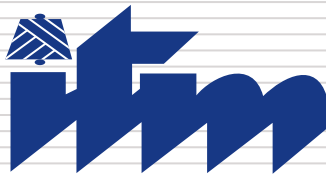


IDREES

TEXTILE MILLS LIMITED

CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE FIRST QUARTER
ENDED SEPTEMBER 30, 2019
(UN-AUDITED)





COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Muhammad Idrees Allawala - Chairman Mr. S. M. Mansoor Allawala - CEO Mr. Naeem Idrees Allawala - Director Mr. Omair Idrees Allawala - Director Mr. Rizwan Idrees Allawala - Director Mr. Muhammad Israil - Director Mr. Muhammad Saeed - Director Mr. Muhammad Iqbal - Director
AUDIT COMMITTEE	Mr. Muhammad Saeed - Chairman Mr. Rizwan Idrees Allawala - Member Mr. Muhammad Israil - Member Syed Shahid Sultan - Secretary
COMPANY SECRETARY	Syed Shahid Sultan
CHIEF FINANCIAL OFFICER	Mr. Muhammad Jawaid
AUDITORS	M/s. Deloitte Yousuf Adil Chartered Accountants
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Muhammad Saeed - Chairman Mr. Muhammad Iqbal - Member Mr. Rizwan Idrees Allawala - Member
BANKERS	National Bank of Pakistan Bank Alfalah Limited Habib Metropolitan Bank Ltd. Soneri Bank Limited Silk Bank Ltd. Meezan Bank Ltd. Bank of Punjab Ltd. BankIslami Pakistan Ltd. MCB Islamic Bank Ltd. Dubai Islamic Bank Pakistan Ltd. J.S Bank Ltd. Samba Bank Limited
REGISTERED OFFICE	6-C, Ismail Centre, 1st Floor, Central Commercial Area, Bahadurabad, Karachi - 74800.
SHARES REGISTRAR MILLS	M/S. NI Associates (Pvt) Ltd. Kot Shah Mohammad, Tehsil Nankana, District Nankana, Punjab. www.idreestextile.com

***IN THE NAME OF ALLAH
THE MOST BENEFICENT AND MERCIFUL***

The Director are pleased to present the un-audited condensed interim financial statements of your Company, for the first quarter ended September 30, 2019.

FINANCIAL AND OPERATIONAL OVERVIEW

During the period under review, the Company's turnover amounted to Rs. 865.75 million as compared to Rs. 781.16 million in the comparable period of last year. Gross profit amounted to Rs. 70.10 million compared to Rs. 81.55 million in the same period of last year and loss after tax amounted to Rs. 14.23 million against profit after tax of Rs. 7.50 million in the same period of last year. Loss per share for the period under review worked out to Rs. 0.72 as compared to earnings per share amounting to Rs. 0.42 for the corresponding period.

During the period under review, the Company's sales have increased by 11% as compared to the same period of last year. Despite growth in turnover, the quarter closed in a loss. The main reasons for loss are; increasing cost environment and significantly high cost of credit. Finance cost in the quarter has increased by 20.2 million (53%) as compared to the same period of last year. In order to support the industry, the Government should expeditiously release tax refunds and settle the claims for technology upgradation support. Levy of sales tax on the textile sector has badly affected the industry's cash flows which requires due attention of the Government. The business environment may be given a boost by reviving the sales tax zero-rating regime.

FUTURE OUTLOOK

The government has to take all possible steps to bring down the discount rate. The present rate has become unviable for the businesses. To support the spinning sector, Yarn should be added to the list of eligible items for duty draw back claims. From the financial year 2019-20, tax credit under section 65B, that was available on additions to plant and machinery, has been withdrawn. It should be allowed to encourage further investments. The surge in CPI inflation has to be controlled to increase the purchasing power of consumers which is necessary to lift the economic activity. An early end of the trade war going on between US and China shall be beneficial for the international trade which has substantially slowed down. We also have high hopes from the energy and other projects to be completed under CPEC. Your Company's management is constantly working to meet the economic challenges by increasing process and operational efficiencies, optimum utilization of available resources and cost control.

BOARD OF DIRECTORS

The total number of Directors are eight as per following:

- a) Male : 8
- b) Female : None

Composition of the Board is as follows:

Category	Names
a) Independent Director	i) Mr. Muhammad Saeed
b) Non-Executive Directors	i) Mr. Muhammad Idrees Allawala
	ii) Mr. Naeem Idrees Allawala
	iii) Mr. Muhammad Israil
	iv) Mr. Muhammad Iqbal
c) Executive Directors	i) Mr. S. M. Mansoor Allawala
	ii) Mr. Rizwan Idrees Allawala
	iii) Mr. Omair idrees Allawala

REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS

Non-executive and independent directors are entitled only to a fee for attending Company meetings.

