

IDREES

TEXTILE MILLS LIMITED

CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
DECEMBER 31, 2018
(UN-AUDITED)



**BOARD OF DIRECTORS**

Mr. S.M. Idrees Allawala	- Chairman
Mr. S. M. Mansoor Allawala	- CEO
Mr. Kamran Idrees Allawala	- Director
Mr. Naeem Idrees Allawala	- Director
Mr. Omair Idrees Allawala	- Director
Mr. Rizwan Idrees Allawala	- Director
Mr. Muhammad Israil	- Director
Mr. Muhammad Saeed	- 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. Kamran Idrees Allawala	- 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.
Bank Al Habib Ltd.
Dubai Islamic Bank Pakistan Ltd.
J.S. Bank Ltd.
MCB Islamic Bank Ltd.

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



The directors are pleased to present the Condensed Interim Financial Statements of your Company, for the six months ended December 31, 2018, duly reviewed by the external auditors.

FINANCIAL AND OPERATIONAL OVERVIEW

During the period under review, the Company's turnover amounted to Rs. 1,606.7 million as compared to Rs. 1,386.8 million in the comparable period of last year. Gross profit amounted to Rs. 165.4 million compared to Rs. 121.8 million for the corresponding period and profit after tax amounted to Rs. 10.6 million against Rs. 27.2 million in the same period of last year. Earnings per share for the period under review worked out to Re. 0.54 as compared to Rs. 1.51 for the corresponding period.

Rising trend in the rate of interest, due to continuous increase in the Policy Rate by the State Bank of Pakistan, is adversely affecting your Company's profitability. During the period under review, other challenges that we had to manage were higher rate of imported raw material and other inputs. On the positive side, the government's decision to provide gas to the textile industry @ USD 6.5 per MMBTU has given breathing space to the industry that was on the verge of collapse. Another good step by the government is to provide electricity to the five export oriented sectors, that have been zero-rated for sales tax, @ US Cents 7.5 per unit. It will enable the industry to control its cost and be competitive in the international market. Pending claims for duty drawback, sales tax refunds, technology upgradation support, etc. are also contributing to the increased financial cost.

Composition of the Board of Directors is as follows:

Description	Number of Directors	Composition
a) Male	8	Independent Director 1 Non-Executive Directors 4 Executive Directors 3
b) Female	0	

FUTURE OUTLOOK

Continuous increase in the Policy rate by the State Bank of Pakistan has significantly increased the cost of credit that will need to be managed. Due to high rate of interest, devaluation of Pak Rupee and increase in energy tariff, inflation is on the rise which is going to make inputs costlier. Expeditious release of pending duty drawback claims, sales tax refunds, technology upgradation support, etc. by the Ministry of Finance shall be beneficial for the industry in terms of controlling its financial cost and managing cash flows. The government should also focus on promoting Pakistan globally as an environment friendly manufacturer which will be helpful in increasing our share in the international market. Continuation of the China-Pakistan Economic Corridor (CPEC) and inclusion of Saudi Arabia in it seem highly promising for our economic revival. Your Company's management is striving to increase its exports to China and as the demand for Pakistani yarn improves there, we shall be able to fully realize our objective.

ACKNOWLEDGEMENT

The Board appreciates the support and co-operation of the bankers, suppliers and customers of the Company and commends the work of the Company's employees.

CHAIRMAN / DIRECTOR

Karachi
February 25, 2019

for and on behalf of the Board

CHIEF EXECUTIVE

آپ کی کمپنی کے ڈائریکٹران، 31 دسمبر 2018 کو ختم ہونے والی ششماہی کے آڈیٹر کے جائزہ 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 1606.7 ملین روپے رہی جبکہ تقابلی مدت میں 1386.8 ملین روپے رہی۔ مجموعی منافع 165.4 ملین روپے جبکہ پچھلے سال اسی مدت میں 121.8 ملین روپے اور بعد از ٹیکس منافع 10.6 ملین روپے جبکہ تقابلی مدت میں گزشتہ سال 27.2 ملین روپے تھا۔ فی حصص منافع جائزہ کی مدت کے دوران 0.54 روپے جبکہ تقابلی مدت میں 1.51 روپے رہا اسٹیٹ بینک کی جانب سے تسلسل سے شرح سود میں اضافہ ہو رہا ہے جو آپ کی کمپنی کے منافع پر منفی طور پر اثر انداز ہو رہا ہے۔

زیر جائزہ مدت کے دوران ہم نے جن چیلنجوں کا مقابلہ کیا ان میں درآ مد شدہ خام مال اور دیگر استعمال ہونے والی اشیاء کی بلند ہوتی ہوئی قیمتیں تھیں۔ مثبت پہلو یہ ہے کہ ٹیکسٹائل انڈسٹری میں گیس فراہم کرنے کا حکومتی فیصلہ جو کہ 6.5 امریکی ڈالر فی (MMBTU) ہے نے صنعت کو سائنس لینے کی جگہ فراہم کردی ہے جو کہ تباہی کے دہانے پر تھی حکومت کے طرف سے ایک اور اچھا اقدام پانچ برآمدی سیکٹر کو بجلی کی 1.75 امریکی سینٹ فی یونٹ میں فراہمی ہے۔ یہ اقدام انڈسٹری کو اسکی لاگت کو کنٹرول کرنے اور بین الاقوامی منڈی میں مقابلہ کرنے کے قابل بنادے گا۔ ڈیوٹی ڈرا بیک سیزنگ ٹیکس کی واپسی ٹیکنالوجی اپ گریڈیشن کے زیر التوا کلیم مالیاتی لاگت میں اضافے کا سبب ہیں۔

بورڈ کی ساخت

ڈائریکٹروں کی تعداد

تفصیل

8

مرد

0

خواتین

1

انڈین پیڈنٹ ڈائریکٹر

4

نان ایگزیکٹو ڈائریکٹر

3

ایگزیکٹو ڈائریکٹر

مستقبل پر نظر:

اسٹیٹ بینک آف پاکستان کی طرف سے شرح سود میں مسلسل اضافہ سے قرضوں کی لاگت میں نمایاں اضافی ہوا ہے، اس کو کنٹرول کرنے کی ضرورت ہے، شرح سود کی بلند سطح روپے کی قدر میں کمی اور توانائی کے نرخ میں اضافہ سے افراد زر بڑھ رہا ہے جسکی وجہ سے لاگت میں اضافہ ہوگا زیر التوا ڈیوٹی ڈرائیگ کے دعوں، سیلز ٹیکس کی واپسی ٹیکنالوجی کی اپ گریڈ میں مدد وغیرہ حکومت کی توجہ چاہتے ہیں۔ یہ مالیاتی لاگت کو کنٹرول کرنے، نقد بہاؤ کے انتظام کرنے کے لحاظ سے فائدے مند ہوگا۔ حکومت دنیا بھر میں پاکستان کو ایک ماحول دوست صنعت کار کے طور پر متعارف کرانے پر توجہ دے تاکہ بین الاقوامی مارکیٹ میں ہمارے حصہ میں اضافہ ہو۔ چین پاکستان اقتصادی کوریڈور (CPEC) کا تسلسل اور اس میں سعودی عرب کا شامل ہونا ہماری معاشی بحالی کے لئے امید افزا ہے آپ کی کمپنی کی انتظامیہ چین کو برآمدات میں اضافہ کرنے کی کوشش کر دی ہے جو کہ وہاں پاکستانی دھاگے کی مانگ میں بہتری کی صورت میں ہم اس مقصد کو مکمل طور پر حاصل کر پائیں گے۔

اظہار تشکر

بورڈ گرانقدر تعاون کے لئے مالیاتی اداروں، سپلائرز اور گاہکوں اور ملازمین کی خدمات کو سراہتا ہے۔

کراچی

فروری ۲۵، ۲۰۱۹ء

منجانب بورڈ



چیرمین / ڈائریکٹر



چیف ایگزیکٹو



Introduction

We have reviewed the accompanying condensed interim statement of financial position of **IDREES TEXTILE MILLS LIMITED** (the Company) as at December 31, 2018, and related condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity and notes to the financial statements for the six months period then ended (here-in-after to 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.

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 condensed 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 six months ended December 31, 2018 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the quarter ended December 31, 2018 have not been reviewed and we do not express a conclusion on them.

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

Chartered Accountants

Dated: February 25, 2019
Place: Karachi

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at December 31, 2018



		December 31, 2018 (Un-audited)	June 30, 2018 (Audited)
	Note	----- (Rupees) -----	
ASSETS			
Non-current Assets			
Property, plant and equipment	4	1,523,497,169	1,538,521,703
Long-term deposits		25,397,081	24,117,597
		<u>1,548,894,250</u>	<u>1,562,639,300</u>
Current Assets			
Stores, spares and loose tools		40,536,751	37,512,448
Stock-in-trade	5	883,687,782	1,105,256,039
Trade debts		826,616,904	793,764,967
Loans and advances		47,035,308	91,084,275
Deposits and short-term prepayments		9,988,583	4,454,488
Other receivables		104,981,683	103,989,572
Other financial assets	6	57,698,760	46,746,710
Cash and bank balances	7	49,591,060	2,421,886
		<u>2,020,136,831</u>	<u>2,185,230,385</u>
Total Assets		<u>3,569,031,081</u>	<u>3,747,869,685</u>
EQUITY AND LIABILITIES			
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	8	198,528,000	180,480,000
Capital reserves		560,907,267	587,175,174
Revenue reserves		741,452,690	722,602,891
Total Equity		<u>1,500,887,957</u>	<u>1,490,258,065</u>
Non-current Liabilities			
Long-term finance	9	72,972,458	78,636,596
Liabilities against assets subject to finance lease		32,682,449	33,674,548
Deferred tax liability		175,089,607	175,938,695
Retirement benefit obligation		43,204,921	37,818,751
		<u>323,949,435</u>	<u>326,068,590</u>
Current Liabilities			
Trade and other payables		177,526,524	154,050,001
Accrued mark-up		27,006,232	23,047,265
Short-term borrowings	10	1,381,697,464	1,593,140,347
Current portion of long-term finance	9	114,631,291	114,117,063
Current portion of liabilities against assets subject to finance lease		22,178,308	19,444,611
Unclaimed dividend		2,424,885	2,424,885
Provision for taxation		18,728,985	25,318,858
		<u>1,744,193,689</u>	<u>1,931,543,030</u>
Total Liabilities		<u>2,068,143,124</u>	<u>2,257,611,620</u>
Total Equity and Liabilities		<u>3,569,031,081</u>	<u>3,747,869,685</u>

CONTINGENCIES AND COMMITMENTS

11

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements


NAEEM IDREES ALLAWALA
CHAIRMAN / DIRECTOR


S.M. MANSOOR ALLAWALA
CHIEF EXECUTIVE


MUHAMMAD JAWAD
CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Profit or Loss & other Comprehensive Income (un-audited)
For The Six Months Ended December 31, 2018



