



FEROZE1888 MILLS LTD

Manufacturers and Exporters of Specialized Yarn & Textile Terry Products

Weaving a Better World®

اجل جذب بڑا گرمی چاہو

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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

Board Audit Committee

Mr. Nasim Hyder	Chairman
Mr. Khaleequr Rehman	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) Ltd

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 # 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.

Balochistan

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

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 nine months ended 31 March 2022.

ECONOMIC & INDUSTRY OVERVIEW

Geopolitical instability is now cited as the top risk to both global and domestic economies – consequently, the high frequency economic indicators depict that the growth momentum has slowed during the initial months of the year and the global economy enters 2022 in a weaker position than previously expected. The World Bank forecasts that Russia-Ukraine crises will potentially further cut the global economic growth. This grinding conflict is impacting the global economy via three main channels: financial sanctions, commodity prices and supply-chain disruptions. These challenges have just further fueled global inflation which was already taking a toll on the buying power of the consumer and world GDP growth at large.

The state of affairs of the Country's economy has not been very promising - the domestic and international uncertainties, specifically the current political upheaval has just aggravated the woes. Global commodity prices have surged to unprecedented levels, triggering pressure on currencies and causing inflation around the world. These inflationary impacts also being translated into domestic inflation.

In an attempt to arrest the falling rupee, the recent unplanned raise of 2.5% in the monetary policy rate has been made by the SBP, reaching to 12.25% - after the rupee plunged to an all-time low of Rs188.18 against the US dollar in the inter-bank market. The Current Account posted a deficit of US\$ 12.1 billion for Jul-Feb FY2022 as against a surplus of \$ 994 million last year. The current account deficit widened due to the constantly growing import volume of energy and non-energy commodities, along with a rising trend in the global prices.

The value of textile and garment exports from Pakistan, as reported by the PBS - increased by 25.43% year-on-year in dollar terms in the first nine months of fiscal 2021-22. During the period, the Country earned US\$14.2 billion from textile and apparel exports, compared to exports of US\$11.3 billion in corresponding period last year. Among textiles, cotton yarn exports increased by 26% to US\$908.4 million in July-March 2021-22. Specifically, Exports of towel also rose by 18.4% and were valued at US\$819.59 million during the period under review.

The textile imports in Jul-March, FY2022 increased to US\$ 3.49 billion (US\$ 2.78 billion last year), thus posting a hike of 25.6%. Raw cotton imports went up by 16.8% year-on-year to US\$1.2 billion. Meanwhile, the value of textile machinery imports by Pakistan increased significantly by 64.7% year-on-year to US\$621.68 million during the nine-month period.

REVIEW OF OPERATING RESULTS

A brief overview of the performance of your Company for the nine months ended 31st March 2022 is stated below:

Statement of Profit or Loss for the nine months ended:

	March 2022	March 2021
	----- (Rupees in '000) -----	
Sales- net	39,416,419	31,919,402
Gross profit	7,847,818	7,988,734
Profit before taxation	3,764,193	3,797,686
Profit after taxation	3,393,351	3,436,366
EPS (Rs/Share)	8.72	9.01
		(Restated)

The Company's profit after tax for the nine months has decreased by Rs.43 million i.e. by 1.25% in comparison with the corresponding period of last year. The net sales during the period has increased by Rs.7,497 million, i.e. by 23.5% which includes volumetric increase by 8.36 % amounting to Rs. 3,457 million and Rs. 2,312 million on account of devaluation of PKR in comparison with the corresponding period last year.

In spite of an increase in the sales revenue, the gross profit margin has decreased by 1.76% as compared to corresponding period. The major reason causing decline in gross profit margin is the high cost of raw materials coupled with a rise in other direct material costs also. Moreover, higher distribution cost owing to global supply chain challenges has also impacted the bottom line significantly.

FUTURE OUTLOOK

The current political development comes at a time when Pakistan is going through an economic rough patch, as rising inflation rate and depleting foreign exchange reserves have battered the nation's economy. The domestic and international scenario has begun to change which have implications for the economic recovery. Thus, inflationary and external risks are coming into action to build macroeconomic imbalances.

As a net importer of oil, it is anticipated that Pakistan will continue experiencing strong inflationary pressures for the remainder of FY2022 from the jump in global fuel prices whereas the incumbent government has decided to resume negotiations regarding US\$1 billion tranche with the International Monetary Fund (IMF) from the point where it had been adjourned.

In addition, the recent increase in the markup rate by SBP for short term financing by 2.5%, rising raw material & energy prices, the volatility of Pak rupee to US dollar parity and delay in the announcement of the new DLT policy coupled with tardy release of DLT funds are the major challenges faced by the industry during the current fiscal year.

Your Company is monitoring the situation meticulously in order to act proactively in these challenging circumstances and also seize any opportunity that comes our way.