ACKNOWLEDGEMENT

The Board is thankful to all the stakeholders for their co-operation and trust.

For and on behalf of the Board

Muhammad Idrees Allawala
Chairman

S.M. Mansoor Allawala
Chief Executive

October 29, 2019
Karachi

آپ کی کمپنی کے ڈائریکٹران 30 ستمبر 2019 کو ختم ہونے والی سہ ماہی کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

عملی اور مالیاتی کارکردگی کا جائزہ

زیر جائزہ مدت کے دوران خالص فروخت کی مالیت 865.75 ملین روپے رہی جبکہ تقابلی مدت میں 781.16 ملین روپے ملین روپے رہی کل منافع 70.10 ملین روپے جبکہ پچھلے سال اس مدت میں 81.5 ملین روپے تھا بعد از ٹیکس خسارہ 14.23 ملین روپے جبکہ پچھلے سال اسی مدت میں بعد از ٹیکس منافع 7.50 ملین زیر غور مدت کے لئے فی حصص خسارہ 0.72 روپے جبکہ تقابلی مدت میں فی حصص آمدنی 0.42 روپے رہی زیر جائزہ مدت کے دوران کمپنی کی فروخت میں گزشتہ مدت کے مقابلے میں 11 فیصد اضافہ ہوا ہے کاروبار میں اضافہ کے باوجود سہ ماہی کا اختتام خسارے پر ہوا نقصان کی بنیادی وجوہات کاروبار کرنے کی لاگت میں اضافہ اور مالیاتی لاگت میں اضافہ ہیں۔ پچھلے سال کی اسی مدت کے مقابلے میں مالیاتی لاگت میں 20.2 ملین (53%) کا اضافہ ہوا ہے صنعت کو سہارا دینے کے لئے ٹیکس کی واپسی اور ٹیکنالوجی کے نمو کے دعویٰ کی تیزی سے ادائیگی کرنی ہوگی اور ٹیکسٹائل کے شعبے پر سیلز ٹیکس کی وصولی نے صنعت کی نقد روانی کو بری طرح متاثر کیا ہے جس پر حکومت کی مناسب توجہ کی ضرورت ہے سیلز ٹیکس کی صفر ریٹنگ والے نظام کو بحال کر کے کاروباری ماحول کو فروغ دیا جاسکتا ہے۔

مستقبل پر نظر

حکومت کو پالیسی ریٹ کم کرنے کے لئے ہر ممکن اقدامات کرنا ہوں گے۔ موجودہ شرح کاروبار کے لئے ناقابل عمل ہے اسپننگ کی صنعت کو ترقی دینے کے لئے دھاگہ کوڈیوٹی ڈرا بیک کے دعویٰ کی اہل اشیاء کی فہرست میں شامل کیا جائے۔ سال 2019-20 میں سیکشن 65B کے تحت ٹیکس کا کریڈیٹ جو کہ پلانٹ اور مشینری کی سرمایہ کاری پر حاصل تھا ختم کر دیا گیا ہے اس کو جاری کیا جائے تاکہ نئی سرمایہ کاری کی حوصلہ افزائی کی جاسکے۔ سی پی آئی افراط زر میں اضافہ کو صارفین کی قوت خرید بڑھانے کے لئے کنٹرول کرنا ہوگا جو معاشی سرگرمی کو بحال کرنے کے لئے ضروری ہے۔ امریکہ اور چین کے مابین جاری تجارتی جنگ کا جلد خاتمہ بین الاقوامی تجارت کے لئے فائدے مند ثابت ہوگا جو کہ کافی حد تک سست روی کا شکار ہے ہمیں CPEC کے تحت توانائی اور دیگر منصوبوں سے بہت توقعات ہیں آپ کی کمپنی کی انتظامیہ آپریشنل استعداد میں بہتری دستیاب وسائل کا بھرپور استعمال اور لاگت پر قابو پانے کے ذریعہ معاشی چیلنجوں کا مقابلہ کرنے کے لئے مستقل طور پر کام کر رہی ہے۔

بورڈ آف ڈائریکٹرز

مندرجہ ذیل تفصیل کے مطابق ڈائریکٹران کی تعداد آٹھ ہے

(ا) مرد 08

(ب) عورت 0

ساخت

محمد سعید

انڈیپنڈنٹ ڈائریکٹرز

محمد ادریس اللہ والا، نعیم ادریس اللہ والا

نان ایگزیکٹو ڈائریکٹرز

محمد اسرائیل، محمد اقبال

نان ایگزیکٹو ڈائریکٹران کے لئے معاوضہ کی پالیسی

نان ایگزیکٹو اور انڈیپنڈنٹ ڈائریکٹرز صرف کمپنی اجلاس میں شرکت کی فیس کے حقدار ہیں۔