		Six months ended		Quarter Ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Note		----- (Rupees) -----			
Sales - net		1,606,694,662	1,386,766,601	825,531,312	774,149,042
Cost of sales	12	(1,441,298,430)	(1,265,004,722)	(741,683,087)	(715,196,427)
Gross profit		165,396,232	121,761,879	83,848,225	58,952,615
Distribution cost		(9,008,110)	(5,291,462)	(3,619,629)	(2,868,449)
Administrative expenses		(35,622,216)	(33,693,855)	(17,838,729)	(17,432,378)
		(44,630,326)	(38,985,317)	(21,458,358)	(20,300,827)
		120,765,906	82,776,562	62,389,867	38,651,788
Finance cost		(84,258,515)	(50,576,569)	(45,886,638)	(26,029,395)
Other operating expenses	13	(10,582,777)	(6,196,630)	(5,921,404)	(3,865,218)
		25,924,614	26,003,363	10,581,825	8,757,175
Other income	14	2,585,175	5,422,155	1,575,264	11,753,573
Profit before taxation		28,509,789	31,425,518	12,157,089	20,510,748
Taxation					
Current		(18,728,985)	(13,606,429)	(9,872,595)	(7,143,403)
Prior		-	100,871	-	100,871
Deferred		849,088	9,308,719	849,088	7,532,199
		(17,879,897)	(4,196,839)	(9,023,507)	489,667
Profit after taxation		10,629,892	27,228,679	3,133,582	21,000,415
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		10,629,892	27,228,679	3,133,582	21,000,415
Earnings per share - basic and diluted (Rupees)		0.54	1.51	0.16	1.16

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements


NAEEM IDREES ALLAWALA
DIRECTOR


S.M. MANSOOR ALLAWALA
CHIEF EXECUTIVE


MUHAMMAD JAWAID
CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
For The Six Months Ended December 31, 2018



	Six months ended	
	December 31, 2018	December 31, 2017
Note	Rupees	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	28,509,789	31,425,518
Adjustments for:		
Depreciation	40,840,454	39,751,302
Provision for retirement benefit obligation	7,387,140	6,336,720
Provision for slow moving stores, spares and loose tools	(976,014)	-
Loss on sale of property, plant and equipment	(408,495)	-
Finance cost	80,112,647	46,430,701
Finance cost on unwinding of discount on long-term finance from related parties	4,145,868	4,145,868
Operating cash flows before working capital changes	159,611,389	128,090,109
(Increase) / decrease in current assets		
Stores, spares and loose tools	(2,048,289)	2,538,185
Stock-in-trade	221,568,257	209,403,455
Trade debts	(32,851,937)	(76,899,372)
Loans and advances	30,664,069	(2,750,838)
Deposits and short-term prepayments	(5,534,095)	(1,902,667)
Other receivables	(992,111)	(8,407,295)
Increase / (decrease) in current liabilities		
Trade and other payable	26,877,103	(56,369,047)
Working capital changes	237,682,997	65,612,421
Cash generated from operations	397,294,386	193,702,530
Finance cost paid	(80,299,548)	(53,701,906)
Retirement benefit obligation paid	(5,401,550)	(789,690)
Income tax paid	(11,933,960)	(8,437,546)
B. Net cash generated from operating activities	299,659,328	130,773,388
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(26,407,425)	(35,186,978)
Addition to capital work in progress	-	-
Proceed from disposal of property, plant and equipment	1,000,000	-
Long-term deposits	(1,279,484)	(2,044,550)
Other financial asset - net	(10,952,050)	-
C. Net cash used in investing activities	(37,638,959)	(37,231,528)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term finance - net	(5,149,910)	(3,229,800)
Lease rental paid - net	1,741,598	(7,646,289)
Dividend paid	-	(6,517,692)
Net cash used in financing activities	(3,408,312)	(17,393,781)
Net increase in cash and cash equivalents (A+B+C)	258,612,057	76,148,079
Cash and cash equivalents at the beginning of the period	(1,590,718,461)	(992,695,186)
Cash and cash equivalents at the end of the period	(1,332,106,404)	(916,547,107)

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements

NAEEM IDREES ALLAWALA
DIRECTOR

S.M. MANSOOR ALLAWALA
CHIEF EXECUTIVE

MUHAMMAD JAWAID
CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
For The Six Months Ended December 31, 2018



	Issued, subscribed and paid up capital	Capital reserves Surplus on revaluation of property, plant and equipment - net of tax	Revenue reserves Unappropriated profit	Total
	Rupees			
Balance as at July 1, 2017	180,480,000	591,088,750	615,532,531	1,387,101,281
Total comprehensive income for the period				
Profit for the period	-	-	27,228,679	27,228,679
Other comprehensive income	-	-	-	-
	-	-	27,228,679	27,228,679
Transfer from surplus on revaluation of property, plant and equipment on account:				
- incremental depreciation charge thereon - net of tax	-	(12,437,733)	12,437,733	-
- disposals - net of tax	-	-	-	-
Transactions with owners				
Final cash dividend for the year ended June 30, 2017 @ Re. 0.50 per share	-	-	(9,024,000)	(9,024,000)
Balance as at December 31, 2017	180,480,000	578,651,017	646,174,943 *	1,405,305,960
Balance as at July 1, 2018	180,480,000	587,175,174	722,602,891	1,490,258,065
Total comprehensive income for the period				
Profit for the period	-	-	10,629,892	10,629,892
Other comprehensive income	-	-	-	-
	-	-	10,629,892	10,629,892
Transfer from surplus on revaluation of property, plant and equipment on account:				
- incremental depreciation charge thereon - net of tax	-	(26,267,907)	26,267,907	-
Transactions with owners				
Bonus shares issued for the year ended June 30, 2018 @ 10% per share	18,048,000	-	(18,048,000)	-
Balance as at December 31, 2018	198,528,000	560,907,267	741,452,690 *	1,500,887,957

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

* This includes the unamortized portion of interest free loan obtained from related parties amounting to Rs. 4,560,455 (June 30, 2018: Rs. 9,120,910) which is not available for distribution.


NAEEM IDREES ALLAWALA
DIRECTOR


S.M. MANSOOR ALLAWALA
CHIEF EXECUTIVE


MUHAMMAD JAWAID
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 fabric and all kinds of yarn. The Company's manufacturing facility is located at Kot Shah Muhammad, District Nankana in the Province of Punjab.

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprises of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the notes required for the full financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2018.

- 2.2 The Securities and Exchange Commission of Pakistan (SECP), through SRO 1007(I)/2017, dated October 4, 2017, had notified IFRS 9 "Financial Instruments", replacing the International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" with effect from reporting periods starting July 1, 2018. However, subsequently, the SECP modified the effective date of IFRS 9 through SRO 229 (I)/2019, dated February 14, 2019, as reporting period/year ending on or after June 30, 2019. Currently, management is in process of determining impact of IFRS 9.
- 2.3 IFRS 15 - Revenue from contracts with customers is applicable for periods beginning on or after July 01, 2018. The changes laid down by this standard do not have any significant impact on these condensed interim financial statements of the Company.
- 2.4 These condensed interim financial statements are presented in Pakistani Rupees which is also the Company's functional currency and figures presented in these condensed interim financial statements have been rounded off to the nearest rupee.



2.5 These condensed interim financial statements is un-audited. However, a limited scope review of this condensed interim financial statements has been carried out by the external auditors of the Company in accordance with the requirements of the Section 237 of Companies Act, 2017 and they have issued their review report thereon.

2.6 The comparative condensed interim statement of financial position presented has been extracted from annual financial statements for the year ended June 30, 2018; the comparative condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity of the Company have been extracted from the unaudited condensed interim financial statements for the six months ended December 31, 2017. Condensed interim statement of profit or loss and other comprehensive income for the quarter ended December 31, 2018 was not subject to review by the external auditors.

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 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, 2018.

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, 2018.

3.3 Fair value of financial assets and liabilities

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

3.4 Estimates and judgments

All the estimates, judgments and methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2018.