ACKNOWLEDGEMENT

We would like to take this opportunity to express our deep sense of gratitude to the shareholders, employees, customers and business partners for their cooperation, confidence and faith they have always reposed in the Company.

For and on behalf of the Board of Directors

Rehan Rahman
Chief Executive Officer

Aminah Zahid Zaheer
Director

Karachi

Date: April 27, 2022

دار میکٹر رپورٹ

۳۱ مارچ ۲۰۲۲ء کو اختتام پذیر نو ماہ کی کارکردگی کا جائزہ اور غیر اشتمال شدہ مالیاتی گوشوارے پیش خدمت ہیں۔

اقتصادی و صنعتی جائزہ

جغرافیائی و سیاسی عدم استحکام کو اب عالمی اور ملکی دونوں معیشتوں کے لیے سب سے براحطرہ گردانہ جارہا ہے۔ نتیجتاً مضبوط اقتصادی اسارے یہ ظاہر کرتے ہیں کہ سال کے ابتدائی مہینوں میں ترقی کی رفتار کم ہوئی ہے اور عالمی معیشت ۲۰۲۲ء میں توقع سے کمزور صورتحال سے دوچار ہے۔ عالمی بینک نے پیش گوئی کی ہے کہ روس اور یوکرین کا بحران عالمی اقتصادی ترقی میں ممکنہ طور پر مرید کی کا باعث ہوگا۔ یہ پیچیدہ تنازع تین اہم ریلوں سے عالمی معیشت کو متاثر کر رہا ہے: مالی پابندیاں، اجناس کی قیمتیں اور سپلائی چین میں خلل۔ ان مسائل نے عالمی افراط زر کو مرید برہا دیا ہے جو پہلے ہی صارفین کی قوت خرید اور عالمی خام ملکی پیداوار (GDP) کی نمو کو برے پیمانے پر متاثر کر رہی تھی۔

ملکی معیشت کی صورتحال بہت حوصلہ افزا نہیں رہی۔ ملکی اور بین الاقوامی غیر یقینی صورتحال، خاص طور پر سیاسی ہلچل نے مسکلات کو مرید برہا دیا ہے۔ اجناس کی قیمتیں غیر معمولی طور پر برہ گئی ہیں جس سے کرنسیوں پر دباؤ برہ رہا ہے اور پوری دنیا میں افراط زر کا سبب بن رہا ہے۔ افراط زر کے اثرات ملکی افراط زر پر بھی دیکھے جاسکے ہیں۔

پاکستان کے مرکزی بینک نے روپے کی گرتی ہوئی قدر کو روکنے کی کوشش میں مانیٹری پالیسی کے ریب میں ۲.۵ فیصد کا غیر طے شدہ اضافہ کیا جو کہ ۱۲.۲۵ فیصد تک پہنچ گیا جس کی وجہ امریکی دالر کے مقابلے میں روپے کی کم ترین قدر یعنی ۱۸۸.۱۸ ہے۔ انٹر بینک مارکیٹ میں دالر کرسٹ اکاؤسٹ نے جولائی مافروزی ۲۲-۲۳ کے لئے ۱۲.۱ بلین امریکی دالر کا خسارہ ظاہر کیا ہے جو کہ پچھلے سال ۹۹۴ بلین امریکی دالر سرپلس تھا۔ کرسٹ اکاؤسٹ کے خسارے میں اضافے کی وجہ عالمی قیمتوں میں مسلسل اضافہ کے ساتھ توامانی اور غیر توامانی اشیاء کے برہتے ہوئے درآمدی حجم ہیں۔

پاکستان سے ٹیکسٹائل اور ملبوسات کی برآمدات کی مالیت میں جیسا کہ پی بی ایس نے رپورٹ کیا ہے، مالی سال ۲۰۲۱-۲۲ کے پہلے نو مہینوں میں دالر کے لحاظ سے سال بہ سال ۲۵.۴۳ فیصد اضافہ ہوا۔ اس عرصے کے دوران، ملک نے ٹیکسٹائل اور ملبوسات کی برآمدات سے ۱۴.۲ بلین امریکی دالر کمائے، جبکہ گزشتہ سال کی اسی مدت میں ۱۱.۳ بلین امریکی دالر کی برآمدات تھیں۔ ٹیکسٹائل میں، سوتی دھاگے کی برآمدات جولائی مامارچ ۲۰۲۱-۲۲ میں ۲۶ فیصد برہ کر ۹۰۸.۴ بلین امریکی دالر تک پہنچ گئیں، خاص طور پر تولیہ کی برآمدات میں ۱۸.۴ فیصد اضافہ ہوا اور اس کی مالیت ریر جائزہ مدت کے دوران ۸۱۹.۵۹ بلین امریکی دالر تھی۔

ٹیکسٹائل کی درآمدات جولائی مامارچ، مالی سال ۲۰۲۲ میں برہ کر ۳.۴۹ بلین امریکی دالر (گزشتہ سال ۲.۷۸ بلین امریکی دالر) ہو گئیں، اس طرح ۲۵.۶ فیصد کا اضافہ ہوا۔ خام کپاس کی درآمدات سال بہ سال ۱۶.۸ فیصد برہ کر ۱.۲ بلین امریکی دالر تک پہنچ گئیں۔ دریں اثنا، پاکستان کی طرف سے ٹیکسٹائل مسیری کی درآمدات کی مالیت ۹ ماہ کی مدت کے دوران سال بہ سال ۶۳.۷ فیصد اضافے سے ۶۲۱.۶۸ بلین امریکی دالر تک پہنچ گئی۔

آپریٹنگ نتائج کا جائزہ

۳۱ مارچ ۲۰۲۲ء کو ختم ہونے والے نو مہینوں کے لیے آپ کی کمپنی کی کارکردگی کا ایک مختصر جائزہ دیں میں بیاں کیا گیا ہے:

Statement of Profit or Loss for the nine months ended:

	March 2022	March 2021
	----- (Rupees in '000) -----	
Sales- net	39,416,419	31,919,402
Gross profit	7,847,818	7,988,734
Profit before taxation	3,764,193	3,797,686
Profit after taxation	3,393,351	3,436,366
EPS (Rs/Share)	8.72	9.01
		(Restated)

کمپنی کے بعد از ٹیکس منافع میں گزشتہ سال کی اسی مدت کے مقابلے میں ۴۳ ملین روپے یعنی ۱.۲۵ فیصد کی کمی واقع ہوئی ہے۔ اس مدت کے دوران خالص فروخت میں ۷،۴۷۹ ملین روپے کا اضافہ ہوا ہے جو کہ ۲۳.۵ فیصد ہے جس میں حجم میں اضافہ ۸.۳۶ فیصد یعنی ۴،۴۵۷ ملین روپے جبکہ ۲،۳۱۲ ملین روپے پچھلے سال کے مقابلے میں روپے کی قدر میں کمی ہونے کی وجہ سے دکھائی دے رہے ہیں۔

سیلز ریونیو میں اضافے کے باوجود، مجموعی منافع کے مارجن میں اسی مدت کے مقابلے میں ۱.۷۶ فیصد کمی واقع ہوئی ہے۔ مجموعی منافع کے مارجن میں کمی کی سب سے بڑی وجہ خام مال کی بڑھی ہوئی قیمتوں کے ساتھ دیگر براہ راست مواد کی لاگت میں اضافہ ہے۔ مزید برآں، تقسیم کی بڑھی ہوئی لاگت نے عالمی سپلائی چین کو مشکلات سے دوچار کیا ہے جس نے منافع کی سطح (Profit Margin) کو نمایاں طور پر متاثر کیا ہے۔

مستقبل پر نظر

موجودہ سیاسی پیش رفت ایک ایسے وقت میں سامنے آئی ہے جب پاکستان معاشی ناہمواری سے گزر رہا ہے، افراط زر کی بڑھتی ہوئی شرح اور زر مبادلہ کے کم ہوتے ذخائر نے ملکی معیشت کو نقصان پہنچایا ہے۔ ملکی اور بین الاقوامی منظر نامہ تبدیل ہونا شروع ہو گیا ہے جس کے ممکنہ اثرات معاشی بحالی پر مرتب ہوتے نظر آ رہے ہیں۔ اس طرح، افراط زر اور بیرونی خطرات میکرو اکنامک عدم توازن پیدا کرنے کے لیے حرکت میں آ رہے ہیں۔

تیل کے خالص درآمد کنندہ کے طور پر، یہ توقع کی جاتی ہے کہ پاکستان مالی سال ۲۰۲۲ کے بقیہ عرصے میں عالمی سطح پر ایندھن کی قیمتوں میں اضافے سے مہنگائی کے شدید دباؤ کا سامنا کرتا رہے گا جبکہ موجودہ حکومت نے بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) کے ساتھ ۱ بلین امریکی ڈالر کی قسط کے حوالے سے گزشتہ ملوثی بات چیت دوبارہ شروع کرنے کا فیصلہ کیا ہے۔

مزید برآں، موجودہ سال میں صنعت کو درپیش بڑے چیلنجز میں اسٹیٹ بینک کی جانب سے شارٹ ٹرم فنانسنگ کے لیے مارک اپ کی شرح میں ۲.۵ فیصد کا حالیہ اضافہ، خام مال اور توانائی کی قیمتوں میں اضافہ، پاکستانی روپے کی امریکی ڈالر کے مقابلے میں اتار چڑھاؤ اور نئی DLTPL پالیسی کے اعلان اور اجراء میں تاخیر شامل ہے۔

آپ کی کمپنی باریک بینی سے صورتحال کی نگرانی سرانجام دے رہی ہے تاکہ مشکل حالات میں مستعدی سے کام کرے اور کسی بھی موقع کو مثبت طور پر بروئے کار لایا جاسکے۔

اظہار تشکر

ہم تہہ دل سے حصص یافتگان، ملازمین، صارفین اور کاروباری شراکت داروں کے تعاون، یقین و اعتماد کے لئے شکر گزار ہیں۔

برائے اور منجانب بورڈ آف ڈائریکٹرز

آمنہ زاہد ظہیر
ڈائریکٹر

ریحان رحمان
چیف ایگزیکٹو آفیسر

کراچی: ۲۷ اپریل ۲۰۲۲ء

Condensed Interim Statement of Financial Position
As at March 31, 2022

		Un-audited	Audited
		March 31,	June 30,
		2022	2021
	Note	———— (Rupees in '000) ————	
ASSETS			
Non-current assets			
Property, plant and equipment	4	24,627,273	20,308,105
Intangible assets		19,315	23,309
Long term deposits		71,822	62,970
		24,718,410	20,394,384
Current assets			
Store and spares		1,595,289	1,303,298
Stock-in-trade	5	10,755,909	8,437,202
Trade debts	6	12,616,779	10,115,920
Advances, deposits, prepayments and other receivables		5,448,870	4,108,247
Taxation - net		360,538	284,732
Short-term investments - At fair value through profit or loss	7	4,232,525	5,598,019
Cash and bank balances		1,001,487	1,625,126
		36,011,397	31,472,544
Total assets		60,729,807	51,866,928
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
400,000,000 (June 30, 2021: 400,000,000) ordinary shares of Rs.10 each		4,000,000	4,000,000
Issued, subscribed and paid-up capital	8	3,994,090	3,768,009
Capital reserves		2,115,147	758,663
Revaluation surplus on property, plant and equipment		1,486,262	1,486,262
Revenue reserve		20,751,272	18,439,942
		28,346,771	24,452,876
Liabilities			
Non-current liabilities			
Deferred liability		694,606	451,864
Long term financing	9	7,088,136	5,409,360
Provision for GIDC		1,334,357	1,334,357
Lease liabilities		494,433	660,502
		9,611,532	7,856,083
Current liabilities			
Trade and other payables	10	6,530,327	5,958,050
Short term borrowings	11	14,400,000	11,750,000
Accrued mark-up		100,863	111,651
Current portion of lease liabilities		230,048	212,335
Current portion of long term financing	9	1,508,275	1,457,377
Unclaimed dividend		1,992	1,814
Unpaid dividend		-	66,742
		22,771,505	19,557,969
CONTINGENCIES AND COMMITMENTS			
	12		
Total equity and liabilities		60,729,807	51,866,928

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

Javeria Siddiqui
Chief Financial Officer

Rehan Rahman
Chief Executive Officer

Aminah Zahid Zaheer
Director

Condensed Interim Statement of Profit or Loss (Un-audited)
For the nine months ended March 31, 2022

		Nine Months ended		Quarter ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Note		(Rupees in '000)			
Sales - net		39,416,419	31,919,402	14,334,566	10,823,174
Cost of sales	13	(31,568,601)	(23,930,668)	(11,450,431)	(8,199,145)
Gross profit		7,847,818	7,988,734	2,884,135	2,624,029
Administrative cost		(1,076,100)	(929,774)	(367,823)	(339,051)
Distribution cost		(3,113,522)	(2,382,526)	(1,032,540)	(824,701)
Other expenses	14	(252,267)	(738,287)	(98,026)	(358,969)
		(4,441,889)	(4,050,587)	(1,498,389)	(1,522,721)
		3,405,929	3,938,147	1,385,746	1,101,308
Other income	15	834,844	208,539	522,364	41,554
Operating profit		4,240,773	4,146,686	1,908,110	1,142,862
Finance cost		(476,580)	(349,000)	(167,422)	(114,012)
Profit before taxation		3,764,193	3,797,686	1,740,688	1,028,850
Taxation		(370,842)	(361,320)	(153,985)	(110,721)
Profit after taxation		3,393,351	3,436,366	1,586,703	918,129
			(Restated)		(Restated)
Earning per share basic & diluted (Rupees)		8.72	9.01	4.08	2.41

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

Javeria Siddiqui
Chief Financial Officer

Rehan Rahman
Chief Executive Officer

Aminah Zahid Zaheer
Director

Condensed Interim Statement of Comprehensive Income (Un-audited)
For the nine months ended March 31, 2022

	Nine months ended		Quarter ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Rupees in '000)			
Profit after taxation	3,393,351	3,436,366	1,586,703	918,129
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	3,393,351	3,436,366	1,586,703	918,129

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

Javeria Siddiqui
Chief Financial Officer

Rehan Rahman
Chief Executive Officer

Aminah Zahid Zaheer
Director

Condensed Interim Statement of Changes in Equity (Un-audited)
For the nine months ended March 31, 2022

	Share capital	Capital reserve		Revaluation surplus on property, plant	Revenue reserve	Total
		Amalgamation 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
Final cash dividend for the year ended June 30, 2020 @ Re.0.59 per share	-	-	-	-	(222,312)	(222,312)
Interim cash dividend for the year ended June 30, 2021 @ Re.2.00 per share	-	-	-	-	(753,602)	(753,602)
Net profit for the period	-	-	-	-	3,436,366	3,436,366
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period March 31, 2021	-	-	-	-	3,436,366	3,436,366
Balance as at March 31, 2021	3,768,009	543,413	215,250	1,486,262	17,594,576	23,607,510
Balance as at June 30, 2021 (Audited)	3,768,009	543,413	215,250	1,486,262	18,439,942	24,452,876
Final cash dividend for the year ended June 30, 2021 @ Re.1.43 per share	-	-	-	-	(538,825)	(538,825)
Interim cash dividend for the year ending June 30, 2022 @ Re.1.41 per share	-	-	-	-	(543,196)	(543,196)
Issuance of right Shares at premium - 22,608,058 Shares at Rs. 70 per share	226,081	-	1,356,483	-	-	1,582,564
Net profit for the period	-	-	-	-	3,393,351	3,393,351
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period March 31, 2022	-	-	-	-	3,393,351	3,393,351
Balance as at March 31, 2022	3,994,090	543,413	1,571,733	1,486,262	20,751,272	28,346,771

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

Javeria Siddiqui
Chief Financial Officer

Rehan Rahman
Chief Executive Officer

Aminah Zahid Zaheer
Director

Condensed Interim Statement of Cash Flows (Un-audited)
For the nine months ended March 31, 2022

		March 31, 2022	March 31, 2021
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES	Note		
Profit before taxation		3,764,193	3,797,686
<i>Adjustment for:</i>			
Depreciation on operating fixed assets		1,386,254	1,064,458
Depreciation on right-of-use assets		169,097	102,040
Amortization		4,685	4,673
Write-off of property, plant and equipment		317	-
Finance cost		476,580	349,000
Provision for gratuity		206,177	93,085
Allowance for expected credit loss		3,646	5,474
Reversal of provision against doubtful advances		(42,069)	(44,532)
Provision for slow moving, obsolete stores and spares - net		28,720	31,347
Interest on bank deposit		(35,603)	(43,490)
Dividend income on open ended mutual fund units		(217,065)	(120,517)
(Gain) / loss on disposal of property, plant and equipment - net		(861)	4,609
		1,979,878	1,446,148
Increase in current asset			
Stores and spares		(320,711)	(322,876)
Stock in trade		(2,318,707)	(1,278,659)
Trade debt		(2,504,505)	(3,011,539)
Advances, deposits, prepayments and other receivables		(1,300,294)	(251,079)
		(6,444,217)	(4,864,153)
Increase in current liability			
Trade and other payables		559,584	717,626
Net cash used in operations		(140,562)	1,097,307
Finance cost paid		(487,370)	(339,000)
Income tax paid		(446,648)	(156,614)
Gratuity paid		(88,838)	(6,460)
Government grant received		138,098	42,717
Long term deposit		(8,852)	-
Net cash used in operating activities		(1,034,173)	637,950
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(5,893,858)	(2,628,483)
Proceeds from disposal of operating fixed assets		19,191	26,913
Short-term investments encashed - net		3,082,560	1,266,380
Interest income received		37,343	49,178
Net cash (used in)/ generated from investing activities		(2,754,763)	(1,286,013)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(1,148,586)	(909,249)
Proceeds against right issue		1,582,565	-
Principal portion of lease liabilities paid		(148,356)	(32,595)
Short term borrowings - net		2,650,000	600,000
Long term finance - net		1,729,674	1,407,155
Net cash generated from financing activities		4,665,297	1,065,311
Net decrease in cash and cash equivalent		876,361	417,248
Cash and cash equivalent at beginning of the period		1,625,126	2,247,990
Cash and cash equivalent at end of the period	16	2,501,487	2,665,238

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

Javeria Siddiqui
Chief Financial Officer

Rehan Rahman
Chief Executive Officer

Aminah Zahid Zaheer
Director

Notes to the Condensed Interim Financial Statements (Un-audited)
For the nine months ended March 31, 2022

1 THE COMPANY AND ITS OPERATIONS

Feroze1888 Mills Limited (the Company) was incorporated in Pakistan as a Public Limited Company in October 1972. 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 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 (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 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 information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2021.

2.2 ACCOUNTING POLICIES

The accounting policies and the methods of computation used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the Company's annual audited financial statements for the year ended June 30, 2021.

2.3 Adoption of amendments to accounting standards and framework for financial reporting effective during the

The Company has adopted the following amendments of IFRSs and the framework for financial reporting which became effective for the current period:

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform - Phase 2 (Amendment)
IFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments)

The adoption of the above amendments to accounting standards and framework did not have any effect on these condensed interim financial statements.