اظہار تشکر

ڈائریکٹران تمام متعلقین کے تعاون اور اعتماد کے لئے ان کے مشکور ہیں۔

ایس ایم منصور اللہ والا

چیف ایگزیکٹو

محمد ادریس اللہ والا

چیرمین / ڈائریکٹر

کراچی

اکتوبر 29، 2019

CONDENSED INTERIM BALANCE SHEET
As at September 30, 2019



		<i>(Unaudited)</i> September 30, 2019	<i>(Audited)</i> June 30, 2019
----- Rupees -----			
SHARE CAPITAL AND RESERVES			
Share capital		198,528,000	198,528,000
Capital reserve			
Surplus on revaluation of Property, Plant & Equipments		636,590,008	636,590,008
Unappropriated profit		805,518,103	819,754,481
		1,640,636,111	1,654,872,489
NON-CURRENT LIABILITIES			
Long-term finance From			
Banking companies		81,130,549	87,978,052
Related Party		60,322,108	59,849,513
		141,452,657	147,827,565
Liabilities against assets subject to finance lease		34,478,978	41,767,501
Deferred liabilities		274,271,236	282,976,097
CURRENT LIABILITIES			
Trade and other payables		231,880,144	188,769,599
Interest / mark-up accrued		42,983,085	49,416,428
Short term borrowings	4	1,191,924,565	1,607,996,360
Current portion of long term finance Banking Company		27,390,008	27,390,008
liabilities against assets subject to finance lease		-	-
Unclaimed Dividend		2,424,885	2,424,885
Provision for taxation		50,024,790	39,222,187
		1,577,377,448	1,946,388,918
CONTINGENCIES AND COMMITMENTS			
	5	<u>3,668,216,430</u>	<u>4,073,832,570</u>
NON - CURRENT ASSETS			
Property, plant and equipment	6	1,707,848,684	1,729,414,258
Long-term deposits		28,597,181	28,341,906
		1,736,445,865	1,757,756,164
CURRENT ASSETS			
Stores, spares and loose tools		43,785,256	41,034,311
Stock-in-trade	7	771,863,729	1,182,882,722
Trade debts		826,793,559	829,317,743
Loans and advances		72,858,182	66,866,638
Deposits and short term prepayments		8,247,405	4,990,158
Other receivables		94,292,053	90,310,941
Other Financial Assets	8	61,651,648	64,651,035
Sales tax refund bond		16,000,000	14,700,000
Cash and bank balances		36,278,733	21,322,858
		1,931,770,565	2,316,076,406
		<u>3,668,216,430</u>	<u>4,073,832,570</u>

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



		<i>Three Month Ended</i>	
		<u>September 30, 2019</u>	<u>September 30, 2018</u>
	 Rupees	
Sales		865,749,851	781,163,350
Cost of goods sold	9	(795,643,361)	(699,615,343)
Gross profit		<u>70,106,490</u>	<u>81,548,007</u>
Distribution cost		3,752,916	5,388,481
Administrative expenses		19,182,817	17,783,487
Other operating expenses	10	9,704,431	4,661,373
Finance cost		58,566,340	38,371,877
Other operating income	11	(1,288,063)	(1,009,911)
		<u>89,918,440</u>	<u>65,195,306</u>
Profit before taxation		(19,811,950)	16,352,700
Provision for taxation		5,575,572	(8,856,390)
Profit after taxation		<u>(14,236,378)</u>	<u>7,496,310</u>
Other Comprehensive Income		-	-
		<u>(14,236,378)</u>	<u>7,496,310</u>
		<u>(0.72)</u>	<u>0.42</u>

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
For The First Quarter Ended September 30, 2019



