (GIDC) Acts in the years 2011, 2014 and 2015. All GIDC Acts have been subject of thorough debate and consideration at honorable High Courts of the Country as well as the Supreme Court of Pakistan (SCP).

On August 12, 2020, the SCP issued its verdict (Judgement) and held that "the levy imposed under Gas Infrastructure Development Cess Act, 2015 (the Act) is in accordance with the Provisions of the Constitution". The Supreme Court has also held that "the Provisions of section 8 of the Act, which give retrospective effect to the charge and recovery of GIDC levied from the year 2011 are also declared to be valid being within the legislative competence of the Parliament." However, Section 8 (2) (1st proviso) of the legislature has explicitly facilitated the industrial sector narrating that the cess shall not be collected from industrial sector as it has not been collected by the gas companies in terms of GIDC Act 2011 and the GIDC Ordinance 2014. Further, while comparing two categories i.e. industrial and domestic consumers, the Honorable Court has specifically stated that GIDC shall be applicable only on those companies which have passed the burden on to its consumers/clients (Clause 37 of Judgement). Management maintains that since the Company has not passed on the burden to its consumers/clients, it is not liable to pay Cess, by whatever name charged.

During the period, a writ petition No. 42176 / 2020 was filed by All Pakistan Textile Mills Association (APTMA) (where the Company is also a party to the petition) before Honorable High Court at Lahore against imposition of GIDC Act 2015 and the recovery of Cess from December 2011 to May 2015. Further, during the period, the gas company started billing for GIDC to the Company against which payment is being made by the Company based on the order issued by Honorable Lahore High Court against the aforementioned writ petition. Pursuant to the order, the Company is making payment which is applicable to industrial consumers and for the difference between the amount charged to industrial consumers and captive power consumers, post-dated cheques are being issued by the Company in favour of the gas company. For the amount relating to the payment of GIDC based on the actual calculation prior to 2015, the decision is still pending till the next hearing.

- 9.3 Except as disclosed above, there has been no significant change in contingencies as disclosed in 24.1.3 to the annual audited financial statements of the Company for the year ended June 30, 2020.

December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
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(Rupees)	

9.4 Commitments

Letters of credit opened and outstanding for import of:

- raw material	576,943,717	56,112,000
- stores and spares	6,249,274	-

Half-year Ended

December 31, 2020 (Un-audited)	December 31, 2019 (Un-audited)
-----	-----
(Rupees)	

10. SALES - NET

Yarn

- Export	230,674,628	493,587,886
- Local	1,586,326,680	1,238,576,329
	1,817,001,308	1,732,164,215

Raw material - Local

- Cotton / viscose	67,396,984	162,446,637
- Waste	116,928,704	85,626,420
	2,001,326,996	1,980,237,272

Less:

- Sales Tax	(260,994,758)	(215,552,361)
- Brokerage and commission	(8,649,314)	(7,136,335)
	1,731,682,924	1,757,548,576

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11. COST OF SALES

Raw material consumed
Salaries, wages and benefits
Fuel and power
Depreciation
Stores and spares consumed
Packing material
Insurance
Repairs and maintenance
Vehicle running and maintenance
Other manufacturing overheads

Half-year Ended	
December 31, 2020	December 31, 2019
(Un-audited)	
----- (Rupees) -----	
1,132,927,540	1,236,763,736
88,728,228	74,505,866
194,121,631	180,724,481
40,380,305	39,306,749
31,624,302	22,386,534
26,310,287	22,960,464
5,000,000	4,000,000
1,916,738	1,645,156
663,051	1,346,783
1,816,313	2,026,728
<u>1,523,488,395</u>	<u>1,585,666,497</u>

Work-in-process

Opening stock
Closing stock

38,283,787	26,053,631
(48,684,649)	(41,835,576)
<u>(10,400,862)</u>	<u>(15,781,945)</u>
1,513,087,533	1,569,884,552

Cost of goods manufactured

Finished goods

Opening stock
Closing stock

145,315,502	112,069,188
(163,651,065)	(226,998,537)
<u>(18,335,563)</u>	<u>(114,929,349)</u>

Cost of raw material sold

54,941,438	140,600,298
<u>1,549,693,408</u>	<u>1,595,555,501</u>

12. OTHER OPERATING EXPENSES

Workers' profit participation fund
Workers' welfare fund
Exchange Loss
Loss from shares trading
Infrastructure cess

2,117,230	-
846,892	696,513
667,751	10,589,065
-	170,748
3,858,442	1,664,290
<u>7,490,315</u>	<u>13,120,616</u>

13. OTHER INCOME

Profit on deposits / investment
Gain on disposal of property, plant and equipment
Scrap sales

2,697,800	2,437,674
1,761,102	4,811,655
616,630	-
<u>5,075,532</u>	<u>7,249,329</u>

14. CASH AND CASH EQUIVALENTS

Cash and bank balances
Short-term borrowings

Note

December 31, 2020	December 31, 2019
(Un-audited)	(Un-audited)
----- (Rupees) -----	
40,703,610	31,145,064
(1,564,227,370)	(1,089,126,848)
<u>(1,523,523,760)</u>	<u>(1,057,981,784)</u>

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15. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

- 15.1 Fair value is the price 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 condensed interim financial statements approximate their fair values.

15.2 Fair value estimation

The Company discloses the financial instruments measured in the condensed interim statement of financial position at fair value in accordance with the following fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between Level 1 and 2 during the period.

- 15.3 There are no assets or liabilities to classify under above levels except the Company's freehold land, buildings, labour colony, electric installations, equipment and plant and machinery are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of the Company's free hold land, buildings, labour colony, electric installation, equipment and plant and machinery carried out as at June 30, 2019, were performed by M/s Arif Evaluators, an independent valuer not related to the Company, using depreciable method. The valuer is listed on panel of Pakistan Banks' Association and has appropriate qualification and experience in the fair value measurement of property, plant and equipment.

The fair value of the remaining assets and liabilities are same as their carrying value.

16. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings, directors, key management personnel and post employment retirement benefit plan. The significant transactions with related parties carried out during the period are as follows:

Relationship with the Company	Nature of transactions	Half-year Ended	
		December 31, 2020	December 31, 2019
		(Un-audited)	
		----- (Rupees) -----	
Employee retirement benefit plan	Contribution made to provident fund	700,572	674,466
Key management personnel	Short-term employee benefit	1,253,041	3,810,000
Directors	Unwinding of discount on loan from	4,882,810	4,463,965
	Loan received during the period	6,000,000	-
	Loan paid during the period	34,476,790	-

The Chief Executive, directors and some executives are provided with free use of Company maintained cars.

17. CORRESPONDING FIGURES

Comparative statements has been re-classified, re-arranged or additionally incorporated in these condensed interim financial statements, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period.

18. IMPACT OF COVID-19 PANDEMIC ON COMPANY'S OPERATIONS

The World Health Organization has declared COVID-19 (the virus) a global pandemic. With the growing number of cases in Pakistan, the Government of Pakistan has provided directions to take measures to respond to the virus. While the virus has impacted the global economy, the Company's operations and financial results have not been materially impacted. In future also, the Company does not foresee any adverse impact on its operations and financial results.

19. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements has been approved and authorized for issue on _____ by the Board of Directors of the Company.



CHAIRMAN / DIRECTOR



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER