



FEROZE1888 MILLS LTD

Manufacturers and Exporters of Specialized Yarn & Textile Terry Products

Weaving a Better World®

اجلہ نئے رنگ میں چاہوں

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Company Information

Board of Directors

Mr. Jonathan R. Simon	Director / Chairman
Mr. Nasim Hyder	Director / Vice Chairman
Mr. Khaleequr Rahman	Director
Mr. Shabbir Ahmed	Director
Mr. Abdul Rehman Yaqub	Director
Mr. Perwez Ahmed	Director
Mr. Anas Rahman	Director
Mr. Zain Ashraf Mukaty	Director
Ms. Huma Pasha	Director
Ms. Aminah Zahid Zaheer	Director
Mr. Rehan Rahman	Chief Executive Officer

Board Audit Committee

Mr. Nasim Hyder	Chairman
Mr. Khaleequr Rahman	Member
Mr. Zain Ashraf Mukaty	Member
Ms. Aminah Zahid Zaheer	Member

Board HR & Remuneration Committee

Ms. Aminah Zahid Zaheer	Chairperson
Mr. Zain Ashraf Mukaty	Member
Mr. Nasim Hyder	Member

Chief Financial Officer

Ms. Javeria Siddiqui

Company Secretary

Mr. Mudassir Moten

Bankers

Allied Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
BankIslami Pakistan Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
HBL Bank Limited
Meezan Bank Limited
Standard Chartered Bank (Pakistan) Limited

External Auditors

EY Ford Rhodes Chartered Accountants.
Progressive Plaza, Beaumont Road,
Karachi.

Registered Office

H-23/4A, Scheme # 3, Landhi Industrial Area,
Landhi, Karachi.

Office Building

K&N Centre, 2nd and 3rd Floor, 160 Banglore Town,
Shahrah -e-Faisal, Karachi

Factory Addresses

Sindh:

Plot # H-23/4-A, H-23-/4-B & H- 23/3-II, Scheme
3, Landhi Industrial Area, Landhi, Karachi.
Plot # A-5, B-4/ A, C-3, C-31, F-125, F-342 &
F-89, SITE, Karachi.
Plot # 342/ A, Haroonabad, SITE, Karachi.
Plot # L-26, F.B. Industrial Area, Karachi
Plot # PL-15 & ST-03 North Karachi Industrial
Area, Karachi.
Survey # 81, 72 to 75, 165, 166, 171, 172,
176 to 181, 186 to 190, 156, 210, 211, 242, 243
Deh Moachko, Tapo Gabopat, Keamari Town,
Karachi.

Baluchistan:

Plot# D-12 to D-17, K-1 to K-3, M-34, HITE,
all in Mauza Pathra, Tehsil Hub,
District Lasbela, Baluchistan.

Share Registrar / Transfer Agent

FAMCO Associates (Pvt.) Ltd.
8-F, Next to Hotel Faran Nursery, Block-6,
PECHS, Shahrah-e-Faisal, Karachi.

Legal Advisor

Mohsin Tayebaly & Co.
1st Floor, Dime Centre Khayaban-e-Iqbal,
Block-9, Clifton, Karachi

Internal Auditors

A.F. Ferguson & Co. Chartered Accountants.
State Life Building No. 1-C, I.I. Chundrigar Road,
City Railway Colony, Karachi.

Website

<http://www.feroze1888.com>

DIRECTORS' REPORT

We are pleased to present the performance review and the un-audited Financial Statements for the three months ended 30th September 2021.

ECONOMIC & INDUSTRY OVERVIEW

Pakistan's economy is currently on a high growth path, often termed as "overheating economy" these days. The Country's economy being import oriented, the revival of economic activities domestically has surged the import bill - the substantial rise in international commodity prices has further aggravated the situation. The first quarter current account deficit clocked in at \$11.7 billion as compared to \$5.8 billion in corresponding period last year. This has put pressure on Pakistani rupee as well with PKR depreciating by more than 8% since June 30, 2021. Albeit, the USD has appreciated against all major currencies during the period owing to anticipations of a tighter monetary policy earlier than previous expectations amid an improving economy and surging energy prices. Moreover, the geo political situation which Pakistan finds itself in also impacts the economic landscape of the Country.

The momentum on export front remains stable - the overall exports during July - August, 2021 reached to \$4.6 billion against \$3.6 billion during the corresponding period of last year showing an increase of 27.9%. Moreover, the textile exports registered growth of 29.0% to \$2.9 billion in the first two months (July and August) of 2021-22 as compared with \$2.3 billion in the corresponding period of the preceding year. Specifically, towel exports went up by 20.7% & 14.6% whereas cotton yarn by 68.0% & 15.2% in terms of value and quantity respectively.

In comparison, the price hike in the international cotton market has pushed the prices upwards locally also - exceeding Rs.14,000/maund. Cotton imports as compared to last year have increased by 36.9% in quantity and 73.3% in US dollar terms during July & August 2021.

REVIEW OF OPERATING RESULTS

A brief overview of performance of your Company for the three months ended 30th September 2021 is stated below:

Statement of Profit or Loss for the Quarter Ended:

	September 2021	September 2020
	----- (Rupees in '000) -----	
Sales- net	11,356,102	10,061,524
Gross profit	1,845,276	2,746,511
Profit before taxation	563,169	1,718,829
Profit after taxation	436,477	1,615,079
EPS	1.16	4.29

The Company's profit after tax for the quarter has decreased by Rs. 1,179 million i.e. by 73.0% in comparison with corresponding period of last year in spite of increase in the Company's net sales revenue. The net sales during the quarter has increased by Rs. 1,295 million i.e. by 12.9% in comparison with corresponding quarter of the last year. The major reason causing the profit to nose dive is the high cost of cotton and yarn vs the corresponding period last year and is going to impact further in coming months. Moreover, higher distribution cost owing to global supply chain challenges and uneven minimum wage hike also impacted the results significantly.

The overall situation both locally and globally is very much uncertain as the economies reopen after the pandemic. We at Feroze1888, are making all the efforts to keep the operational and administrative costs under control. Whereas, the continued rise in raw material and other direct material prices, volatility of Pak rupee to US dollar parity and delay in announcement of new textile policy continue to be the challenges faced by the industry during the current fiscal year. The Company being an exporter is also closely monitoring the economic situation in the importing countries and the customers in particular to act proactively in these unusual circumstances.

ACKNOWLEDGEMENT

We would like to place on record our profound gratitude for its shareholders, customers and business partners, whose continued cooperation and support have enabled the Company to strive to do better each day. We also like to acknowledge and thank all the employees of the Company for their dedicated efforts and persistence.

For and on behalf of the Board of Directors

Rehan Rahman
Chief Executive Officer

Khaleequr Rahman
Director

Karachi
Date: October 29, 2021

ڈائریکٹر رپورٹ

ہم (فیروز ۱۸۸۸ لمیٹڈ) ۳۰ ستمبر ۲۰۲۱ء کو ختم ہونے والی سہ ماہی کی کارکردگی کا جائزہ اور غیر محاسب شدہ مالیاتی گوشوارے پیش کرتے ہوئے مسرور ہیں۔

اقتصادی و صنعتی منظر نامہ

پاکستان کی معیشت اس وقت اعلیٰ ترقی کی راہ پر گامزن ہے جسے غیر یقینی معاشی تیزی (Overheating economy) سے تعبیر کیا جا رہا ہے مجموعی طور پر ملکی معیشت کا انحصار درآمد پر ہے اور مقامی سطح پر معاشی سرگرمیوں کی بحالی نے درآمدی بل کو بڑھا دیا ہے۔ بین الاقوامی اشیاء کی قیمتوں میں خاطر خواہ اضافے نے صورت حال کو مزید خراب کر دیا ہے۔ پہلی سہ ماہی میں جاری کھاتوں کا خسارہ ۱۱.۷ بلین ڈالر رہا جبکہ گزشتہ سال اسی مدت میں ۵.۸ بلین ڈالر تھا۔ اس صورت حال نے پاکستانی روپے پر دباؤ ڈالا اور ۳۰ جون ۲۰۲۱ء کے بعد پاکستانی روپے کی قدر میں ۸ فیصد سے زائد کی کمی ہوئی۔ تاہم امریکی ڈالر نے اسی عرصے کے دوران تمام تمام بڑی کرنسیوں کے مقابلے میں اپنی قدر کو مضبوط کیا جس کی وجہ سخت گیر مالیاتی پالیسیاں اور پچھلے اندازوں سے پہلے معیشت میں بہتری اور توانائی کی قیمتوں میں اضافہ ہے۔ مزید برآں، پاکستان جس جیو پالیٹیکل صورت حال سے دوچار ہوتا ہے اس کا اثر معاشی منظر نامہ میں بھی دکھائی دیتا ہے۔