	(Un-audited) Six months ended December 31, 2018		(Un-audited) Six months ended December 31, 2017	
	Additions	Disposals / transfer at carrying value	Additions	Disposals / transfer at carrying value
	Rupees			
4. Operating fixed assets				
- owned				
Plant and machinery	1,758,617	-	26,727,564	-
Office equipment	16,500	-	48,414	-
Vehicles	-	(591,505)	8,411,000	-
Furniture & fixture	32,308	-	-	-
	1,807,425	(591,505)	35,186,978	-
- leased				
Plant and machinery	-	-	-	-
Vehicles	24,600,000	-	2,204,000	-
	24,600,000	-	2,204,000	-
Capital work-in-progress	-	-	-	-
	26,407,425	(591,505)	37,390,978	-

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
For The Six Months Ended December 31, 2018



	Note	(Un-audited) December 31, 2018	(Audited) June 30, 2018
		 Rupees	
5. STOCK-IN-TRADE			
Raw material			
- In hand		511,323,871	726,124,754
- In transit		209,181,624	219,842,972
Work-in-process		21,124,833	25,248,274
Finished goods		137,528,860	117,757,732
Waste		4,528,594	16,282,307
		<u>883,687,782</u>	<u>1,105,256,039</u>
6. OTHER FINANCIAL ASSETS			
Investment at fair value through profit or loss	6.1	4,148,350	1,196,000
Term deposit receipts	6.2	53,550,410	45,550,710
		<u>57,698,760</u>	<u>46,746,710</u>
6.1	This represents investment in shares of a listed companies (Lottee Chemical Pakistan Limited and Fauji Cement Company Limited). This is stated at fair value at the period end, using the period-end share price quoted at the Pakistan Stock Exchange. The cost of these shares is Rs. 3,311,450 and unrealized gain as at period end is Rs. 538,825.		
6.2	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 4.65% to 7.00% (2018: 4.35% to 7.00%) per annum. The banks have lien on these term deposit receipts on account of guarantee provided by such banks as disclosed in note 11.2 to these condensed interim financial statements. These will mature up to June 26, 2019.		
		(Un-audited) December 31, 2018	(Un-audited) December 31, 2017
		 Rupees	
7. CASH AND CASH EQUIVALENTS			
Cash and bank balances		49,591,060	6,506,664
Short-term borrowings	10	(1,381,697,464)	(923,053,771)
		<u>(1,332,106,404)</u>	<u>(916,547,107)</u>
8. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
Balance as at July 01, 2018		180,480,000	180,480,000
10% bonus shares issued	8.1	18,048,000	-
Balance as at December 31, 2018		<u>198,528,000</u>	<u>180,480,000</u>
8.1	The company has issued 10% bonus share (1,804,800 shares) during the current period out of its free reserves. The free reserves (in terms of meaning given in the Companies (Further Issue of Shares) Regulations, 2018) retained after the proposed issues of bonus are not less than fifteen percent of the increased paid-up capital.		

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
For The Six Months Ended December 31, 2018



