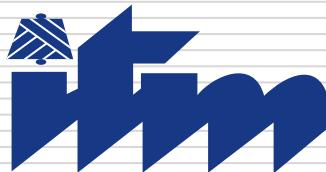


IDREES

TEXTILE MILLS LIMITED

CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
DECEMBER, 2022
(UN-AUDITED)



COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Rizwan Idrees Allawala	- Chairman*
	Mr. S. M. Mansoor Allawala	- Executive Director / CEO
	Mr. Omair Idrees Allawala	- Executive Director
	Ms. Aamnah Mansoor	- Non - Executive Director*
	Mr. Muhammad Zubair	- Non - Executive Director
	Syed Masud Arif	- Independent Director
	Ms. Azra Yaqub Vawda	- Independent - Director
COMPANY SECRETARY	Syed Shahid Sultan	
CHIEF FINANCIAL OFFICER	Mr. Muhammad Jawaid	
AUDITORS	M/s. Yousuf Adil Chartered Accountants	
AUDIT COMMITTEE	Ms. Azra Yaqub Vawda	- Chairperson
	Syed Masud Arif	- Member
	Ms. Aamnah Mansoor	- Member
	Syed Shahid Sultan	- Secretary
HUMAN RESOURCE & REMUNERATION COMMITTEE	Syed Masud Arif	- Chairman
	Ms. Aamnah Mansoor	- Member
	Ms. Azra Yaqun Vawda	- Member
BANKERS	National Bank of Pakistan Bank Alfalah Limited Habib Metropolitan Bank Ltd. Meezan Bank Ltd. Bank of Punjab Ltd. BankIslami Pakistan Ltd. Askari Bank Limited Dubai Islamic Bank Pakistan Ltd. Samba Bank Limited	
REGISTERED OFFICE	6-C, Ismail Centre, 1st Floor, Central Commercial Area, Bahadurabad, Karachi - 74800.	
MILLS	Kot Shah Mohammad, Tehsil Nankana, District Nankana, Punjab. www.idreestextile.com	
SHARES REGISTRAR	M/S. JWAFSS Registrar Services (Pvt) Ltd. 407-408, 4th Floor, Al-Ameera Centre, Shahrah-e-Iraq, Saddar, Karachi.	

*Appointed in BOD Meeting Held on 24-2-2023 to fill the casual vacancy created due to sad death of Muhammad Idrees Allawala.

SAD DEMISE OF MR. MUHAMMAD IDREES ALLAWALA, CHAIRMAN OF THE BOARD

The founder of the Company and Chairman of the Board, Mr. Muhammad Idrees Allawala has passed away on 21st December 2022. We all are deeply grieved on his sad demise. May Allah SWT rest the departed soul in eternal peace and grant him the highest place in Jannah.

To fill the casual vacancy so created, the Board has appointed Mr. Rizwan Idrees Allawala, Non-Executive Director, as Chairman of the Board and Ms. Aamnah Mansoor has been appointed as Non-Executive Director on the Board.

FINANCIAL AND OPERATIONAL OVERVIEW

The Directors are pleased to present the Condensed Interim Financial Statements of your Company for the half year ended December 31, 2022 duly reviewed by the external auditors.

The principal activity of the Company is manufacturing, processing and sale of yarn. During the period under review, there has not been any material change in the Company's business activities.

During the period, the Company's turnover amounted to Rs. 1,525 million as compared to Rs. 2,321 million in the same period of last year. Gross profit amounted to Rs. 132 million compared to Rs. 297 million for the corresponding period and loss for the period amounted to Rs. 14.9 million against profit of Rs. 160 million in the comparable period. Loss per share amounted to Re. 0.75 as against earnings per share of Rs. 8.06 in the same period of last year.

Persistent challenges to the industry like uncertain energy tariff, unreliable supply of electricity from the grid, soaring inflation, exchange rate volatility and exorbitant interest rates are the major obstacles to sustainable growth. The whole textile chain has slowed down due to cost push inflation and depleting forex reserves resulting in disrupted supply chain and low demand. The period under review, therefore, saw decline in the topline and increased cost of production, causing sizable reduction in gross margin. The Government must take immediate steps to resolve these issues to revive the momentum of the textile industry in Pakistan. Cotton crop has also reduced significantly and the quality is also below the mark. The spinners have to import cotton with volatile and uncertain exchange rate and also face hindrances in clearance of consignments. The objective of the Textiles and Apparel Policy 2020-25, 'to fully utilize potential of home-grown cotton augmented by man-made fibres/filaments to boost value-added exports and become one of the major players in global textiles and apparel supply chain', has to be achieved for economic turnaround and making the Country's products competitive as compared to the products of our regional competitors.

FUTURE OUTLOOK

Work on expansion of the mill is in progress, machinery is being installed and the project is expected to be completed in the fourth quarter of FY23. By the grace of Allah, one megawatt solar power system is now operational at the mill. Besides being a green power initiative, it will be beneficial for the Company in terms of cost control. On the taxation side, instead of restoring 'Sales Tax Zero-Rated' regime for the textile chain, which is a long standing demand of the industry, the Government has enhanced the rate of sales tax from 17% to 18%. In the prevailing economic condition, the Government should take immediate steps to bring down borrowing cost, control the volatility in exchange rate, reduce inflationary pressure and provide reliable and affordable energy to the export oriented sector in order to enhance its competitiveness. Container detention & demurrage charges, incurred by the importers as containers remained stuck-up at ports due to delays in retirement of import documents by the banks, should be completely waived as an incentive to the industry which is a large foreign exchange earner and employment provider. Going forward, we do foresee some improvement in the supply chain, rationalization of cost levels and profitability for the textile chain. Your Company's management remains committed to optimal performance to add value for all the stakeholders.

Consolidated condensed interim financial statements of the Company and its wholly-owned subsidiary ORA Home LLC, for the half year ended December 31, 2022, are annexed in accordance with the statutory requirements.

ACKNOWLEDGEMENT

The Board is thankful to the customers, bankers, suppliers and shareholders for their valuable support and highly recognizes the commendable performance of the employees.

For and on behalf of the Board



Rizwan Idrees Allawala
Chairman



S.M. Mansoor Allawala
Chief Executive

Karachi
February 24, 2023

 **YOUSUF ADIL**

Yousuf Adil
Chartered Accountants

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KCHSU, Shahrah-e-Faisal
Karachi-75350
Pakistan

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Idrees Textile Limited

Report on Review of Unconsolidated Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Idrees Textile Mills Limited (the Company) as at December 31, 2022, and the related unconsolidated condensed interim statement of profit or loss and other comprehensive income, the unconsolidated condensed interim statement of changes in equity, and the unconsolidated condensed interim statement of cash flows and notes to the unconsolidated condensed interim financial statements for the half year then ended (herein after referred to as the condensed interim financial statements). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2022 and December 31, 2021 have not been subject to limited scope review, as we are only required to review the cumulative figures for the half year ended December 31, 2022.

Scope of Review

We conducted our review in accordance with 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as of and for the half year period ended December 31, 2022 are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditors' review report is Arif Nazeer.


Chartered Accountants

Place: Karachi

Date: February 27, 2023

UDIN: RR202210099t8mucNDVK

**UNCONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS**

FOR THE HALF YEAR ENDED DECEMBER, 2022(UN-AUDITED)