برآمدی محاذ پر ملکی رفتار متحکم ہے۔ جولائی سے اگست ۲۰۲۱ء کے دوران مجموعی برآمدات ۴.۶ بلین ڈالر تک پہنچ گئیں جو کہ گزشتہ سال اسی مدت کے دوران ۳.۶ بلین ڈالر تھیں یہ ۲۷.۹ فیصد اضافہ ظاہر کرتی ہے۔ مزید یہ کہ ٹیکسٹائل کی برآمدات سال ۲۰۲۱-۲۲ء کے پہلے دو ماہ (جولائی اور اگست) میں ۲۹ فیصد اضافہ کے ساتھ ۲.۹ بلین ڈالر تک پہنچ گئیں جبکہ پچھلے سال اسی عرصے میں ۲.۳ بلین ڈالر تھیں۔ خاص طور پر تیلیوں کی برآمدات میں ۲۰.۷ فیصد اور ۱۴.۶ فیصد اضافہ ہوا جبکہ کاٹن یارن کی قیمت اور مقدار میں بالترتیب ۶۸ فیصد اور ۱۵.۲ فیصد اضافہ ہوا۔

تقابلی طور پر، بین الاقوامی کاٹن مارکیٹ میں قیمتوں میں اضافے نے مقامی طور پر بھی قیمتوں کو اضافے کی طرف دھکیل دیا جواب تک ۱۴۰۰۰ روپے فی من سے بڑھ چکی ہے۔ جولائی اور اگست ۲۰۲۱ء کے دوران کپاس کی درآمدات میں گزشتہ سال کے مقابلے میں مقدار میں ۳۶ فیصد اور امریکی ڈالر کے لحاظ سے ۷۳ فیصد اضافہ ہوا ہے۔

مالی کارکردگی کا جائزہ

۳۰ ستمبر ۲۰۲۱ء کو ختم ہونے والے تین ماہ کے دوران آپ کی کمپنی کی کارکردگی کا ایک مختصر جائزہ مندرجہ ذیل ہے۔

Statement of Profit or Loss for the Quarter Ended,

	September 2021	September 2020
Sales- net	11,356,102	10,061,524
Gross profit	1,845,276	2,746,511
Profit before taxation	563,169	1,718,829
Profit after taxation	436,477	1,615,079
EPS	1.16	4.29

کمپنی کے خالص فروخت کی آمدنی میں اضافے کے باوجود اس سہ ماہی میں ٹیکس منہا کرنے کے بعد کمپنی کے منافع میں 1,179 ملین روپے کی کمی واقع ہوئی جو کہ گزشتہ اسی عرصہ وقت کے دوران منافع میں 73 فیصد کمی کو ظاہر کرتا ہے۔ سہ ماہی کے دوران خالص فروخت کی مد میں 12.95 ملین روپے کا اضافہ ہوا جو کہ پچھلے سال اسی سہ ماہی کے مقابلے میں 12.9 فیصد زیادہ ہے۔ نفع میں گراوٹ کی بنیادی وجہ پچھلی سہ ماہی کے مقابلے میں کپاس اور سوت کی قیمتوں میں ریکارڈ اضافہ ہے جبکہ آنے والے مہینوں میں اس کے مزید اثرات مرتب ہونے والے ہیں۔ مزید برآں، عالمی سپلائی چین کے چیلنجز کی وجہ سے زائد تقسیمی لاگت اور کم از کم اجرت میں غیر مساوی اضافے نے بھی نتائج کو نمایاں طور پر متاثر کیا۔ مقامی اور عالمی سطح پر مجموعی صورتحال بہت زیادہ غیر یقینی ہے کیونکہ وباء کے بعد معیشتیں دوبارہ بحال ہو رہی ہیں۔

آپ کی کمپنی آپریشنل اور انتظامی اخراجات کو کنٹرول میں رکھنے کی تمام کوششیں کر رہی ہے۔ رواں مالی سال کے دوران انڈسٹری کو درپیش نمایاں چیلنجز میں خام مال اور دیگر براہ راست استعمال ہونے والی اشیاء کی قیمتوں میں مسلسل اضافہ، پاکستانی روپے کی امریکی ڈالر کے مقابلے میں اتار چڑھاؤ اور ٹیکسٹائل پالیسی کے اعلان میں تاخیر شامل ہیں۔ کمپنی ایک برآمد کنندہ ہونے کے ناطے درآمد کنندگان اور خاص طور پر صارفین کی معاشی صورتحال پر کڑی نظر رکھے ہوئے ہے تاکہ ان غیر معمولی حالات میں دورانہ لیشی کے ساتھ کام کیا جائے۔

اظہار تشکر

ہم اپنے حصص یافتگان، گاہکوں، شراکت داروں کے انتہائی مشکور ہیں جن کی حوصلہ افزائی اور مسلسل تعاون نے کمپنی کو بہتر اور مطلوبہ نتائج کے حصول کے لئے کوششوں کو جاری رکھنے کا عزم دیا۔ ہم کمپنی کے تمام ملازمین کی بھرپور کوششوں اور استقامت کے لئے تہ دل سے شکر گزار ہیں۔