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

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)
			March 31, 2022	June 30, 2021
			Rupees in '000	
4	PROPERTY, PLANT AND EQUIPMENT	Note		
	Operating fixed assets	4.1	17,431,851	17,440,686
	Capital work-in-progress	4.2	6,642,266	2,145,165
	Right of use asset		553,157	722,254
			24,627,273	20,308,105

4.1 Operating fixed assets

Balance at the beginning of the period / year		17,440,686	14,072,097
Addition during the period / year	4.1.1	<u>1,396,067</u>	<u>4,930,076</u>
		18,836,753	19,002,173
Disposals during the period / year - net book value (NBV)	4.1.1	<u>(18,648)</u>	<u>(82,432)</u>
Depreciation charged during the period / year		<u>(1,386,254)</u>	<u>(1,479,055)</u>
		(1,404,902)	(1,561,487)
Balance at the end of the period / year		<u>17,431,851</u>	<u>17,440,686</u>

4.1.1 Details of addition and disposal are as follows:

	Additions (Cost)		Disposal (NBV)	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	March 31, 2022	June 30, 2021	March 31, 2022	June 30, 2021
Rupees in '000				
Land - Leasehold	-	817,007	-	-
Building on leasehold land	503,882	587,659	-	-
Leasehold Improvements	-	3,586	-	-
Plant and machinery	787,586	3,217,294	(6,582)	(63,969)
Electric fittings / equipments	18,309	161,896	(196)	-
Office equipments	17,610	71,834	(370)	(388)
Computers	14,238	8,183	(1)	-
Furniture and fixtures	40,393	33,300	(22)	-
Vehicles	14,049	29,317	(11,477)	(18,075)
	<u>1,396,067</u>	<u>4,930,076</u>	<u>(18,648)</u>	<u>(82,432)</u>

4.1.2 Depreciation on operating fixed assets for the period amounted to Rs.1,386.25 million (March 31, 2021: Rs.1,064.46 million).

		(Un-audited)	(Audited)
		March 31, 2022	June 30, 2021
		Rupees in '000	
4.2 Capital work-in-progress	Note		
Balance at the beginning of the period / year		1,950,177	1,999,112
Addition during the period / year		5,396,470	3,811,462
		7,346,647	5,810,574
Transferred to operating fixed assets / expenses		(1,196,619)	(3,860,397)
		6,150,028	1,950,177
Advance given against purchase of fixed assets		267,622	175,998
Stand-by equipments		224,616	18,990
Balance at the end of the period / year		6,642,266	2,145,165
5 STOCK-IN-TRADE			
Raw material in			
-hand	5.1	3,655,603	2,126,332
-transit		832,473	631,090
		4,488,076	2,757,422
Work-in-progress	5.2	3,150,652	3,136,835
Finished goods	5.3	3,117,181	2,542,945
		10,755,909	8,437,202
5.1	Includes items costing Rs.12.33 million (June 30, 2021: Rs.13.38 million) have been valued at their net realizable value of Rs.4.49 million (June 30, 2021: Rs.3.82 million).		
5.2	Includes items costing Rs.38.94 million (June 30, 2021: Rs.43.7 million) have been valued at their net realizable value of Rs.18.21 million (June 30, 2021: Rs.20.77 million).		
5.3	Includes items costing Rs.715.72 million (June 30, 2021: Rs.767.82 million) have been valued at their net realizable value of Rs.373.88 million (June 30, 2021: Rs.568.27 million).		
6 TRADE DEBTS	Note	(Un-audited)	(Audited)
		March 31, 2022	June 30, 2021
		Rupees in '000	
Exports			
Considered good	6.1	12,534,719	10,103,623
Considered doubtful		26,753	23,107
		12,561,472	10,126,730
Allowance for expected credit loss	6.2	(26,753)	(23,107)
		12,534,719	10,103,623
Local			
Considered good		82,060	12,297
		12,616,779	10,115,920
6.1	This includes an amount of Rs. 1,078.74 million (June 30, 2021: Rs. 349.57 million) due from 1888 Mills LLC.		
6.2	Movement of allowance for expected credit loss is as follows:		
		(Un-audited)	(Audited)
		March 31, 2022	June 30, 2021
		Rupees in '000	
Balance at the beginning of the period / year		23,107	16,944
Charge for the period / year		3,646	6,163
Balance at the end of the period / year		26,753	23,107

7 SHORT TERM INVESTMENTS - AT FAIR VALUE THROUGH PROFIT OR LOSS

During the period, the Company disposed off 330.00 million units (June 30, 2021: Nil) and purchased 151.98 million units (June 30, 2021: 184.28 million units) of Open Ended Shariah Compliant mutual funds. As of reporting date, the Company holds 89.57 million units (June 30, 2021: 260.20 million units) of various Open Ended Shariah Compliant mutual funds.