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT DECEMBER 31, 2022



	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
		----- (Rupees) -----	
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,210,871,012	2,334,249,192
Long-term deposits		2,895,681	3,129,361
Long term investment	5	-	-
		<u>3,213,766,693</u>	<u>2,337,378,553</u>
Current assets			
Stores, spares and loose tools		82,761,988	57,521,846
Stock-in-trade	6	2,040,035,928	1,207,120,704
Trade debts		407,370,198	768,563,631
Loans and advances		44,909,256	171,739,107
Prepayments		6,295,406	1,905,463
Other receivables	7	258,562,772	184,464,687
Other financial assets	8	165,313,064	134,473,034
Cash and bank balances		15,517,210	5,875,276
		<u>3,020,765,822</u>	<u>2,531,663,748</u>
Total assets		<u>6,234,532,515</u>	<u>4,869,042,301</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves			
Authorized			
22,000,000 ordinary shares of Rs.10/- each		220,000,000	220,000,000
Issued, subscribed and paid-up capital		<u>198,528,000</u>	<u>198,528,000</u>
Capital reserves			
Surplus on revaluation of property, plant and equipment - net of tax		883,867,363	882,490,524
Equity portion of loan from related parties		12,341,527	15,895,730
Revenue reserves		<u>1,435,964,404</u>	<u>1,420,418,461</u>
Total equity		<u>2,530,701,294</u>	<u>2,517,332,715</u>
LIABILITIES			
Non-current liabilities			
Long-term finance	9	676,706,610	214,521,468
Lease liability		600,000	1,962,284
Deferred government grant	10	121,432,937	44,261,234
Deferred tax liability		161,377,953	229,182,802
Retirement benefit obligation		<u>68,125,130</u>	<u>60,143,460</u>
		<u>1,028,242,630</u>	<u>550,071,248</u>
Current liabilities			
Trade and other payables		583,920,099	607,349,650
Accrued mark-up		63,702,117	26,323,596
Short-term borrowings	11	1,736,809,047	883,049,126
Current portion of long-term finance	9	195,249,074	143,862,034
Current portion of lease liability		2,924,720	7,767,062
Current portion of deferred government grant	10	30,795,245	5,297,394
Unclaimed dividend		2,754,163	2,899,903
Provision for taxation		<u>59,434,126</u>	<u>125,089,573</u>
		<u>2,675,588,591</u>	<u>1,801,638,338</u>
Total liabilities		<u>3,703,831,221</u>	<u>2,351,709,586</u>
Total equity and liabilities		<u>6,234,532,515</u>	<u>4,869,042,301</u>
CONTINGENCIES AND COMMITMENTS			
	12		

The annexed notes from 1 to 22 form an integral part of these condensed interim financial information.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

	Note	Half-year Ended		Quarter Ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- (Rupees) -----					
Sales - net	13	1,524,767,226	2,321,022,109	685,804,291	1,238,783,564
Cost of sales	14	(1,392,388,202)	(2,023,801,156)	(653,345,253)	(1,100,639,300)
Gross profit		132,379,024	297,220,953	32,459,038	138,144,264
Distribution cost		(14,327,422)	(17,613,816)	(3,942,791)	(8,696,374)
Administrative expenses		(52,661,456)	(47,312,566)	(27,143,318)	(25,582,091)
		(66,988,878)	(64,926,382)	(31,086,109)	(34,278,465)
		65,390,146	232,294,571	1,372,929	103,865,799
Finance cost		(111,387,838)	(78,072,051)	(60,144,068)	(44,484,434)
Other operating expenses	15	(25,000,664)	(27,428,592)	(12,490,953)	(17,683,700)
		(70,998,356)	126,793,928	(71,262,092)	41,697,665
Other income	16	33,793,377	72,310,434	11,579,571	70,636,483
(Loss) / Profit before taxation		(37,204,979)	199,104,362	(59,682,521)	112,334,148
Taxation					
Current		(17,231,291)	(33,265,565)	(8,185,022)	(19,864,395)
Prior		-	1,377,511	-	1,377,511
Deferred		39,530,149	(7,256,145)	39,530,149	(7,256,145)
		22,298,858	(39,144,199)	31,345,127	(25,743,029)
(Loss) / Profit for the period		(14,906,121)	159,960,163	(28,337,394)	86,591,119
OTHER COMPREHENSIVE INCOME					
Items that will not be transferred subsequently to profit or loss					
Adjustment of surplus on revaluation of property, plant and equipment due to change in tax rate		28,274,700	-	28,274,700	-
Total comprehensive income / (loss) for the period		13,368,579	159,960,163	(62,694)	86,591,119
Earnings per share - basic and diluted (Rupees)		(0.75)	8.06	(1.43)	4.36

The annexed notes from 1 to 22 form an integral part of these condensed interim financial information.



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022



	Half - year Ended	
	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(37,204,979)	199,104,362
Adjustments for:		
Depreciation	53,448,639	52,065,887
Provision for retirement benefit obligation	12,103,470	9,895,584
Provision for slow moving stores, spares and loose tools	-	1,368,396
Gain on sale of property, plant and equipment	(1,523,750)	-
Finance cost	107,833,635	73,112,985
Unwinding of discount on other receivables	-	(6,401,253)
Unrealized loss on other financial Assets	132,320	-
Finance cost on unwinding of discount on long-term finance from related parties	3,554,203	4,959,066
Operating cash flows before working capital changes	<u>138,343,538</u>	<u>334,105,027</u>
(Increase) / decrease in current assets		
Stores, spares and loose tools	(25,240,142)	(9,044,676)
Stock-in-trade	(832,915,224)	(289,671,241)
Trade debts	361,193,433	2,534,305
Loans and advances	46,144,153	(15,505,709)
Deposits and short-term prepayments	(4,389,943)	(3,355,124)
Other receivables	(74,098,085)	(85,726,399)
	<u>(529,305,808)</u>	<u>(400,768,844)</u>
Increase / (decrease) in current liabilities		
Trade and other payable	(23,429,551)	104,175,220
	<u>(552,735,359)</u>	<u>(296,593,624)</u>
Cash generated from operations	(414,391,821)	37,511,403
Finance cost paid	(70,455,114)	(61,239,736)
Retirement benefit obligation paid	(4,121,800)	(8,949,280)
Long-term deposits	233,680	-
Income tax paid	(2,473,761)	(27,443,023)
Net cash used in operating activities	<u>(491,208,816)</u>	<u>(60,120,636)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(928,546,712)	(66,753,841)
Proceed from disposal of property, plant and equipment	2,675,000	-
Other financial asset - net	(30,840,030)	(11,830,708)
Net cash used in investing activities	<u>(956,711,742)</u>	<u>(78,584,549)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term finance paid	(72,116,964)	(32,676,293)
Long-term finance paid to related party	(4,000,000)	-
Short-term borrowings - net	737,055,273	280,249,155
Proceeds from long-term finance	686,269,901	5,850,000
Lease rental paid - net	(6,204,626)	(15,096,029)
Dividend paid	(145,740)	(19,270,469)
Net cash generated from / (used in) financing activities	<u>1,340,857,844</u>	<u>219,056,364</u>
Net decrease in cash and cash equivalents	(107,062,714)	80,351,179
Cash and cash equivalents at the beginning of the period	(193,476,856)	(420,444,328)
Cash and cash equivalents at the end of the period	<u>(300,539,570)</u>	<u>(340,093,149)</u>

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The annexed notes from 1 to 22 form an integral part of these condensed interim financial information.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022



	Capital reserves surplus on revaluation of property, plant and equipment - net of tax	Equity portion of loan from related Parties	Revenue reserves Un-appropriated profit	Total	
	Issued, subscribed and paid up capital	(Rupees)			
Balance as at July 1, 2021	198,528,000	910,719,758	25,813,862	951,551,923	2,086,613,543
Total comprehensive income for the period					
Profit for the period	-	-	-	159,960,163	159,960,163
Other comprehensive income	-	-	-	-	-
	-	-	-	159,960,163	159,960,163
Transfer from surplus on revaluation of property, plant and equipment on account:					
- incremental depreciation charge thereon - net of tax	-	(24,872,364)	-	24,872,364	-
- disposals - net of tax	-	-	-	-	-
	-	(24,872,364)	-	24,872,364	-
Transactions with shareholders					
Final dividend at Re. 1 per share for the year ended June 30, 2021	-	-	-	(19,852,800)	(19,852,800)
Transactions with related parties / owners					
Unwinding of discount on long-term loan from related parties	-	-	(4,959,066)	4,959,066	-
Balance as at December 31, 2021	198,528,000	885,847,394	20,854,796	1,121,490,716	2,226,720,906
Balance as at July 1, 2022	198,528,000	882,490,524	15,895,730	1,420,418,461	2,517,332,715
Total comprehensive income for the period					
Profit for the period	-	-	-	(14,906,121)	(14,906,121)
Other comprehensive income	-	28,274,700	-	-	28,274,700
	-	28,274,700	-	(14,906,121)	13,368,579
Transfer from surplus on revaluation of property, plant and equipment on account:					
- incremental depreciation charge thereon - net of tax	-	(26,897,861)	-	26,897,861	-
- disposals - net of tax	-	-	-	-	-
	-	(26,897,861)	-	26,897,861	-
Transactions with related parties / owners					
Unwinding of discount on long-term loan from related parties	-	-	(3,554,203)	3,554,203	-
Balance as at December 31, 2022	198,528,000	883,867,363	12,341,527	1,435,964,404	2,530,701,294

The annexed notes from 1 to 22 form an integral part of these condensed interim financial information.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

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 on April 28, 1992. 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:

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

In the year ended June 30, 2022 the Company acquired 100% ownership in ORA Home LLC (ORA), a limited liability company incorporated in New Jersey, USA on January 5, 2022. One of the directors of the Company is the member manager of ORA. Pursuant to the acquisition, ORA has become wholly owned subsidiary of the Company (refer note 5). The principle activity of ORA Home LLC (ORA) is trading of home textile products.

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, 2022. 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, 2022 have been extracted from the audited financial statements of the Company for the year ended June 30, 2022, 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, 2021.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except certain categories of property, plant and equipment are stated at revalued amounts and the Company's liability under defined benefit plan (gratuity) is stated at present value of defined benefit obligation.



2.3 Functional and presentation currency

These condensed interim financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupee.

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, 2022.

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, 2022.

3.3 NEW ACCOUNTING STANDARDS / AMENDMENTS AND IFRS INTERPRETATIONS

3.3.1 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after July 01, 2022 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these condensed interim financial statements.

3.3.2 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective:

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

	Effective from accounting period beginning on or after
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	January 01, 2022
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2022
- IAS 41 Agriculture - Taxation in fair value measurements	January 01, 2022
- IFRS 3 - Reference to the Conceptual Framework (Amendments)	January 01, 2023
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition	January 01, 2023
- Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction Amendments to IAS 12	January 01, 2023
Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2023



**Effective from accounting period
beginning on or after**

Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

Standards

**IASB Effective date
(annual periods beginning
on or after)**

IFRS 1 - First-time Adoption of International Financial Reporting Standards	
IFRS 17 – Insurance Contracts	January 01, 2023

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements and the significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2022.

3.4 Estimates and judgments

All the estimates, judgments and methods of computation adopted in the preparation of these condensed interim financial information are same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2022.

Half-year Ended 31-Dec-22		Half-year Ended 31-Dec-21	
Additions	Disposals at carrying value	Additions	Disposals at carrying value
(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
----- (Rupees) -----			

4. Property, plant and equipment

- owned

Plant and machinery	1,214,570	-	16,265,899	-
Factory building	-	-	-	-
Office equipment	971,718	-	1,262,500	-
Computer Equipment	197,000	-	-	-
Computer Software	840,000	-	-	-
Vehicles	19,905,340	2,302,500	158,974	-
	23,128,628	2,302,500	17,687,373	-

- Right of use asset

Plant and machinery	-	-	18,800,000	-
Vehicles	-	-	6,313,248	-
	-	-	25,113,248	-
	23,128,628	2,302,500	42,800,621	-

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	Note	----- (Rupees) -----	-----
4.1	Capital work in progress	4.2 & 4.3 1,264,414,494	338,981,410

4.2 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, 2021 by Tristar International Consultant (Pvt.) Ltd. (an independent valuer located in Lahore) on the basis of market values, which resulted in surplus on revaluation amounting to Rs. 384.05 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, June 30, 2019 and June 30, 2021.

4.3	Included herein addition to plant and machinery aggregating to Rs.785,683,139 (June 30, 2022: Rs.198,267,317)	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
		----- (Rupees) -----	-----

5. LONG TERM INVESTMENT

Cost

	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	----- (Rupees) -----	-----
	-	-

5.1 In the year ended June 30, 2022 the Company acquired 100% ownership in ORA Home LLC (ORA), a limited liability company incorporated in New Jersey, USA on January 5, 2022. The Company paid nil consideration for the acquisition of subsidiary due to net liability position in the books of subsidiary and accordingly assumed all liabilities of the subsidiary as on January 5, 2022.

	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	----- (Rupees) -----	-----

6. STOCK-IN-TRADE

Raw material		
- In hand	951,943,900	787,024,122
- In transit	387,885,126	99,948,162
Work-in-process	71,782,530	56,022,198
Finished goods	616,000,139	248,662,542
Waste	12,424,233	15,463,680
	2,040,035,928	1,207,120,704

7. OTHER RECEIVABLES

Sales tax		
- considered good	221,827,921	150,850,078
- considered doubtful	2,630,629	2,630,629
Cotton claim receivable	25,687,482	22,851,349
Duty draw back receivable	5,872,932	5,872,932
Profit on deposit	4,089,968	3,757,270
Export rebate - considered doubtful	1,985,586	2,194,344
Others	1,293,227	1,133,058
	263,387,745	189,289,660
Less: provision for doubtful receivables	(4,824,973)	(4,824,973)
	258,562,772	184,464,687



	Note	December 31, 2022 (Un-audited) ----- (Rupees) -----	June 30, 2022 (Audited)
8. OTHER FINANCIAL ASSETS			
Term deposit receipts	8.1	160,372,670	129,394,620
Short term investment in listed company		4,940,394	5,078,414
		165,313,064	134,473,034

8.1 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 6.25% to 14.50% (June 30, 2022: 5.9% to 13.75%) per annum. The banks have lien on these term deposit receipts on account of guarantee provided by such banks. These will mature latest by June 16, 2023.

	Note	December 31, 2022 (Un-audited) ----- (Rupees) -----	June 30, 2022 (Audited)
9 LONG TERM FINANCE			
Balance at period end / year end		775,661,612	261,643,633
Government Grant period end / year end	10	152,228,182	49,558,628
Net Balance as at period end / year end	9.1,9.2 & 9.3	927,889,794	311,202,261
Payable later than one year		676,706,610	173,059,675
Payable within one year		98,955,002	88,583,958

From related parties (Unsecured) - At amortised cost

Opening balance		96,739,869	88,821,737
Repayments during the year		(4,000,000)	(2,000,000)
Unwinding of discount		3,554,203	9,918,132
	9.4	96,294,072	96,739,869
Less: Current portion shown under current liabilities		(96,294,072)	(55,278,076)
		-	41,461,793

9.1 This represents long-term finance facilities obtained by the Company for the purpose of procurement of plant and machinery. The facilities carry markup at KIBOR + 1.5% to 4.00% per annum and are payable in fixed monthly/quarterly installments within a period of 4 to 5 years. The loans are secured against existing land and building and plant and machinery of the Company with 25% margin, first exclusive charge over the assets with 0% to 25% margin, first exclusive and specific hypothecation charge over imported machinery of the Company with 0% margin.

9.2 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. The facility as at period end was Nil (June 30, 2022 : 38.46Million)

9.3 The Company has entered into a Temporary Economic Refinance Facility (TERF) agreement with an Islamic bank and commercial banks, with the total limit aggregating to Rs. 615.37 million (2022: 615.37 million). This includes Rs.150 million being the sub-facility under the letter of credit facility agreement amounting to Rs. 175 million with the Islamic bank. The unavailed facility as at period end was Rs. 61 million (2022: 451.07 Million). These facilities carry mark up of SBP Base Rate + 4%. The tenure of these facilities ranges from 5 to 10 years with grace period 1 to 2 years. These facilities are secured against various assets including exclusive charge over imported machinery, first pari passu charge over land & building, hypothecation charge over specific equipment and machinery, and also the personal guarantee of all the executive directors of the Company.

9.4 These loans are interest free, unsecured and are expected to be repaid by the end of December 31, 2023, further extendable by mutual agreement. 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.

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	Note	----- (Rupees) -----	
10 DEFERRED GOVERNMENT GRANT			
Deferred grant against temporary economic refinance facility	9	152,228,182	49,558,628
Current portion of deferred government grant		<u>(30,795,245)</u>	<u>(5,297,394)</u>
	10.1	<u>121,432,937</u>	<u>44,261,234</u>

10.1 Deferred government grant relates to the difference between the fair value and actual proceed of temporary economic refinance facility loan obtained under SBP's refinance scheme. It is being amortised over the period of ten years from the date of loan disbursement with an amount equal to the difference between the finance cost charged that would have been charged to statement of profit or loss at market rate and the interest paid as per the scheme.

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
		----- (Rupees) -----	
11 SHORT-TERM BORROWINGS			
From banking companies - secured			
Running finance		316,056,780	199,352,132
Cash finance		506,415,043	94,728,455
Finance Against Imported Merchandise (FIM)		<u>914,337,225</u>	<u>588,968,539</u>
		<u>1,736,809,047</u>	<u>883,049,126</u>

11.1 Facilities for running finance, cash finance, FIM and Murabaha are available from various commercial banks up to Rs. 2,682 million (June 30, 2022: Rs. 2,682 million). These facilities are subject to markup at the rates of 3 month KIBOR plus 1.00% to 2.5% (June 30, 2022: 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 Executive directors of the Company.