برائے اور منجانب بورڈ آف ڈائریکٹرز

خلیق الرحمان
ڈائریکٹر

ریحان رحمان
چیف ایگزیکٹو آفیسر

کراچی

تاریخ: ۲۹ اکتوبر ۲۰۲۱ء

Condensed Interim Statement of Financial Position

As at September 30, 2021

Balance Sheet as at September 30, 2021

		Un-audited	Audited
		September 30, 2021	June 30, 2021
	Note	----- (Rupees in '000) -----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	21,303,427	20,308,105
Intangible assets		21,752	23,309
Long term deposits		80,691	62,970
		21,405,870	20,394,384
Current assets			
Store and spares		1,352,601	1,303,298
Stock-in-trade	6	12,169,565	8,437,202
Trade debts	7	10,530,752	10,115,920
Advances, deposits, prepayments and other receivables		5,161,600	4,108,247
Taxation - net		294,524	284,732
Short-term investments		3,425,260	5,598,019
Cash and bank balances		549,346	1,625,126
		33,483,648	31,472,544
Total assets		54,889,518	51,866,928
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
400,000,000 (2019: 400,000,000) ordinary shares of Rs 10/- each		4,000,000	4,000,000
Issued, subscribed and paid-up capital		3,768,009	3,768,009
Capital reserves		758,663	758,663
Revaluation surplus on property, plant and equipment		1,486,262	1,486,262
Revenue reserve		18,876,419	18,439,942
		24,889,353	24,452,876
Liabilities			
Non-current liabilities			
Deferred liability		514,812	451,864
Long term financing	8	5,317,277	5,409,360
Provision for GIDC		1,334,357	1,334,357
Lease liabilities		584,844	660,502
		7,751,290	7,856,083
Current liabilities			
Trade and other payables	9	7,458,094	5,958,050
Short term borrowings	10	12,800,000	11,750,000
Accrued mark-up		85,756	111,651
Current portion of long term financing	8	1,615,317	1,457,377
Current portion of lease liabilities		221,163	212,335
Unclaimed dividend		1,803	1,814
Unpaid dividend		66,742	66,742
		22,248,875	19,557,969
CONTINGENCIES AND COMMITMENTS			
	11		
Total equity and liabilities		54,889,518	51,866,928

The annexed notes 1 to 21 form an integral part of these condensed interim financial statement.

Javeria Siddiqui
Chief Financial Officer

Rehan Rahman
Chief Executive Officer

Khaleequr Rahman
Director

Condensed Interim Statement of Profit or Loss (Un-audited)

For the Quarter ended September 30, 2021

		September 30, 2021	September 30, 2020
	Note	----- (Rupees in '000) -----	
Sales - net		11,356,102	10,061,524
Cost of sales	12	(9,510,826)	(7,315,013)
Gross profit		1,845,276	2,746,511
Administrative cost		(338,934)	(297,571)
Distribution cost		(886,389)	(696,536)
Other expenses	13	(41,012)	(98,618)
		(1,266,335)	(1,092,725)
		578,941	1,653,786
Other income	14	131,215	172,276
Operating profit		710,156	1,826,062
Finance cost		(146,987)	(107,233)
Profit before taxation		563,169	1,718,829
Taxation		(126,692)	(103,750)
Profit after taxation		436,477	1,615,079
Earning per share basic & diluted (Rupees)		1.16	4.29

The annexed notes 1 to 21 form an integral part of these condensed interim financial statement.

Javeria Siddiqui
Chief Financial Officer

Rehan Rahman
Chief Executive Officer

Khaleequr Rahman
Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the Quarter ended September 30, 2021

	September 30, 2021	September 30, 2020
	----- (Rupees in '000) -----	
Profit after taxation	436,477	1,615,079
Other comprehensive income	-	-
Total comprehensive income for the period	436,477	1,615,079

The annexed notes 1 to 21 form an integral part of these condensed interim financial statement.

Javeria Siddiqui
Chief Financial Officer

Rehan Rahman
Chief Executive Officer

Khaleequr Rahman
Director

Condensed Interim Statement of Cash Flows (Un-audited)