8 SHARE CAPITAL

The Board of Directors in its meeting held on October 29, 2021 approved further issue of 22,608,058 shares at a value of Rs.70 per share (premium of Rs. 60 per share) by way of right issue to its existing shareholders in the proportion of 6 right share for every 100 ordinary shares held aggregating to total issue of Rs.1,582,564,060. The rights subscription process has been completed and the Company has received the subscription amount in full and issued the shares accordingly.

9 LONG TERM FINANCING

During the period, the Company made further drawdown on its existing Temporary Economic Refinance Facility (TERF) and Long Term Finance Facility (LTFF) obtained from various commercial banks for import of plant and machinery. These disbursement carry mark-up at the rates ranging from SBP base rate plus 0.75% to 1% (June 30, 2021: 0.75% to 1%) per annum. These facilities are secured against specific charge on plant and machinery of the Company. The principal portion of the loan is repayable in five, six and eight years through semi-annually and quarterly installments after grace period of one to two years. The unutilized portion of long term finance is Rs.4.016.62 million (June 30, 2021: Rs.5.015.00 million).

	(Un-audited) March 31, 2022	(Audited) June 30, 2021
	Rupees in '000	
10 TRADE AND OTHER PAYABLES		
Creditors	2,173,151	2,958,739
Accrued liabilities	3,405,981	2,338,025
Workers' profits participation fund	171,363	217,383
Workers' welfare fund	34,690	33,627
Contract liabilities	126,206	37,067
Payable to provident fund	24,361	25,343
Derivative financial instruments	339,793	105,613
Current portion of GIDC	190,622	190,622
Current portion of government grant	30,599	17,906
Others	33,561	33,725
	6,530,327	5,958,050

		(Un-audited) March 31, 2022	(Audited) June 30, 2021
		Rupees in '000	
11 SHORT TERM BORROWINGS	Note		
Export re-finance	11.1	14,400,000	11,750,000

11.1 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.

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

No contingencies exist as at the reporting date.

			(Un-audited)	(Audited)
			March 31, 2022	June 30, 2021
12.2	Commitments	Note	Rupees in '000	
	Outstanding letter of credit		4,376,218	2,970,714
	Outstanding letter of guarantee		1,661,468	1,433,589
	Capital expenditure		4,278,201	5,044,343
	Post dated cheques	12.2.1	4,662,618	4,328,717

12.2.1 These represent the postdated cheques issued to Custom Authorities in respect of duties on imported items.

			(Un-audited)		(Un-audited)	
			Nine months ended		Quarter Ended	
			March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
			Rupees in '000			
13 COST OF SALES	Note					
Opening stock of finished goods			2,542,945	1,588,230	3,053,933	1,955,182
Add: Cost of goods manufactured	13.1		<u>32,142,837</u>	<u>24,969,490</u>	<u>11,513,679</u>	<u>8,871,015</u>
			<u>34,685,782</u>	<u>26,557,720</u>	<u>14,567,612</u>	<u>10,826,197</u>
Less: Closing stock of finished goods			<u>(3,117,181)</u>	<u>(2,627,052)</u>	<u>(3,117,181)</u>	<u>(2,627,052)</u>
			<u>31,568,601</u>	<u>23,930,668</u>	<u>11,450,431</u>	<u>8,199,145</u>

			(Un-audited)		(Un-audited)	
			Nine months ended		Quarter Ended	
			March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
			Rupees in '000			
13.1 Cost of goods manufactured	Note					
Raw material consumed	13.1.1		19,996,224	15,351,324	6,452,882	5,486,674
Stores and spares consumed			3,849,971	3,212,092	1,384,107	1,089,223
Salaries, wages and other benefits	13.1.2		4,084,183	3,397,309	1,344,716	1,201,048
Fuel, power and water			2,365,753	2,016,231	825,371	680,580
Insurance expense			59,332	44,784	21,506	15,426
Repair and maintenance			105,979	207,739	41,852	38,296
Vehicle running expenses			18,831	11,373	6,878	3,995
Communication and transportation			100,270	76,751	34,085	27,625
Rent			29,129	12,906	14,926	12,906
Depreciation			1,481,768	1,081,497	608,988	385,138
Amortization			4,685	368	1,569	123
Quality control and inspection			48,128	49,320	21,114	19,715
Other manufacturing expenses			<u>12,401</u>	<u>6,982</u>	<u>(4,466)</u>	<u>1,160</u>
			<u>32,156,654</u>	<u>25,468,676</u>	<u>10,753,528</u>	<u>8,961,909</u>
Opening work-in-process			3,136,835	2,597,780	3,910,803	3,006,072
Closing work-in-process			<u>(3,150,652)</u>	<u>(3,096,966)</u>	<u>(3,150,652)</u>	<u>(3,096,966)</u>
			<u>32,142,837</u>	<u>24,969,490</u>	<u>11,513,679</u>	<u>8,871,015</u>