The aggregate unavailed short-term borrowing facilities amounted to Rs. 946 million (June 30, 2022: Rs. 1,799 million).

12 CONTINGENCIES AND COMMITMENTS

12.1 Status of contingencies are same as disclosed in 23 to the unconsolidated annual audited financial statements of the Company for the year ended June 30, 2022.

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
		----- (Rupees) -----	
12.2 Commitments			
Letters of credit opened and outstanding for import of:			
- plant and machinery		108,345,743	665,256,522
- stores and spares		11,660,794	30,067,092
- raw material		592,901,435	581,096,452
- Local bills discounted		<u>69,739,605</u>	<u>292,314,555</u>
		<u>782,647,577</u>	<u>1,568,734,621</u>



	Half Year Ended	
	December 31, 2022 (Un-audited) ----- (Rupees) -----	December 31, 2021 (Un-audited) ----- (Rupees) -----
13 SALES - NET		
Yarn		
-Local	883,342,902	2,388,803,245
- Export	27,787,913	141,514,737
-Indirect export	704,852,450	-
	1,615,983,265	2,530,317,982
Raw material - Local		
- Cotton / viscose	29,364,742	38,105,910
- Waste	146,505,156	145,188,907
	1,791,853,163	2,713,612,799
Less:		
Sales Tax	(260,496,522)	(377,794,778)
Brokerage & Commission	(6,589,415)	(14,795,912)
	1,524,767,226	2,321,022,109

	Half-year Ended	
	December 31, 2,022 (Un-audited) ----- (Rupees) -----	December 31, 2021 (Un-audited) ----- (Rupees) -----
14 COST OF SALES		
Raw material consumed	1,233,885,056	1,770,332,324
Salaries, wages and benefits	99,730,272	101,305,320
Fuel and power	293,454,720	211,282,911
Depreciation	47,164,229	46,482,699
Stores and spares consumed	25,028,339	28,608,643
Packing material	23,775,904	30,874,730
Insurance	6,000,000	6,000,000
Repairs and maintenance	2,385,852	941,418
Vehicle running and maintenance	2,282,661	966,859
Other manufacturing overheads	1,244,235	2,625,049
	1,734,951,268	2,199,419,953
Work-in-process		
Opening stock	56,022,198	41,992,838
Closing stock	(71,782,530)	(51,794,711)
	(15,760,332)	(9,801,873)
Cost of goods manufactured	1,719,190,936	2,189,618,080
Finished goods		
Opening stock	264,126,222	106,757,831
Yarn purchased	12,272,128	-
Closing stock	(628,424,372)	(289,547,476)
	(352,026,022)	(182,789,645)
Cost of raw material sold	25,223,288	16,972,721
	1,392,388,202	2,023,801,156



	Note	December 31, 2022 (Un-audited)	December 31, 2021 (Un-audited)
		(Rupees)	
15	OTHER OPERATING EXPENSES		
	Workers' profit participation fund	-	10,771,660
	Workers' welfare fund	-	4,241,178
	Infrastructure cess	24,868,344	8,854,829
	Exchange Loss	-	3,560,925
	Unrealised loss on other financial assets	132,320	-
		25,000,664	27,428,592
16	OTHER INCOME		
	Profit on deposits / investment	5,912,030	2,413,789
	Gain on disposal of property, plant and equipment	1,523,750	-
	Scrap sales	264,166	526,730
	Exchange gain	26,093,431	862,324
	Unwinding of discount on other receivables	-	6,401,253
	Others	-	62,106,338
		33,793,377	72,310,434
17.	CASH AND CASH EQUIVALENTS		
	Cash and bank balances	15,517,210	35,764,781
	Short-term borrowings	(316,056,780)	(375,857,930)
		(300,539,570)	(340,093,149)

18. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

18.1 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 information approximate their fair values.

18.2 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).

As at December 31, 2022 the Company held the following instruments at fair values:

	December 31, 2022			Total
	Fair Value			
	Level 1	Leve 2	Level 3	
----- Rupees -----				
Financial assets measured at fair value				
Equity securities - listed	4,940,394	-	-	4,940,394

June 30, 2022

Fair Value

Level 1	Level 2	Level 3	Total
---------	---------	---------	-------

Rupees

Financial assets measured at fair value

Equity securities - listed	5,078,414	-	-	5,078,414
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The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

There are no transfers between the levels during the year.

- 18.3** 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, 2021, were performed by M/s Tristar International Consultant (Private) Limited, 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. Value determined by independent valuer is classified as Level 3 in the fair value hierarchy.

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

19. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings, directors, key management personnel and post employment retirement benefit plan. The transaction with related parties are on agreed terms as approved by the Board of Directors. 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, (Un-audited)	December 31, (Un-audited)
Employee retirement benefit	Contribution made to provident fund	933,306	812,839
Key management personnel	Short-term employee benefit	1,671,300	1,909,809
Directors	Unwinding of discount on loan from directors	3,554,203	4,959,066
	Loan repaid during the period	4,000,000	-

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

20. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	December 31, 2022 (Un-audited)				December 31, 2021 (Un-audited)			
	Chief Executive	Directors Executive	Non-executive	Executives	Chief Executive	Directors Executive	Non-executive	Executives
Remuneration	1,600,000	1,400,000	-	4,797,196	1,600,000	1,400,000	-	3,681,196
House rent allowance	480,000	420,000	-	1,439,159	480,000	420,000	-	1,104,358
Utilities	160,000	140,000	-	479,720	160,000	140,000	-	368,120
Medical	160,000	140,000	-	479,720	160,000	140,000	-	368,120
Meeting fee	-	-	25,000	-	-	-	40,000	-
	2,400,000	2,100,000	25,000	7,195,795	2,400,000	2,100,000	40,000	5,521,794
Number of persons	1	1	3	6	1	1	3	5



21. CORRESPONDING FIGURES

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

22. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information has been approved and authorized for issue on February 24, 2023 by the Board of Directors of the Company.

A handwritten signature in black ink, appearing to read 'D. S. ...', is written over a horizontal line.

CHAIRMAN

A handwritten signature in black ink, appearing to read 'M. S. ...', is written over a horizontal line.

CHIEF EXECUTIVE

A handwritten signature in black ink, appearing to read 'S. ...', is written over a horizontal line.

CHIEF FINANCIAL OFFICER

دسمبر 2022 کو ختم ہونے والی ششماہی مدت کے لیے کمپنی اور اس کی مکمل ملکیتی ذیلی کمپنی ORA Home LLC کے کنسولٹیڈ ریڈکنڈینسڈ عبوری مالیاتی گوشوارے، قانونی تقاضوں کے مطابق منسلک ہیں۔

اظہار تشکر

بورڈ صارفین، بینکرز، سپلائرز اور شیئرز ہولڈرز کا ان کی گرانقدر حمایت کے لیے شکر گزار ہے اور ملازمین کی قابل ستائش کارکردگی کو سراہتا ہے۔

کراچی

فروری 24، 2023

منجانب بورڈ

ایس ایم منصور اللہ والا

ایس ایم منصور اللہ والا
چیف ایگزیکٹو

رضوان ادریس اللہ والا

رضوان ادریس اللہ والا
چیرمین ڈائریکٹر

محمد ادریس اللہ والا، چیئر مین بورڈ کا انتقال پر ملال

کمپنی کے بانی اور بورڈ کے چیئر مین جناب محمد ادریس اللہ والا 21 دسمبر 2022 کو انتقال کر گئے ہیں۔ ان کے انتقال پر ہم سب گہرے غمزدہ ہیں۔ اللہ تعالیٰ مرحوم کی روح کو جو رحمت میں جگہ دے اور جنت الفردوس میں اعلیٰ مقام عطا فرمائے۔

اس کے نتیجے میں خالی ہونے والی اسامی کو پُر کرنے کے لیے بورڈ نے نان ایگزیکٹو ڈائریکٹر جناب رضوان ادریس اللہ والا کو بورڈ کا چیئر مین مقرر کیا ہے اور محترمہ آمنہ منصور کو بورڈ میں نان ایگزیکٹو ڈائریکٹر مقرر کیا گیا ہے۔

آپ کی کمپنی کے ڈائریکٹر ان 31 دسمبر 2022 کو ختم ہونے والی ششماہی کے لیے آپ کی کمپنی کے کنڈیسنڈ مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرتے ہوئے مسرت محسوس کرتے ہیں