For the Quarter ended September 30, 2021

	September 30, 2021	September 30, 2020
Note	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	563,169	1,718,829
Adjustment for:		
Depreciation	451,358	366,015
Amortization	1,647	1,558
Finance cost	146,987	107,233
Provision for gratuity	72,768	31,028
Interest on bank deposits	(3,987)	(25,509)
Dividend income on open ended mutual fund units	(90,872)	(60,318)
Allowance for expected credit loss on trade debts	1,852	3,556
Reversal of provision for doubtful advances	(21,158)	(10,285)
Loss on disposal of property, plant and equipment - net	2,567	4,861
	561,162	418,139
	1,124,331	2,136,968
(Increase) / decrease in current asset		
Stores and spares	(49,303)	(181,399)
Stock in trade	(3,732,364)	193,424
Trade debt	(416,684)	(2,507,647)
Advances, deposits, prepayments and other receivables	(941,682)	(122,715)
	(5,140,033)	(2,618,337)
Increase / (decrease) in current liabilities		
Trade and other payables	1,498,084	(280,202)
Net cash used in operations	(2,517,618)	(761,571)
Finance cost paid	(162,363)	(120,886)
Income tax paid	(136,485)	64,290
Gratuity paid	(26,521)	(1,397)
Long term deposits	(17,721)	-
Net cash used in operating activities	(2,860,708)	(819,564)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,454,184)	(729,308)
Proceeds from disposal of operating fixed assets	4,848	10,220
Short-term investments - net	3,672,759	(990,985)
Interest received on bank deposit	4,347	27,373
Net cash generated from / (used in) investing activities	2,227,770	(1,682,700)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(11)	(63)
Short term borrowings obtained - net	1,050,000	200,000
Long term financing obtained - net	90,107	956,484
Principal portion of lease liabilities paid	(82,938)	(8,944)
Net cash generated from financing activities	1,057,158	1,147,477
Net increase / (decrease) in cash and cash equivalent	424,220	(1,354,787)
Net cash and cash equivalent at beginning of the period	1,625,126	4,247,990
Cash and cash equivalent at end of the period	2,049,346	2,893,203

The annexed notes 1 to 21 form an integral part of these condensed interim financial statement.

Javeria Siddiqui
Chief Financial Officer

Rehan Rahman
Chief Executive Officer

Khaleequr Rahman
Director

Condensed Interim Statement of Changes in Equity

For the Quarter ended September 30, 2021

	Share capital	Reserves				Total equity
		Capital		Revaluation surplus on property, plant and equipment	Revenue reserve	
		Merger reserve	Share premium		Accumulated profit	
(Rupees '000)						
Balance as at June 30, 2020 (Audited)	3,768,009	543,413	215,250	1,486,262	15,134,124	21,147,058
Net profit for the period	-	-	-	-	1,615,079	1,615,079
Other Comprehensive income for the period	-	-	-	-	-	-
	-	-	-	-	1,615,079	1,615,079
Balance as at September 30, 2020 (Un-audited)	3,768,009	543,413	215,250	1,486,262	16,749,203	22,762,137
Balance as at June 30, 2021 (Audited)	3,768,009	543,413	215,250	1,486,262	18,439,942	24,452,876
Net profit for the period	-	-	-	-	436,477	436,477
Other Comprehensive income for the period	-	-	-	-	-	-
	-	-	-	-	436,477	436,477
Balance as at September 30, 2021 (Un-audited)	3,768,009	543,413	215,250	1,486,262	18,876,419	24,889,353

The annexed notes 1 to 21 form an integral part of these condensed interim financial statement.

Javeria Siddiqui
Chief Financial Officer

Rehan Rahman
Chief Executive Officer

Khaleequr Rahman
Director

Notes to the Condensed Interim Financial Statements (Un-audited)

For the Quarter ended September 30, 2021

1 THE COMPANY AND ITS OPERATIONS

Feroze1888 Mills Limited (the Company) was incorporated in Pakistan as a Public Limited Company in October 1972 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in the production and export of towels. The registered office of the company is situated at H-23/4-A Scheme # 3, Landhi Industrial Area, Karachi.

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 which comprise of:

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

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

- 2.2 This condensed interim financial information does not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2021.

3 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of annual audited financial statements for the year ended June 30, 2021.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statements is in conformity with the approved accounting standards as applicable in Pakistan requires the management to make estimates, assumptions and use judgements that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

Estimates and judgements made by management in the preparation of these condensed interim financial statements are the same as those that were applied to the annual financial statements of the Company for the year ended June 30, 2021.

The Company follows the practice to conduct actuarial valuation as at year end. Hence the impact of re-measurement of staff retirement benefit fund has not been incorporated in these condensed interim financial statements.