13.1.1 Raw material consumed

Opening stock	2,757,422	4,083,618	6,109,659	4,260,494
Purchases during the period	<u>21,726,878</u>	<u>14,513,173</u>	<u>4,831,299</u>	<u>4,471,647</u>
	<u>24,484,300</u>	<u>18,596,791</u>	<u>10,940,958</u>	<u>8,732,141</u>
Less: Closing stock	<u>(4,488,076)</u>	<u>(3,245,467)</u>	<u>(4,488,076)</u>	<u>(3,245,467)</u>
	<u>19,996,224</u>	<u>15,351,324</u>	<u>6,452,882</u>	<u>5,486,674</u>

13.1.2 This includes an amount of Rs.59.42 million (March 31, 2021: Rs.67.77 million) in respect of staff provident fund and Rs.206.18 million in respect of staff gratuity expense (March 31, 2021: Rs.93.08 million).

14 OTHER EXPENSES

	(Un-audited)		(Un-audited)	
	Nine months ended		Quarter Ended	
	March 31,	March 31,	March 31,	March 31,
	2022	2021	2022	2021
	Rupees in '000			
Loss on disposal of operating fixed asset - net	-	4,609	-	-
Property, plant and equipment - write-off	317	-	-	-
Workers' profit participation fund	171,226	173,080	79,903	46,335
Workers' welfare fund	31,174	25,230	11,361	8,565
Allowance for expected credit loss	3,646	5,474	835	(1,055)
Donations	13,681	8,870	5,549	5,170
Auditors' remuneration	3,503	3,101	378	751
Exchange differences on export receivables, trade payables and derivative financial instruments	-	486,576	-	299,203
Provision for slow moving, obsolete stores and spares - net	28,720	31,347	-	-
	<u>252,267</u>	<u>738,287</u>	<u>98,026</u>	<u>358,969</u>

15 OTHER INCOME

	(Un-audited)		(Un-audited)	
	Nine months ended		Quarter Ended	
	March 31,	March 31,	March 31,	March 31,
	2022	2021	2022	2021
	Rupees in '000			
Gain on disposal of operating fixed asset - net	861	-	74	429
Interest on bank deposit and TDR	35,603	43,490	7,762	6,303
Dividend income on shariah compliant open ended mutual fund units	217,065	120,517	85,837	22,917
Exchange differences on export receivables, trade payables and derivative financial instruments	539,246	-	426,501	-
Reversal of provision against doubtful advances	42,069	44,532	2,190	11,905
	<u>834,844</u>	<u>208,539</u>	<u>522,364</u>	<u>41,554</u>

16 CASH AND CASH EQUIVALENTS

	(Un-audited)	(Un-audited)
	March 31,	March 31,
	Rupees in '000	
Cash and bank balances	1,001,487	2,665,238
Term Deposit Receipt	1,500,000	-
	<u>2,501,487</u>	<u>2,665,238</u>

17 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise associates, directors, major shareholders of the Company, key management personnel and employees' retirement funds. Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these condensed interim financial statements are as follows:

Nature of transaction	(Un-audited)		(Un-audited)	
	Nine months ended		Quarter Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Rupees in '000			
<i>Transactions with associates</i>				
Sale of goods	4,427,134	1,672,497	1,569,448	883,481
Purchases	32,523	276,872	2,079	276,872
Marketing fee	1,370,102	1,335,650	502,741	431,601
Lease rental paid	141,642		21,955	-
Rent expense	6,257	7,816	-	7,816
Donation	985	1,923	-	1,923
<i>Transaction with directors</i>				
Meeting fee	10,440	9,180	2,920	2,670
<i>Transaction with key management personnel</i>				
Remuneration paid	49,569	39,048	15,923	11,143
Post-employment benefits	2,785	2,337	945	765
<i>Transaction with other related party</i>				
Contribution to staff provident fund	98,395	105,388	33,025	34,573
Contribution to staff gratuity fund	206,177	-	60,640	-

18 FINANCIAL RISK MANAGEMENT OBJECTIVES 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.

19 FAIR VALUE OF ASSETS AND LIABILITIES

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

20 OPERATING SEGMENTS

- These condensed interim financial statements have been prepared on the basis of a single reportable segment.
- Revenue from export sales represents 99% (March 31, 2021: 99%) of the total gross revenue of the Company.
- All non-current assets of the Company as at March 31, 2022 and 2021 are located in Pakistan.
- Sales made by the Company to its two major customers during the period constituted 54% (March 31, 2021: 57%) of total sales.

21 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on **April 27th, 2022** by the Board of Directors of the Company.

22 GENERAL

22.1 Corresponding figures have been reclassified / rearranged wherever necessary for better presentation.

22.2 All figures have been rounded-off to the nearest thousand rupees, unless otherwise stated.

Javeria Siddiqui
Chief Financial Officer

Rehan Rahman
Chief Executive Officer

Aminah Zahid Zaheer
Director