مالیاتی اور آپریشنل کارکردگی کا جائزہ

کمپنی کی بنیادی سرگرمی دھاگے کی تیاری، پروسیسنگ اور فروخت ہے۔ زیر جائزہ مدت کے دوران، کمپنی کی کاروباری سرگرمیوں میں کوئی قابل ذکر تبدیلی نہیں آئی ہے۔

اس مدت کے دوران، کمپنی کی فروخت کی مالیت 1,525 ملین روپے کے مقابلے میں گزشتہ سال کی اسی مدت میں 2,321 ملین۔ مجموعی منافع کی رقم 132 ملین روپے کے مقابلے میں اسی مدت کے لیے 297 ملین روپے اور اس مدت کے لیے نقصان کی رقم 14.9 ملین روپے کے برخلاف تقابلی مدت میں 160 ملین منافع رہا۔ فی حصص نقصان 0.75 روپے کے مقابلے میں گزشتہ سال کی اسی مدت میں 8.06 آمدنی رہی

صنعت کو درپیش چیلنجز جیسے غیر یقینی توانائی کا ٹریف، گرڈ سے بجلی کی ناقابل بھر و سہ فراہمی، بڑھتی ہوئی افراط زر، شرح مبادلہ میں اتار چڑھاؤ اور شرح سود کی بڑھتی ہوئی شرح پائیدار ترقی کی راہ میں بڑی رکاوٹیں ہیں۔ لاگت میں اضافے اور غیر ملکی زر مبادلہ کے ذخائر میں کمی کے نتیجے میں سپلائی چین میں خلل پڑنے اور طلب میں کمی کی وجہ سے ٹیکسٹائل کا پورا سلسلہ سست پڑ گیا ہے۔ اس لیے زیر جائزہ مدت میں ٹاپ لائن میں کمی اور پیداواری لاگت میں اضافہ دیکھا گیا، جس کی وجہ سے مجموعی مارجن میں نمایاں کمی واقع ہوئی۔ پاکستان میں ٹیکسٹائل انڈسٹری کی رفتار کو بحال کرنے کے لیے حکومت کو ان مسائل کو حل کرنے کے لیے فوری اقدامات کرنے چاہئیں۔ کپاس کی فصل میں بھی نمایاں کمی آئی ہے اور معیار بھی نیچے ہے۔ اسپنرز کو غیر مستحکم اور غیر یقینی شرح مبادلہ کے ساتھ روٹی درآمد کرنی پڑتی ہے اور کنٹیکسٹنس کی کلیئرنس میں بھی رکاوٹوں کا سامنا کرنا پڑتا ہے۔ ٹیکسٹائل اور ملبوسات کی پالیسی 2020-25 کا مقصد، مصنوعی ریشوں/فلائمنٹس اور مقامی کپاس کی صلاحیت کو مکمل طور پر بروئے کار لانا تاکہ ویلیو ایڈڈ برآمدات کو فروغ دیا جاسکے اور عالمی ٹیکسٹائل اور ملبوسات کی سپلائی چین میں اہم مقام حاصل کیا جاسکے اور اقتصادی تبدیلی اور ملکی مصنوعات کو اپنے علاقائی حریفوں کی مصنوعات کے مقابلے میں مسابقتی بنایا جاسکے

مستقبل پر نظر

مل کی توسیع پر کام جاری ہے، مشینری نصب کی جارہی ہے اور توقع ہے کہ یہ منصوبہ مالی سال 23 کی چوتھی سہ ماہی میں مکمل ہو جائے گا۔ اللہ کے فضل سے مل میں اب ایک میگا واٹ سولر پارڈ سسٹم کام کر رہا ہے۔ گرین پارہ ہونے کے علاوہ، یہ لاگت پر قابو پانے کے معاملے میں کمپنی کے لیے فائدہ مند ہوگا۔ ٹیکسیشن کے ضمن میں ٹیکسٹائل چین کے لیے سبزی ٹیکس زیور ریٹھڈ نظام کو بحال کرنے کے بجائے، جو انڈسٹری کا دیرینہ مطالبہ ہے، حکومت نے سبزی ٹیکس کی شرح کو 17 فیصد سے بڑھا کر 18 فیصد کر دیا ہے۔ موجودہ معاشی صورت حال میں حکومت کو قرض کی لاگت اور شرح مبادلہ میں اتار چڑھاؤ کو کنٹرول کرنے، مہنگائی کے دباؤ کو کم کرنے اور برآمدی شعبے کو قابل اعتماد اور سستی توانائی فراہم کرنے کے لیے فوری اقدامات کرنے چاہئیں تاکہ اس کی مسابقت میں اضافہ ہو۔ کنٹیکسٹنس اور ڈیٹریج چارجز، جو درآمد کنندگان کو کنٹیکسٹنس کی بندرگاہوں پر دستاویزات کی ریٹائرمنٹ میں بینکوں کی طرف سے تاخیر کی وجہ سے ادرا کرنے پڑے گا اس صنعت کے لیے ایک مراعات کے طور پر مکمل طور پر معاف کیا جانا چاہیے جو کہ بہت زر مبادلہ کمانے والی اور روزگار فراہم کرنے والی صنعت ہے۔ مستقبل قریب میں ہم سپلائی چین میں کچھ بہتری، لاگت کی سطح کو معقول بنانے اور ٹیکسٹائل چین کے لیے منافع کی امید کرتے ہیں۔ آپ کی کمپنی کی انتظامیہ تمام اسٹیک ہولڈرز کے لیے قدر میں اضافے کے لیے بہترین کارکردگی کے لیے پرعزم ہے۔

**CONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS**

FOR THE HALF YEAR ENDED DECEMBER, 2022(UN-AUDITED)

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT DECEMBER 31, 2022



ASSETS	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
		----- (Rupees) -----	
Non-current assets			
Property, plant and equipment	4	3,210,871,012	2,334,249,192
Long-term deposits		2,895,681	3,129,361
Long term investment	5	-	-
		<u>3,213,766,693</u>	<u>2,337,378,553</u>
Current assets			
Stores, spares and loose tools		82,761,988	57,521,846
Stock-in-trade	6	2,055,291,863	1,207,120,704
Trade debts		407,370,198	768,563,631
Loans and advances		44,909,256	171,739,107
Prepayments		6,295,407	1,905,463
Other receivables	7	258,562,772	184,464,687
Other financial assets	8	165,313,064	134,473,034
Cash and bank balances		21,325,233	18,215,039
		<u>3,041,829,781</u>	<u>2,544,003,511</u>
Total assets		<u>6,255,596,474</u>	<u>4,881,382,064</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves			
Authorized			
22,000,000 ordinary shares of Rs.10/- each		<u>220,000,000</u>	<u>220,000,000</u>
Issued, subscribed and paid-up capital		<u>198,528,000</u>	<u>198,528,000</u>
Capital reserves			
Surplus on revaluation of property, plant and equipment - net of tax		883,867,363	882,490,524
Equity portion of loan from related parties		12,341,527	15,895,730
Revenue reserves			
Exchange translation reserves		(4,056,089)	(2,366,429)
Unappropriated profit		<u>1,422,646,672</u>	<u>1,406,774,561</u>
Total equity		<u>2,513,327,473</u>	<u>2,501,322,386</u>
LIABILITIES			
Non-current liabilities			
Long-term finance	9	676,706,610	214,521,468
Lease liability		600,000	1,962,284
Deferred government grant	10	121,432,937	44,261,234
Deferred tax liability		161,377,953	229,182,802
Retirement benefit obligation		68,125,130	60,143,460
		<u>1,028,242,630</u>	<u>550,071,248</u>
Current liabilities			
Trade and other payables		603,837,217	617,700,712
Accrued mark-up		63,702,117	26,323,596
Short-term borrowings	11	1,755,329,709	901,048,156
Current portion of long-term finance	9	195,249,074	143,862,034
Current portion of lease liability		2,924,720	7,767,062
Current portion of deferred government grant	10	30,795,245	5,297,394
Unclaimed dividend		2,754,163	2,899,903
Provision for taxation		59,434,126	125,089,573
		<u>2,714,026,371</u>	<u>1,829,988,430</u>
Total liabilities		<u>3,742,269,001</u>	<u>2,380,059,678</u>
Total equity and liabilities		<u>6,255,596,474</u>	<u>4,881,382,064</u>

CONTINGENCIES AND COMMITMENTS

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The annexed notes from 1 to 22 form an integral part of these condensed interim financial information.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