		(Un-audited)	(Audited)
		September 30, 2021	June 30, 2021
5	PROPERTY, PLANT AND EQUIPMENT	----- Rupees in '000 -----	
	Operating fixed assets	18,030,978	17,440,686
	Capital work-in-progress	2,606,561	2,145,165
	Right-of-use-assets	665,888	722,254
		21,303,427	20,308,105

		(Un-audited) September 30, 2021	(Audited) June 30, 2021
		----- Rupees in '000 -----	
5.1 Operating fixed assets	<i>Note</i>		
Balance at the beginning of the period / year		17,440,686	14,072,097
Addition during the period / year	5.1.1	992,789	4,930,076
		<u>18,433,475</u>	<u>19,002,173</u>
Disposals during the period / year (NBV)	5.1.1	(7,415)	(82,432)
Depreciation charged during the period / year		(395,082)	(1,479,055)
		<u>(402,497)</u>	<u>(1,561,487)</u>
Balance at the end of the period / year		<u><u>18,030,978</u></u>	<u><u>17,440,686</u></u>

5.1.1 Details of addition and disposal are as follows:

	Additions (Cost)		Disposal (NBV)	
	(Un-audited) September 30, 2021	(Audited) June 30, 2021	(Un-audited) September 30, 2021	(Audited) June 30, 2021
	----- Rupees in '000 -----			
Land - Leasehold	2,761	817,007	-	-
Building on leasehold land	489,730	587,659	-	-
Leasehold Improvements	-	3,586	-	-
Plant and machinery	465,845	3,217,294	(4,185)	(63,969)
Electric fittings / equipments	4,586	161,896	-	-
Office equipments	345	71,834	(30)	(388)
Computers	316	8,181	-	-
Furniture and fixtures	16,222	33,300	-	-
Vehicles	12,984	29,317	(3,200)	(18,075)
	<u>992,789</u>	<u>4,930,075</u>	<u>(7,415)</u>	<u>(82,432)</u>

5.1.2 Depreciation on operating fixed assets for the period amounted to Rs. 395.08 million (September 30, 2020: Rs. 366.02 million).

		(Un-audited) September 30, 2021	(Audited) June 30, 2021
		----- Rupees in '000 -----	
5.2 Capital work-in-progress	<i>Note</i>		
Balance at the beginning of the period / year		1,950,177	1,999,112
Addition during the period / year		1,302,478	3,811,462
		<u>3,252,655</u>	<u>5,810,574</u>
Transferred to operating fixed assets / expenses		(955,624)	(3,860,397)
		<u>2,297,031</u>	<u>1,950,177</u>
Advance against fixed assets		271,490	175,998
Stand-by equipments		38,040	18,990
Balance at the end of the period / year		<u><u>2,606,561</u></u>	<u><u>2,145,165</u></u>

			(Un-audited) September 30, 2021	(Audited) June 30, 2021
			----- Rupees in '000 -----	----- Rupees in '000 -----
6	STOCK-IN-TRADE	<i>Note</i>		
	Raw material in			
	-hand	6.1	4,109,239	2,126,332
	-transit		1,529,789	631,090
			<u>5,639,028</u>	<u>2,757,422</u>
	Work-in-progress	6.2	3,638,459	3,136,835
	Finished goods	6.3	2,892,078	2,542,945
			<u>12,169,565</u>	<u>8,437,202</u>
6.1	Includes items costing Rs. 13.38 million (June 30, 2021: Rs. 13.38 million) which have been valued at their net realizable value of Rs. 3.82 million (June 30, 2021: Rs. 3.82 million).			
6.2	Includes items costing Rs. 43.7 million (June 30, 2021: Rs. 43.7 million) held at WIP stores which have been valued at their net realizable value of Rs. 20.77 million (June 30, 2021: Rs. 20.77 million).			
6.3	Includes items costing Rs. 834.18 million (June 30, 2021: Rs. 767.82 million) which have been valued at their net realizable value of Rs. 619.31 million (June 30, 2021: Rs. 568.27 million).			
			(Un-audited) September 30, 2021	(Audited) June 30, 2021
			----- Rupees in '000 -----	----- Rupees in '000 -----
7	TRADE DEBTS	<i>Note</i>		
	Exports			
	Considered good		10,513,206	10,103,623
	Considered doubtful		24,959	23,107
			<u>10,538,165</u>	<u>10,126,730</u>
	Allowance for expected credit loss	7.2	(24,959)	(23,107)
			<u>10,513,206</u>	<u>10,103,623</u>
	Local			
	Considered good		17,546	12,297
			<u>10,530,752</u>	<u>10,115,920</u>
7.1	This include an amount of Rs. 14.59 million (June 30, 2020: Rs. 349.57 million) due from 1888 Mills LLC.			
			(Un-audited) September 30, 2021	(Audited) June 30, 2021
			----- Rupees in '000 -----	----- Rupees in '000 -----
7.2	Movement of allowance for expected credit loss is as follows:	<i>Note</i>		
	Balance at the beginning of the period / year		23,107	16,944
	Charge for the period / year		1,852	6,163
	Balance at the end of the period / year		<u>24,959</u>	<u>23,107</u>
8	LONG TERM FINANCING			
	Long Term Finance Facility (LTFF)	8.1	5,313,720	5,134,400
	Temporary Economic Refinance Facility (TERF)	8.2	1,250,119	1,179,185
	Refinance Scheme for Payment of Wages and Salaries	8.3	368,755	553,152
	Current portion		(1,615,317)	(1,457,377)
			<u>5,317,277</u>	<u>5,409,360</u>