	<i>Three Month Ended</i>	
	September 30, 2019	September 30, 2018
 Rupees	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	(19,811,950)	16,352,700
Adjustments for :		
Depreciation on property, plant and equipment	22,227,671	20,538,671
Provision for staff retirement gratuity	4,282,800	3,693,570
Loss/(Profit) on sale of property, plant and equipment	(9,999)	
Finance cost	58,566,340	38,371,877
Operating cashflow before movement of working capital	<u>65,254,861</u>	<u>78,956,818</u>
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(2,750,948)	(3,252,800)
Stock-in-trade	411,358,551	221,165,419
Trade debts	2,538,062	29,301,327
Loans and advances	899,299	15,346,214
Deposits and short term prepayments	(3,257,247)	(4,488,929)
Other receivables	(3,485,119)	(1,065,637)
Increase / (decrease) in current liabilities		
Trade and other payable	47,963,691	6,790,252
Cash generated from operations	<u>518,521,152</u>	<u>342,752,665</u>
Finance cost paid	(64,999,681)	(32,599,493)
Gratuity paid	(2,207,250)	(658,900)
Income tax paid	(6,995,652)	(6,548,612)
Net cash used in operating activities	<u>444,318,569</u>	<u>302,945,659</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(662,098)	(1,203,133)
Proceed from disposal of property, plant and equipment	10,000	-
Sales Tax refund Bond	(1,300,000)	-
Other Financial assets	2,999,387	(4,336,700)
Long term deposits (increased) / decreased	(255,275)	(68,184)
Net cash used in investing activities	<u>792,014</u>	<u>(5,608,017)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Obtained /(Paid) of long term finance	(6,374,907)	(1,425,666)
Finance against Imported Merchandise -FIM obtained /(paid)	(330,544,498)	(327,407,221)
Finance lease obtained / (Paid) - net	(7,708,004)	(4,164,939)
Dividend paid	-	-
Net cash from financing activities	<u>(344,627,409)</u>	<u>(332,997,826)</u>
Net decrease in cash and cash equivalents (A+B+C)	100,483,173	(35,660,184)
Cash and cash equivalents at beginning of the period	(781,074,520)	(655,768,272)
Cash and cash equivalents at end of the period	<u>(680,591,347)</u>	<u>(691,428,456)</u>
<i>Cash and cash equivalents</i>		
Cash and bank balances	36,278,733	32,087,231
Running finance	(390,209,843)	(328,438,955)
Cash finance	<u>(326,660,237)</u>	<u>(395,076,732)</u>
	<u>(680,591,347)</u>	<u>(691,428,456)</u>

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

	<i>Issued, subscribed and paid up capital</i>	<i>Surplus on revaluation of property, plant and equipment net of tax</i>	<i>Unappropriated profit</i>	<i>Total</i>
 Rupees			
Balance at June 30, 2018	180,480,000	587,175,174	722,602,891	1,490,258,065
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-			-
Transaction with owners recognized in equity 10% bonus share issued for the year ended June 30, 2018	18,048,000		(18,048,000)	-
Comprehensive Income				
Profit for the period ended September 30, 2018	-	-	7,496,310	7,496,310
Other comprehensive income - net of tax	-	-	-	-
	-	-	7,496,310	7,496,310
Balance at September 30, 2018	198,528,000	587,175,174	712,051,201	1,497,754,375
Transaction with owners				
Transfer from surplus on revaluation of property, plant and equipment on account of revaluation surplus as at June 30, 2019 -net of tax incremental depreciation - net of deferred tax disposals - net of tax	-	121,036,717		121,036,717
	-	(35,390,825)	35,390,825	-
Unamortized portion of interest free loan			44,580,488	44,580,488
Comprehensive Income				
Profit for the period ended June 30, 2019	-	-	24,817,199	24,817,199
Other comprehensive income - net of tax	-	(36,231,058)	2,914,768	(33,316,290)
	-	(36,231,058)	27,731,967	(8,499,091)
Balance at June 30, 2019	198,528,000	636,590,008	819,754,481	1,654,872,489
Transaction with owners				
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-			-
Comprehensive Income				
Profit for the period ended September 30, 2019	-	-	(14,236,378)	(14,236,378)
Other comprehensive income - net of tax	-	-	-	-
	-	-	(14,236,378)	(14,236,378)
Balance as at September 30, 2019	180,480,000	636,590,008	805,518,103	1,640,636,111

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

- 1 The Company was incorporated in Pakistan on June 05, 1990 as an unquoted public limited company and is listed on Karachi and Lahore Stock Exchanges. The registered office of the company is situated at 6-C, Ismail Center, Central Commercial Area Bahadurabad, Karachi whereas the manufacturing facility of the company is located at Kot Shah Mohammad, Tehsil Nankana, district Nankana, Punjab. The principal activity of the Company is manufacture and sale of yarn and fabric
- 2 These financial statements are unaudited and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan
- 3 The accounting convention, policies and methods of computation followed in the preparation of these interim financial statements are the same as those of the published annual financial statements for the year ended June 30, 2019

4. SHORT TERM BORROWINGS	(Unaudited) September 30, 2019	(Audited) June 30, 2019
From Banking Companies - secured	<u>(1,191,924,565)</u>	<u>(1,607,996,360)</u>