	Note	Half-year Ended		Quarter Ended	
		December 31,	December 31,	December 31,	December 31,
		2022	2021	2022	2021
		(Rupees)			
Sales - net	13	1,526,663,945	2,321,022,109	671,174,503	1,238,783,564
Cost of sales	14	(1,392,957,266)	(2,023,801,156)	(638,775,471)	(1,100,639,300)
Gross profit		133,706,679	297,220,953	32,399,032	138,144,264
Distribution cost		(14,327,422)	(17,613,816)	(3,478,292)	(8,696,374)
Administrative expenses		(53,260,791)	(47,312,566)	(27,742,653)	(25,582,091)
		(67,588,213)	(64,926,382)	(31,220,945)	(34,278,465)
		66,118,466	232,294,571	1,178,087	103,865,799
Finance cost		(111,401,847)	(78,072,051)	(60,153,478)	(44,484,434)
Other operating expenses	15	(25,388,807)	(27,428,592)	(12,740,372)	(17,683,700)
		(70,672,188)	126,793,928	(71,715,763)	41,697,665
Other income	16	33,793,377	72,310,434	11,579,571	70,636,483
(Loss) / Profit before taxation		(36,878,811)	199,104,362	(60,136,192)	112,334,148
Taxation					
Current		(17,231,291)	(33,265,565)	(8,185,022)	(19,864,395)
Prior		-	1,377,511	-	1,377,511
Deferred		39,530,149	(7,256,145)	39,530,149	(7,256,145)
		22,298,858	(39,144,199)	31,345,127	(25,743,029)
(Loss) / Profit for the period		(14,579,953)	159,960,163	(28,791,065)	86,591,119
OTHER COMPREHENSIVE INCOME					
Items that may be transferred subsequently to profit or loss					
Foreign operations - foreign currency translation difference		(1,689,660)	-	291,841	
Items that will not be transferred subsequently to profit or loss					
Adjustment of surplus on revaluation of property, plant and equipment due to change in tax rate		28,274,700	-	28,274,700	-
Total comprehensive income / (loss) for the period		12,005,087	159,960,163	(224,524)	86,591,119
Earnings per share - basic and diluted (Rupees)		(0.73)	8.06	(1.45)	4.36

The annexed notes from 1 to 22 form an integral part of these condensed interim financial information.



CHAIRMAN



CHIEF EXECUTIVE




CHIEF FINANCIAL OFFICER

	Half - year Ended	
	December 31, 2022	December 31, 2021
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(36,878,811)	199,104,362
Adjustments for:		
Depreciation	53,448,639	52,065,887
Provision for retirement benefit obligation	12,103,470	9,895,584
Provision for slow moving stores, spares and loose tools	-	1,368,396
Gain on sale of property, plant and equipment	(1,523,750)	-
Finance cost	107,847,644	73,112,985
Unwinding of discount on other receivables	-	(6,401,253)
Unrealized loss on other financial Assets	132,320	-
Finance cost on unwinding of discount on long-term finance from related parties	3,554,203	4,959,066
Operating cash flows before working capital changes	<u>138,683,715</u>	<u>334,105,027</u>
(Increase) / decrease in current assets		
Stores, spares and loose tools	(25,240,142)	(9,044,676)
Stock-in-trade	(848,171,159)	(289,671,241)
Trade debts	361,193,433	2,534,305
Loans and advances	46,144,153	(15,505,709)
Deposits and short-term prepayments	(4,389,944)	(3,355,124)
Other receivables	(74,098,085)	(85,726,399)
	<u>(544,561,744)</u>	<u>(400,768,844)</u>
Increase / (decrease) in current liabilities		
Trade and other payable	(16,095,987)	104,175,220
	<u>(560,657,731)</u>	<u>(296,593,624)</u>
Cash generated from operations	(421,974,016)	37,511,403
Finance cost paid	(70,469,123)	(61,239,736)
Retirement benefit obligation paid	(4,121,800)	(8,949,280)
Long-term deposits	233,680	-
Income tax paid	(2,473,761)	(27,443,023)
Net cash used in operating activities	<u>(498,805,020)</u>	<u>(60,120,636)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(928,546,712)	(66,753,841)
Proceed from disposal of property, plant and equipment	2,675,000	-
Other financial asset - net	(30,840,030)	(11,830,708)
Net cash used in investing activities	<u>(956,711,742)</u>	<u>(78,584,549)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term finance paid	(72,116,964)	(32,676,293)
Long-term finance paid to related party	(4,000,000)	-
Short-term borrowings - net	737,576,905	280,249,155
Proceeds from long-term finance	686,269,901	5,850,000
Lease rental paid - net	(6,204,626)	(15,096,029)
Dividend paid	(145,740)	(19,270,469)
Net cash generated from / (used in) financing activities	<u>1,341,379,476</u>	<u>219,056,364</u>
Net decrease in cash and cash equivalents	(114,137,286)	80,351,179
Cash and cash equivalents at the beginning of the period	(181,137,093)	(420,444,328)
Effects of exchange rate changes in cash and cash equivalents	542,832	-
Cash and cash equivalents at the end of the period	<u>(294,731,547)</u>	<u>(340,093,149)</u>

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The annexed notes from 1 to 22 form an integral part of these condensed interim financial information.



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022



	Capital reserves			Revenue reserves		Total
	Issued, subscribed and paid up capital	surplus on revaluation of property, plant and equipment - net of tax	Equity portion of loan from related Parties	Un-appropriated profit	Exchange translation reserve	
	(Rupees)					
Balance as at July 1, 2021	198,528,000	910,719,758	25,813,862	951,551,923	-	2,086,613,543
Total comprehensive income for the period						
Profit for the period	-	-	-	159,960,163	-	159,960,163
Other comprehensive income	-	-	-	-	-	-
	-	-	-	159,960,163	-	159,960,163
Transfer from surplus on revaluation of property, plant and equipment on account:						
- incremental depreciation charge thereon - net of tax	-	(24,872,364)	-	24,872,364	-	-
- disposals - net of tax	-	-	-	-	-	-
	-	(24,872,364)	-	24,872,364	-	-
Transactions with shareholders						
Final dividend at Re. 1 per share for the year ended June 30, 2021	-	-	-	(19,852,800)	-	(19,852,800)
Transactions with related parties / owners						
Unwinding of discount on long-term loan from related parties	-	-	(4,959,066)	4,959,066	-	-
Balance as at December 31, 2021	198,528,000	885,847,394	20,854,796	1,121,490,716	-	2,226,720,906
Balance as at July 1, 2022	198,528,000	882,490,524	15,895,730	1,406,774,561	(2,366,429)	2,501,322,386
Total comprehensive income for the period						
Profit for the period	-	-	-	(14,579,953)	-	(14,579,953)
Other comprehensive income	-	28,274,700	-	-	(1,689,660)	26,585,040
	-	28,274,700	-	(14,579,953)	(1,689,660)	12,005,087
Transfer from surplus on revaluation of property, plant and equipment on account:						
- incremental depreciation charge thereon - net of tax	-	(26,897,861)	-	26,897,861	-	-
- disposals - net of tax	-	-	-	-	-	-
	-	(26,897,861)	-	26,897,861	-	-
Transactions with related parties / owners						
Unwinding of discount on long-term loan from related parties	-	-	(3,554,203)	3,554,203	-	-
Balance as at December 31, 2022	198,528,000	883,867,363	12,341,527	1,422,646,672	(4,056,089)	2,513,327,473

The annexed notes from 1 to 22 form an integral part of these condensed interim financial information.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

1 STATUS AND NATURE OF BUSINESS

- 1.1 The Group consists of Idrees Textile Mills Limited (the Holding Company) and its 100% owned subsidiary ORA Home LLC (ORA) (the Subsidiary). Together referred to as "the Group" and individually as "Group entities".
- 1.2 Idrees Textile Mills Limited (the Holding 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 on April 28, 1992. The registered office of the Holding 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 Holding Company is manufacturing, processing and sale of all kinds of yarn. The Holding Company's manufacturing facility is located at Kot Shah Muhammad, District Nankana in the Province of Punjab.

ORA Home LLC (ORA), a limited liability company (the subsidiary) incorporated in New Jersey, USA on January 5, 2022. The principal activity of the subsidiary is trading of Home textile.

Following are the geographical location and address of all business units of the holding company

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 consolidated 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 consolidated condensed interim financial statements have, however, been limited based on the requirements of IAS-34. These consolidated 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 consolidated annual audited financial statements of the Group for the year ended June 30, 2022. 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 Group.