- 8.1 Represent financing facilities obtained from various commercial banks for import of machinery under LTFF Scheme by State Bank of Pakistan (SBP) repayable in four and five years through semi-annually and quarterly installments. These carry mark-up at the SBP rate plus spread ranging from 0.45% to 1% (June 30, 2021: 0.45% to 1%) per annum. These facilities are secured against specific charge on plant and machinery of the Company. The unutilized portion of the facility is nil (June 30, 2021: Rs. nil).
- 8.2 Represent financing facilities obtained from various commercial banks for import of machinery under TERF Scheme by SBP repayable in five, six and eight years through semi-annually and quarterly installments and has been recognised at present value discounted at the effective rate of interest. These carry mark-up at the SBP rate plus spread ranging from 0.75% to 1% (June 30, 2021: 0.75% to 1%) per annum. The differential mark-up has been recognised as government grant which will be amortised over the period of facility. These facilities are secured against specific charge on plant and machinery of the Company. The unutilized portion of the facility is Rs. 4,550 million (June 30, 2021: 5,015 million).
- 8.3 Represent financing facilities obtained from a commercial bank for payment of wages and salaries under the Refinance Scheme by SBP repayable in 8 equal quarterly installments and has been recognised at present value discounted at the effective rate of interest. These carrying mark-up at the rate of SBP rate plus spread 0.50% per annum (June 30, 2021: 0.50%). The differential mark-up has been recognised as government grant which will be amortised over the period of facility. The facility is secured against first pari-passu hypothecation charge over current assets.

		(Un-audited) September 30, 2021	(Audited) June 30, 2021
		----- Rupees in '000 -----	
9	TRADE AND OTHER PAYABLES		
	Creditors	3,349,033	2,958,739
	Accrued liabilities	3,018,089	2,338,025
	Workers' profits participation fund	22,397	217,383
	Workers' welfare fund	42,574	17,906
	Advance from customers	52,252	33,627
	Payable to provident fund	27,885	37,067
	Derivative financial instruments	696,757	105,613
	Current portion of provision for GIDC	190,622	190,622
	Current portion of government grant	19,867	25,343
	Others	38,618	33,725
		<u>7,458,094</u>	<u>5,958,050</u>

- 9.1 This includes an amount of Rs. 530.51 million (June 30, 2021: Rs. 516.11 million) in respect of Gas tariff provision and Rs. 283.71 million (June 30, 2021: Rs. 273.87 million) in respect of RLNG provision.

		(Un-audited) September 30, 2021	(Audited) June 30, 2021
		----- Rupees in '000 -----	
10	SHORT TERM BORROWINGS		
	Export re-finance	<u>12,800,000</u>	<u>11,750,000</u>

- 10.1 These carry mark-up at the rates ranging from SBP Export refinance rate plus 0.25% to 1% (June 30, 2021: 0.25% to 1%) per annum. These are secured against first pari passu charge over stock-in-trade, receivables and other current assets of the Company.

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

No contingencies exist as at the reporting date.

		(Un-audited) September 30, 2021	(Audited) June 30, 2021
		----- Rupees in '000 -----	
11.2 Commitments			
Outstanding letter of credit		<u>3,962,960</u>	<u>2,970,714</u>
Outstanding letter of guarantee		<u>1,534,028</u>	<u>1,433,589</u>
Capital expenditure		<u>5,146,233</u>	<u>5,044,343</u>
Post dated cheques	11.2.1	<u>4,849,271</u>	<u>4,328,717</u>