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There is no material change in Contingent liabilities as disclosed in annual financial statements of June 30, 2019

5.2 Commitments

Letters of credit for import of spare parts, machinery & raw material	<u>1,136,075</u>	<u>156,129,816</u>
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6 ADDITION AND DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

During the period following additions and disposal were made:

	(Unaudited) Three months ended September 30, 2019		(Audited) Year ended June 30, 2019	
	Additions	Disposals / transfers	Additions	Disposals / transfers
----- Rupees -----				
Operating Fixed assets				
Mill Building	212,099	-	256,503	-
Plant & Machinery (Owned)	194,000	-	65,845,747	-
Office equipment	256,000	-	79,000	-
Furniture & Fixture	-	-	66,658	-
Vehicle (Owned)	-	(43,523)	10,327,236	(4,937,000)
Plant & Machinery (Leased)	-	-	11,500,000	-
Vehicle (Leased)	-	-	29,930,500	-
	<u>662,099</u>	<u>(43,523)</u>	<u>118,005,644</u>	<u>(4,937,000)</u>



	(Unaudited) September 30, 2019	(Audited) June 30, 2019
7. STOCK IN TRADE		
Raw Material - in hand	523,157,224	885,317,158
Tansit	63,017,454	159,442,745
Work in process	25,631,804	26,053,631
Finished Goods	154,308,927	107,833,462
Waste	5,748,320	4,235,726
	771,863,729	1,182,882,722
8. OTHER FINANCIAL ASSETS		
<p>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 4.35% to 7.5% (2019: 4.75% to 7.5%) per annum. The banks have lien on these term deposit receipts on account of guarantees provided by such banks.</p>		
9. COST OF GOODS SOLD	September 30, 2019	September 30, 2018
Raw material consumed	548,906,867	546,923,493
Salaries, wages and benefits	25,904,467	37,393,834
Fuel and power	84,543,808	83,137,890
Stores and spares	21,424,696	21,291,494
Depreciation	19,664,805	18,545,511
Insurance	2,000,000	1,560,000
Repairs and maintenance	594,974	1,092,562
Other manufacturing overheads	1,538,662	1,305,419
	704,578,278	711,250,203
Work-in-process		
Opening stock	26,053,631	25,248,274
Closing stock	(25,631,804)	(22,944,416)
	421,827	2,303,858
Cost of goods manufactured	705,000,105	713,554,061
Finished goods		
Opening stock	112,069,188	134,040,039
Closing stock	(160,057,247)	(224,070,688)
	(47,988,059)	(90,030,649)
Cost of Raw Material Sold	138,631,315	76,091,931
	795,643,361	699,615,343
10. OTHER OPERATING EXPENSES		
Workers' profit participation fund	-	825,441
Workers' welfare fund	-	595,460
Infrastructure cess	781,504	1,943,223
Exchange loss-net	8,211,706	612,463
Export Development Surcharge	711,221	684,786
	9,704,431	4,661,373



	(Unaudited) September 30, 2019	(Audited) June 30, 2019
11. OTHER INCOME		
Profit on deposits	1,278,064	629,243
Exchange loss-net	-	(27,827)
Gain/ (Loss) on disposal of PPE	9,999	408,495
	1,288,063	1,009,911

9. AGGREGATED TRANSECTIONS WITH ASSOCIATES UNDERTAKINGS AND RELATED PARTIES

The related parties comprise associated undertakings, key management personnel. The Significant transactions with related parties during the period are as follows:

Relationship with Company	(Unaudited) Nature of Transactions	Thee Months ended September 30, 2019 Rupees
Provident Fund of the Company	Contribution paid	329,937
Key Management personnel	CEO & directors	1,350,000

10. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on October, 29, 2019 by the Board of Directors of the Company.

11. GENERAL

Figures have been re-arranged wherever it was necessary for the purpose of comparison and rounded off nearest to rupee.

Chief Executive

Chief Financial Officer








Director










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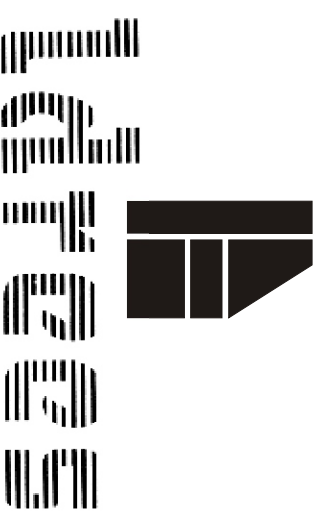
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