The comparatives in the consolidated condensed interim statement of financial position as at December 31, 2022 have been extracted from the audited consolidated financial statements of the Group for the year ended June 30, 2022, whereas, the comparatives in the consolidated condensed interim statement of profit or loss and other comprehensive income, consolidated condensed interim statement of changes in equity and consolidated 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, 2021.

2.2 Basis of measurement

These consolidated condensed interim financial statements have been prepared under the historical cost convention except certain categories of property, plant and equipment are stated at revalued amounts and the Holding Company's liability under defined benefit plan (gratuity) is stated at present value of defined benefit obligation.

2.3 Basis of Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity generally accompanying a share of more than fifty percent of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and up to the date when the control ceases. These consolidated financial statements include Idrees Textile Mills Limited (the Holding Company) and its subsidiary entity ORA Home LLC, i.e., the entity in which the Holding Company directly owns 100%. Accordingly, there is no non-controlling interest.

The financial statements of the Subsidiary have been consolidated on a line-by-line basis. Inter-company balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from inter-company transactions, are eliminated.

2.3 Functional and presentation currency

These consolidated condensed interim financial statements are measured using the currency of the primary economic environment in which the Group operates. These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupee.

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 consolidated condensed interim financial statements are the same as those applied in the preparation of the consolidated financial statements as at and for the year ended June 30, 2022.

3.2 Financial risk management

The financial risk management objective and policies are consistent with those disclosed in the consolidated annual audited financial statements of the Group for the year ended June 30, 2022.

3.3 NEW ACCOUNTING STANDARDS / AMENDMENTS AND IFRS INTERPRETATIONS

3.3.1 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after July 01, 2022 but are considered not to be relevant or do not have any significant effect on the Group's operations and therefore not detailed in these condensed interim financial statements.

3.3.2 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective:

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

	Effective from accounting period beginning on or after
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	January 01, 2022
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2022
- IAS 41 Agriculture - Taxation in fair value measurements	January 01, 2022
- IFRS 3 - Reference to the Conceptual Framework (Amendments)	January 01, 2023
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition	January 01, 2023
- Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction Amendments to IAS 12	January 01, 2023
Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2023

**Effective from accounting period
beginning on or after**

Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

The above standards and amendments are not expected to have any material impact on the Groups's financial statements in the period of initial application.

Standards

**IASB Effective date
(annual periods beginning
on or after)**

IFRS 1 - First-time Adoption of International Financial Reporting Standards

IFRS 17 – Insurance Contracts

January 01, 2023

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements and the significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2022.

3.4 Estimates and judgments

All the estimates, judgments and methods of computation adopted in the preparation of these condensed interim financial information are same as those applied in the preparation of the consolidated annual audited financial statements of the Group for the year ended June 30, 2022.

Half-year Ended 31-Dec-22		Half-year Ended 31-Dec-21	
Additions	Disposals at carrying value	Additions	Disposals at carrying value
(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
----- (Rupees) -----			

4. Property, plant and equipment

- owned

Plant and machinery	1,214,570	-	16,265,899	-
Factory building	-	-	-	-
Office equipment	971,718	-	1,262,500	-
Computer Equipment	197,000	-	-	-
Computer Software	840,000	-	-	-
Vehicles	19,905,340	2,302,500	158,974	-
	23,128,628	2,302,500	17,687,373	-

- Right of use asset

Plant and machinery	-	-	18,800,000	-
Vehicles	-	-	6,313,248	-
	-	-	25,113,248	-
	23,128,628	2,302,500	42,800,621	-

	Note	December 31, 2022 (Un-audited) ----- (Rupees) -----	June 30, 2022 (Audited) -----	
4.1	Capital work in progress	4.2 & 4.3	<u>1,264,414,494</u>	<u>338,981,410</u>
4.2	The Holding 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, 2021 by Tristar International Consultant (Pvt.) Ltd. (an independent valuer located in Lahore) on the basis of market values, which resulted in surplus on revaluation amounting to Rs. 384.05 million.			
	The Holding 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, June 30, 2019 and June 30, 2021.			
4.3	Included herein addition to plant and machinery aggregating to Rs.785,683,139 (June 30, 2022: Rs.198,267,317)			
		December 31, 2022 (Un-audited) ----- (Rupees) -----	June 30, 2022 (Audited) -----	
5.	LONG TERM INVESTMENT			
	Cost	<u>-</u>	<u>-</u>	
		December 31, 2022 (Un-audited) ----- (Rupees) -----	June 30, 2022 (Audited) -----	
6.	STOCK-IN-TRADE			
	Raw material			
	- In hand	951,943,900	787,024,122	
	- In transit	387,885,126	99,948,162	
	Work-in-process	71,782,530	56,022,198	
	Finished goods	631,256,074	248,662,542	
	Waste	12,424,233	15,463,680	
		<u>2,055,291,863</u>	<u>1,207,120,704</u>	
7.	OTHER RECEIVABLES			
	Sales tax			
	- considered good	221,827,921	150,850,078	
	- considered doubtful	2,630,629	2,630,629	
	Cotton claim receivable	25,687,482	22,851,349	
	Duty draw back receivable	5,872,932	5,872,932	
	Profit on deposit	4,089,968	3,757,270	
	Export rebate - considered doubtful	1,985,586	2,194,344	
	Others	1,293,227	1,133,058	
		<u>263,387,745</u>	<u>189,289,660</u>	
	Less: provision for doubtful receivables	<u>(4,824,973)</u>	<u>(4,824,973)</u>	
		<u>258,562,772</u>	<u>184,464,687</u>	

		December 31, 2022 (Un-audited) ----- (Rupees) -----	June 30, 2022 (Audited)
8. OTHER FINANCIAL ASSETS			
Term deposit receipts	8.1	160,372,670	129,394,620
Short term investment in listed company		4,940,394	5,078,414
		<u>165,313,064</u>	<u>134,473,034</u>

8.1 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 6.25% to 14.50% (June 30, 2022: 5.9% to 13.75%) per annum. The banks have lien on these term deposit receipts on account of guarantee provided by such banks. These will mature latest by June 16, 2023.

	Note	December 31, 2022 (Un-audited) ----- (Rupees) -----	June 30, 2022 (Audited)
9. LONG TERM FINANCE			
Balance at period end / year end		775,661,612	261,643,633
Government Grant period end / year end	10	152,228,182	49,558,628
Net Balance as at period end / year end	9.1,9.2 & 9.3	<u>927,889,794</u>	<u>311,202,261</u>
Payable later than one year		676,706,610	173,059,675
Payable within one year		98,955,002	88,583,958
From related parties (Unsecured) - At amortised cost			
Opening balance		96,739,869	88,821,737
Repayments during the year		(4,000,000)	(2,000,000)
Unwinding of discount		3,554,203	9,918,132
	9.4	<u>96,294,072</u>	96,739,869
Less: Current portion shown under current liabilities		<u>(96,294,072)</u>	<u>(55,278,076)</u>
		<u>-</u>	<u>41,461,793</u>

9.1 This represents long-term finance facilities obtained by the Holding Company for the purpose of procurement of plant and machinery. The facilities carry markup at KIBOR + 1.5% to 4.00% per annum and are payable in fixed monthly/quarterly installments within a period of 4 to 5 years. The loans are secured against existing land and building and plant and machinery of the Company with 25% margin, first exclusive charge over the assets with 0% to 25% margin, first exclusive and specific hypothecation charge over imported machinery of the Company with 0% margin.

9.2 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 Holding Company with 25% margin. The facility as at period end was Nil (June 30, 2022 : 38.46Million)

9.3 The Holding Company has entered into a Temporary Economic Refinance Facility (TERF) agreement with an Islamic bank and commercial banks, with the total limit aggregating to Rs. 615.37 million (2022: 615.37 million). This includes Rs.150 million being the sub-facility under the letter of credit facility agreement amounting to Rs. 175 million with the Islamic bank. The unavailed facility as at period end was Rs. 61 million (2022: 451.07 Million). These facilities carry mark up of SBP Base Rate + 4%. The tenure of these facilities ranges from 5 to 10 years with grace period 1 to 2 years. These facilities are secured against various assets including exclusive charge over imported machinery, first pari passu charge over land & building, hypothecation charge over specific equipment and machinery, and also the personal guarantee of all the executive directors of the Holding Company.

- 9.4 These loans are interest free, unsecured and are expected to be repaid by the end of December 31, 2023, further extendable by mutual agreement. 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.