11.2.1 These represent post dated cheques issued to Custom Authorities in respect of duties on imported items.

		(Un-audited) September 30, 2021	September 30, 2020
		----- Rupees in '000 -----	
12 COST OF SALES			
Opening stock of finished goods		<u>2,542,945</u>	<u>1,588,230</u>
Add: Cost of goods manufactured	12.1	<u>9,859,959</u>	<u>7,011,403</u>
		<u>12,402,904</u>	<u>8,599,633</u>
Less: Closing stock of finished goods		<u>(2,892,078)</u>	<u>(1,662,560)</u>
		<u>9,510,826</u>	<u>6,937,073</u>
12.1 Cost of goods manufactured			
Raw material consumed	12.1.1	<u>6,776,943</u>	<u>4,524,206</u>
Stores and spares consumed		<u>1,014,559</u>	<u>915,507</u>
Salaries, wages and other benefits	12.1.2	<u>1,324,603</u>	<u>1,048,558</u>
Fuel, power and water		<u>723,129</u>	<u>687,572</u>
Insurance expense		<u>17,148</u>	<u>16,482</u>
Repair and maintenance		<u>16,674</u>	<u>130,753</u>
Vehicle running expenses		<u>5,703</u>	<u>3,513</u>
Communication and transportation		<u>26,939</u>	<u>18,351</u>
Rent		<u>3,184</u>	<u>-</u>
Depreciation		<u>428,120</u>	<u>339,818</u>
Amortization		<u>1,558</u>	<u>123</u>
Quality control and inspection		<u>16,114</u>	<u>14,323</u>
Others		<u>6,909</u>	<u>4,874</u>
		<u>10,361,583</u>	<u>7,704,080</u>
Opening work-in-process		<u>3,136,835</u>	<u>2,597,780</u>
Closing work-in-process		<u>(3,638,459)</u>	<u>(2,912,517)</u>
		<u>9,859,959</u>	<u>7,389,343</u>

12.1.1 Raw material consumed

Opening stock	<u>2,757,422</u>	<u>3,743,625</u>
Purchases during the period	<u>9,614,756</u>	<u>3,669,370</u>
	<u>12,372,178</u>	<u>7,412,995</u>
Less: closing stock	<u>(5,595,235)</u>	<u>(2,888,789)</u>
	<u>6,776,943</u>	<u>4,524,206</u>

12.1.2 This includes an amount of Rs. 19.74 million (September 30, 2020: Rs. 23.01 million) in respect of staff provident fund and Rs. 72.77 million in respect of staff gratuity fund (September 30, 2020: Rs. 31.03).

		(Un-audited)	
		September 30, 2021	September 30, 2020
		----- Rupees in '000 -----	
13	OTHER EXPENSES		
	Loss on disposal of operating fixed asset - net	2,567	4,861
	Workers' profit participation fund	22,272	81,152
	Workers' welfare fund	8,973	7,963
	Allowance for expected credit loss	1,852	3,556
	Donations	4,000	-
	Auditors' remuneration	1,348	1,086
		<u>41,012</u>	<u>98,618</u>

14	OTHER INCOME		
	Exchange differences on export receivables, trade payables and derivative financial instruments	15,198	76,164
	Interest on bank deposit	3,987	25,509
	Dividend income on open ended mutual fund units	90,872	60,318
	Reversal of provision against doubtful advances	21,158	10,285
		<u>131,215</u>	<u>172,276</u>

15 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise associates, directors, major shareholders of the Company, key management personnel and staff provident fund. Details of transactions with related parties during the quarter, other than those which have been disclosed elsewhere in these financial statements are as follows:

		(Un-audited)	
		September 30, 2021	September 30, 2020
		----- Rupees in '000 -----	
Nature of transaction			
<i>Transaction with associates</i>			
	Sale of goods	799,512	220,261
	Purchases & services	28,079	-
	Marketing Fee	409,007	411,029
	Lease rental	70,520	-
	Rent expense	3,175	-
	Donation	-	-
<i>Transaction with directors</i>			
	Meeting fee	4,600	3,900
<i>Transaction with key management personnel</i>			
	Remuneration paid	16,127	13,168
	Post-employment benefits	895	787
<i>Transaction with other related party</i>			
	Contribution to staff provident fund	32,767	36,149
	Contribution to staff gratuity fund	72,768	-

16 CASH AND CASH EQUIVALENTS

	Term deposit receipt	1,500,000	1,500,000
	Cash and bank balances	549,346	1,393,203
		<u>2,049,346</u>	<u>2,893,203</u>

17 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Company's activities expose it to a variety of financial risks. These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2021. There have been no change in any risk management policies since June 30, 2021.

18 FAIR VALUE OF ASSETS AND LIABILITIES

There were no transfers amongst level of fair value analysis of financial assets and liabilities during the period.

19 OPERATING SEGMENTS

- These condensed interim financial statements have been prepared on the basis of a single reportable segment.
- Revenue from export sales represents 99% (September 30, 2020: 99%) of the total gross revenue of the Company.
- All non-current assets of the Company as at September 30, 2021 and 2020 are located in Pakistan.
- Sales made by the Company to its two major customers during the period constituted 52% (September 30, 2020: 66%) of total sales.

20 DATE OF AUTHORIZATION

These condensed interim financial statements were authorised for issue on October 29, 2021 by the Board of Directors of the Company.

21 GENERAL

- 21.1** Corresponding figures have been reclassified / rearranged wherever necessary for better presentation.
- 21.2** All figures have been rounded-off to the nearest thousand rupees, unless otherwise stated.

Javeria Siddiqui
Chief Financial Officer

Rehan Rahman
Chief Executive Officer

Khaleequr Rahman
Director