	Note	(Un-audited) December 31, 2018	(Audited) June 30, 2018
		Rupees	Rupees
9. LONG-TERM FINANCE			
Term Finance	9.1 & 9.2	187,603,749	192,753,659
Less: Current portion shown under current liabilities		(114,631,291)	(114,117,063)
		<u>72,972,458</u>	<u>78,636,596</u>
9.1	This represents long-term finance facility obtained by the company for the purpose of retirement of LC opened to procure machinery. The facility carries markup at SBP LTFF Rate+ 1.5% per annum and is payable in 10 quarterly installments within a period of 2.5 years. The loan is secured against first pari passu charge of Rs. 21.532 million (with 25% margin) over fixed assets including land, building, plant and machinery of the company.		
9.2	This includes long-term finance facilities obtained by the company for the purpose of procurement of machinery. The facilities carry markup at KIBOR +2.25% to 2.5 per annum and are payable in fixed monthly installments within a period of 5 years. The loan is secured against first exclusive charge over the assets (imported Gen set and Compact Spinning and locally purchased carding machines) with 25% margin.		
		(Un-audited) December 31, 2018	(Audited) June 30, 2018
		Rupees	Rupees
10. SHORT-TERM BORROWINGS			
From banking companies - secured			
Running finance		625,768,889	614,697,259
Cash finance		224,958,116	266,756,798
Finance Against Imported Merchandise (FIM)		530,970,459	711,686,290
		<u>1,381,697,464</u>	<u>1,593,140,347</u>
10.1	Facilities for running finance, cash finance, FIM and Murahaba are available from various banks up to Rs. 2,020 million (2018: Rs. 2,020 million). These facilities are subject to markup at the rates 3 month KIBOR plus 1.00% to 3.00% (2018: 3 month KIBOR plus 1.00% to 3.00%) per annum payable quarterly. These are secured against various assets including first pari passu hypothecation charge over present and future stock-in-trade, pledge of cotton, first hypothecation charge over present and future book debts, ranking charge on the stocks and receivables of the company, equitable mortgage on various properties and personal guarantees of all the directors of the company.		
11. CONTINGENCIES AND COMMITMENTS			
11.1	There is no material change in the status of contingencies as disclosed in note 13.1.2 and 13.1.3 of the annual audited financial statements of the Company for the year ended June 30, 2018.		
		(Un-audited) December 31, 2018	(Audited) June 30, 2018
		Rupees	Rupees
11.2 Contingencies			
Letters of guarantee issued by banks on behalf of the Company to:			
- Lahore Electric Supply Company Limited		15,310,568	15,310,568
- Sui Northern Gas Pipelines Limited		24,314,000	24,314,000
- Excise and Taxation Office		35,258,600	27,258,600
11.3 Commitments			
Letters of credit opened and outstanding for import of:			
- plant and machinery		22,799,289	-
- raw material		611,316,901	331,427,976
- stores and spares		-	1,353,895

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
For The Six Months Ended December 31, 2018



	(Un-audited)		(Un-audited)	
	Six months ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
			Rupees	
12. COST OF SALES				
Raw material consumed	974,374,636	834,173,785	427,451,143	449,162,372
Salaries, wages and benefits	72,193,230	65,541,280	34,799,396	32,954,636
Fuel and power	162,399,072	156,585,322	79,261,182	82,463,464
Depreciation	37,224,670	36,394,769	18,679,159	18,081,665
Stores and spares consumed	21,406,939	20,545,333	115,445	3,374,252
Provision for slow moving stores	976,014	-	976,014	-
Packing material	19,653,909	17,924,762	19,653,909	17,924,762
Insurance	3,360,000	3,516,045	1,800,000	1,380,000
Repairs and maintenance	2,545,396	1,753,516	1,452,834	1,265,307
Vehicle running and maintenance	1,028,388	797,308	1,028,388	797,308
Other manufacturing overheads	1,535,096	1,481,916	229,677	374,333
	<u>1,296,697,350</u>	<u>1,138,714,036</u>	<u>585,447,147</u>	<u>607,778,099</u>
Work-in-process				
Opening stock	25,248,274	23,177,686	-	-
Closing stock	(21,124,833)	(24,392,287)	1,819,583	(1,973,623)
	<u>4,123,441</u>	<u>(1,214,601)</u>	<u>1,819,583</u>	<u>(1,973,623)</u>
Cost of goods manufactured	<u>1,300,820,791</u>	<u>1,137,499,435</u>	<u>587,266,730</u>	<u>605,804,476</u>
Finished goods				
Opening stock	134,040,039	133,996,832	-	-
Closing stock	(142,057,454)	(127,549,044)	82,013,234	(11,665,549)
	<u>(8,017,415)</u>	<u>6,447,788</u>	<u>82,013,234</u>	<u>(11,665,549)</u>
Cost of raw material sold	<u>148,495,054</u>	<u>121,057,499</u>	<u>72,403,123</u>	<u>-</u>
	<u>1,441,298,430</u>	<u>1,265,004,722</u>	<u>741,683,087</u>	<u>594,138,928</u>
			(Un-audited) December 31, 2018	(Un-audited) December 31, 2017
			Rupees	
13. OTHER OPERATING EXPENSES				
Workers' profit participation fund			1,855,062	1,704,891
Workers' welfare fund			1,185,166	967,411
Infrastructure cess			6,914,580	2,324,129
Exchange Loss			627,969	1,200,199
			<u>10,582,777</u>	<u>6,196,630</u>
14. OTHER INCOME				
Profit on deposits/ investment			1,871,680	1,779,366
Dividend income			150,000	-
Gain on disposal of property, plant and equipment			408,495	-
Scrap sales			155,000	-
Other			-	3,642,789
			<u>2,585,175</u>	<u>5,422,155</u>



15. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

- 15.1 Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

15.2 Fair value estimation

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

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

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

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

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

- 15.3 There are no assets or liabilities to classify under above levels except the Company's investments, free hold land, buildings, labour colony, electric installations, equipments 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, equipments and plant and machinery carried out as at June 30, 2016, were performed by M/s Al-Noor Consultants & Evaluators, an independent valuer not related to the Company, using depreciable method. The valuer is listed on panel of Pakistan Banks' Association and have appropriate qualification and experience in the fair value measurement of property, plant and equipment.

The fair value of the remaining assets and liabilities (except as mentioned in 15.4) are same as their carrying value.

Details of Company's free hold land, buildings, labour colony, electric installations, equipments and plant and machineries and information about the fair value hierarchy as at end of December 31, 2018 are as follows:

	(Unaudited) December 31, 2018			(Audited) June 30, 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	Rupees					
Land	-	90,140,625	-	-	90,140,625	-
Factory building	-	142,596,340	-	-	149,799,884	-
Labour colony	-	19,869,563	-	-	21,016,587	-
Plant and machinery	-	1,176,268,213	-	-	1,177,151,611	-
Electric installations	-	29,921,224	-	-	31,315,026	-
Factory equipment	-	7,589,227	-	-	7,885,792	-

- 15.4 The company holds investment in the shares of Lottee Chemicals Pakistan Limited and Fauji Cement Company Limited, which are valued at their market trading price as per the Pakistan Stock Exchange.

16. TRANSACTIONS WITH RELATED PARTIES

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

Relationship with the Company	Nature of transactions	(Un-audited) Six months ended	
		December 31, 2018	December 31, 2017
		Rupees	
Employee retirement benefit plan	Contribution made to provident fund	602,456	602,456



Relationship with the Company	Nature of transactions	(Un-audited) Six months ended	
		December 31, 2018	December 31, 2017
		 Rupees	
Key management personnel	Remuneration paid	5,279,294	3,330,000
Directors	Unwinding of discount on loan from directors	4,145,868	4,145,868

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

17. CORRESPONDING FIGURES

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

18. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements has been approved and authorized for issue on February 25, 2019 by the Board of Directors of the Company.

NAEEM IDREES ALLAWALA
DIRECTOR

S.M. MANSOOR ALLAWALA
CHIEF EXECUTIVE

MUHAMMAD JAWAID
CHIEF FINANCIAL OFFICER

www.jamapunji.pk



**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered
- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

jamapunji.pk

@jamapunji_pk

*Mobile apps are also available for download for android and ios devices

BOOK POST

Printed Material

If undelivered please return to:

[IDREES TEXTILE MILLS LIMITED](#)

6-C, Ismail Centre, 1st Floor, Central Commercial Area,
Bahadurabad, Karachi - 74800 (Pakistan)

A MEMBER OF THE



ALL INDIA GROUP

ALL ALA WALA GROUP