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees) -----	
10 DEFERRED GOVERNMENT GRANT			
Deferred grant against temporary economic refinance facility	9	152,228,182	49,558,628
Current portion of deferred government grant		<u>(30,795,245)</u>	<u>(5,297,394)</u>
	10.1	<u>121,432,937</u>	<u>44,261,234</u>

- 10.1 Deferred government grant relates to the difference between the fair value and actual proceed of temporary economic refinance facility loan obtained under SBP's refinance scheme. It is being amortised over the period of ten years from the date of loan disbursement with an amount equal to the difference between the finance cost charged that would have been charged to statement of profit or loss at market rate and the interest paid as per the scheme.

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
		----- (Rupees) -----	
11 SHORT-TERM BORROWINGS			
From banking companies - secured			
Running finance		316,056,780	199,352,132
Cash finance		506,415,043	94,728,455
Finance Against Imported Merchandise (FIM)		<u>914,337,225</u>	<u>588,968,539</u>
		<u>1,736,809,047</u>	<u>883,049,126</u>
Related Party - unsecured			
Loan from ORA Sapphire	11.2	18,520,662	17,999,030
		<u>1,755,329,709</u>	<u>901,048,156</u>

- 11.1 Facilities for running finance, cash finance, FIM and Murabaha are available from various commercial banks up to Rs. 2,682 million (June 30, 2022: Rs. 2,682 million). These facilities are subject to markup at the rates of 3 month KIBOR plus 1.00% to 2.5% (June 30, 2022: 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 Holding Company, equitable mortgage on various properties and personal guarantees of all the Executive directors of the Holding Company.

The aggregate unavailed short-term borrowing facilities amounted to Rs. 946 million (June 30, 2022: Rs. 1,799 million).

- 11.2 This represent short term loan obtained by the subsidiary from a related party. This loan is interest free. There is no term of the loan and is repayable on demand. According, it has been classified as short term.

12 CONTINGENCIES AND COMMITMENTS

- 12.1 Status of contingencies are same as disclosed in 23 to the unconsolidated annual audited financial statements of the Company for the year ended June 30, 2022.

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
		----- (Rupees) -----	
12.2 Commitments			
Letters of credit opened and outstanding for import of:			
- plant and machinery		108,345,743	665,256,522
- stores and spares		11,660,794	30,067,092
- raw material		592,901,435	581,096,452
- Local bills discounted		<u>69,739,605</u>	<u>292,314,555</u>
		<u>782,647,577</u>	<u>1,568,734,621</u>

	Half Year Ended	
	December 31, 2022 (Un-audited)	December 31, 2021 (Un-audited)
	----- (Rupees) -----	
13 SALES - NET		
Yarn		
-Local	883,342,902	2,388,803,245
- Export	27,787,913	141,514,737
-Indirect export	704,852,450	-
	1,615,983,265	2,530,317,982
Raw material - Local		
- Waste	29,364,742	38,105,910
- Others	146,505,156	145,188,907
	1,896,719	-
	1,793,749,882	2,713,612,799
Less:		
Sales Tax	(260,496,522)	(377,794,778)
Brokerage & Commission	(6,589,415)	(14,795,912)
	1,526,663,945	2,321,022,109

	Half-year Ended	
	December 31, 2,022 (Un-audited)	December 31, 2021
	----- (Rupees) -----	
14 COST OF SALES		
Raw material consumed	1,249,710,056	1,770,332,324
Salaries, wages and benefits	99,730,272	101,305,320
Fuel and power	293,454,720	211,282,911
Depreciation	47,164,229	46,482,699
Stores and spares consumed	25,028,339	28,608,643
Packing material	23,775,904	30,874,730
Insurance	6,000,000	6,000,000
Repairs and maintenance	2,385,852	941,418
Vehicle running and maintenance	2,282,661	966,859
Other manufacturing overheads	1,244,235	2,625,049
	1,750,776,268	2,199,419,953
Work-in-process		
Opening stock	56,022,198	41,992,838
Closing stock	(71,782,530)	(51,794,711)
	(15,760,332)	(9,801,873)
Cost of goods manufactured	1,735,015,936	2,189,618,080
Finished goods		
Opening stock	264,126,222	106,757,831
Yarn purchased	12,272,128	-
Closing stock	(643,680,308)	(289,547,476)
	(367,281,958)	(182,789,645)
Cost of raw material sold	25,223,288	16,972,721
	1,392,957,266	2,023,801,156

		(Un-audited) December 31, 2022	(Un-audited) December 31, 2021
	Note	----- (Rupees) -----	
15	OTHER OPERATING EXPENSES		
	Workers' profit participation fund	-	10,771,660
	Workers' welfare fund	-	4,241,178
	Infrastructure cess	24,868,344	8,854,829
	Exchange Loss	388,143	3,560,925
	Unrealised loss on other financial assets	132,320	-
		25,388,807	27,428,592
16	OTHER INCOME		
	Profit on deposits / investment	5,912,030	2,413,789
	Gain on disposal of property, plant and equipment	1,523,750	-
	Scrap sales	264,166	526,730
	Exchange gain	26,093,431	862,324
	Unwinding of discount on other receivables	-	6,401,253
	Others	-	62,106,338
		33,793,377	72,310,434
17.	CASH AND CASH EQUIVALENTS		
	Cash and bank balances	21,325,233	35,764,781
	Short-term borrowings	(316,056,780)	(375,857,930)
		(294,731,547)	(340,093,149)
18.	FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES		
18.1	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 information approximate their fair values.		
18.2	Fair value estimation		
	The Holding Company discloses the financial instruments measured in the consolidated 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).		
	As at December 31, 2022 the Company held the following instruments at fair values:		

	December 31, 2022			
	Fair Value			
	Level 1	Leve 2	Level 3	Total
	----- Rupees -----			
Financial assets measured at fair value				
Equity securities - listed	4,940,394	-	-	4,940,394

	June 30, 2022			
	Fair Value			
	Level 1	Leve 2	Level 3	Total
	----- Rupees -----			
Financial assets measured at fair value				
Equity securities - listed	5,078,414	-	-	5,078,414

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

There are no transfers between the levels during the year.

- 18.3** There are no assets or liabilities to classify under above levels except the Holding 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 Holding Company's free hold land, buildings, labour colony, electric installation, equipment and plant and machinery carried out as at June 30, 2021, were performed by M/s Tristar International Consultant (Private) Limited, an independent valuer not related to the Holding 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. Value determined by independent valuer is classified as Level 3 in the fair value hierarchy.

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

19. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings, directors, key management personnel and post employment retirement benefit plan. The transaction with related parties are on agreed terms as approved by the Board of Directors. The significant transactions with related parties carried out during the period are as follows:

Relationship with the Company	Nature of transactions	(Un-audited)	
		Half-year Ended	
		December 31, 2022	December 31, 2021
		----- (Rupees) -----	
Employee retirement benefit	Contribution made to provident fund	933,306	812,839
Key management personnel	Short-term employee benefit	1,671,300	1,909,809
Directors	Unwinding of discount on loan from directors	3,554,203	4,959,066
	Loan repaid during the period	4,000,000	-

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

20. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	December 31,2022 (Un-audited)				December 31,2021 (Un-audited)			
	Chief Executive	Directors		Executives	Chief Executive	Directors		Executives
		Executive	Non-executive			Executive	Non-executive	
	----- Rupees -----							
Remuneration	1,600,000	1,400,000	-	4,797,196	1,600,000	1,400,000	-	3,681,196
House rent allowance	480,000	420,000	-	1,439,159	480,000	420,000	-	1,104,358
Utilities	160,000	140,000	-	479,720	160,000	140,000	-	368,120
Medical	160,000	140,000	-	479,720	160,000	140,000	-	368,120
Meeting fee	-	-	25,000	-	-	-	40,000	-
	<u>2,400,000</u>	<u>2,100,000</u>	<u>25,000</u>	<u>7,195,795</u>	<u>2,400,000</u>	<u>2,100,000</u>	<u>40,000</u>	<u>5,521,794</u>
Number of persons	<u>1</u>	<u>1</u>	<u>3</u>	<u>6</u>	<u>1</u>	<u>1</u>	<u>3</u>	<u>5</u>

21. CORRESPONDING FIGURES

Corresponding figures have been re-classified, re-arranged or additionally incorporated in these consolidated condensed interim financial information, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period.

22. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial information has been approved and authorized for issue on February 24, 2023 by the Board of Directors of the Company.



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

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