

1st  
Quarter  
Report

**IDEAL SPINNING MILLS LIMITED**



**IdealGroup**

**CONDENSED INTERIM  
FINANCIAL INFORMATION**

1st Quarter Report  
(UN-AUDITED)  
30 September, 2021



**COMPANY INFORMATION**

<b>CHAIRMAN:</b>	MR. MUHAMMAD SAEED
<b>CHIEF EXECUTIVE OFFICER:</b>	MR. AMJAD SAEED
<b>DIRECTORS:</b>	MRS. RUBINA AMJAD MR. OMER SAEED MR. AHSAN SAEED MR. KHIZER SAEED MR. MUHAMMAD ASIF (INDEPENDENT) MR. MUHAMMAD AZHAR (INDEPENDENT)
<b>AUDIT COMMITTEE:</b>	
<b>CHAIRMAN</b>	MR. MUHAMMAD AZHAR
<b>MEMBER</b>	MR. MUHAMMAD SAEED
<b>MEMBER</b>	MR. AHSAN SAEED
<b>H.R. &amp; REMUNERATION COMMITTEE:</b>	
<b>CHAIRMAN</b>	MR. MUHAMMAD AZHAR
<b>MEMBER</b>	MR. AHSAN SAEED
<b>MEMBER</b>	MRS. RUBINA AMJAD
<b>NOMINATION COMMITTEE:</b>	
<b>CHAIRMAN</b>	MR. OMER SAEED
<b>MEMBER</b>	MR. AHSAN SAEED
<b>MEMBER</b>	MR. KHIZER SAEED
<b>RISK MANAGEMENT COMMITTEE:</b>	
<b>CHAIRMAN</b>	MR. AHSAN SAEED
<b>MEMBER</b>	MR. OMER SAEED
<b>MEMBER</b>	MR. KHIZER SAEED
<b>CHIEF FINANCIAL OFFICER:</b>	MR. MUHAMMAD KASHIF ZAHUR
<b>COMPANY SECRETARY:</b>	MR. MUHAMMAD NADEEM
<b>SHARE REGISTRAR:</b>	F. D. Registrar Services (SMC-Pvt.) Limited  17 <sup>th</sup> Floor, Saima Trade Tower-A, I. I. Chundrigar Road Karachi.
<b>AUDITORS:</b>	M/S RIAZ AHMAD & COMPANY.  CHARTERED ACCOUNTANTS
<b>BANKERS:</b>	BANK AL-FALAH LIMITED BANK AL-HABIB LTD HABIB METROPOLITAN BANK THE BANK OF PUNJAB HABIB BANK LIMITED
<b>REGISTERED OFFICE :</b>	ROOM NO 404 & 405, 4 <sup>TH</sup> FLOOR, BUSINESS CENTRE, MUMTAZ HASSAN ROAD, KARACHI. www.idealsm.com
<b>FACTORY:</b>	35-K.M SHEIKHUPURA ROAD, TEHSIL JARANWALA, DISTT. FAISALABAD.

## DIRECTORS' REVIEW REPORT TO THE SHAREHOLDERS

Your Directors feel pleasure in submitting un-audited financial statements of your Company for the Quarter ended 30 September 2021.

FINANCIAL RESULTS	30.09.2021	30.09.2020
	(RUPEES IN THOUSAND)	
REVENUE	1,439,882	1,126,605
COST OF SALES	(1,144,871)	(962,020)
GROSS PROFIT	295,011	164,585
DISTRIBUTION COST	(29,035)	(26,280)
ADMINISTRATIVE EXPENSES	(69,456)	(55,064)
OTHER EXPENSES	(13,082)	(7,120)
OTHER INCOME	11,653	1,902
FINANCE COST	(26,921)	(19,375)
PROFIT BEFORE TAXATION	168,170	58,648
TAXATION	(52,508)	(14,962)
PROFIT AFTER TAXATION	115,662	43,686
EARNING PER SHARE-BASIC AND DILUTED (RUPEES)	11.66	4.40

By the Blessings of Almighty ALLAH your company achieved Revenue growth of 27.81%, resulting in to after Tax Profit of Rs.115.662 Million as compared to Rs.43.686 Million to the corresponding quarter of the last year.

**BUSINESS OUTLOOK:**

Management has proven its ability by procurement of raw material at attractive prices, efficient utilization of finance facilities, controlled administration cost and proven textile market conditions had made possible a healthier bottom line.

**PERFORMANCE REVIEW:**

With the Almighty ALLAH's blessings, financial performance of the company is promising. Earnings per share has increased to Rs.11.66 from Rs.4.40 per share as compared to last year. Company achieved gross profit of 20.49 % as compared to 14.61 %, which is very good considering the facts cited above. Operational performance of the company was admirable and achieved production targets with exceptional Quality.

**FURTHER EXPANSION**

With Almighty ALLAH'S blessings management has planned to import Carding Machines in spinning section and looms in weaving section.

**ACKNOWLEDGEMENT**

The Board offers thanks to our shareholders and bankers for their continued support and trust in the company. The Board acknowledges the efforts and devotion of staff and workers which led to achieve milestones and hope these will continue in upcoming years.

Faisalabad  
October 29, 2021

On behalf of the Board



(Amir Saeed)  
Chief Executive Officer

## حصہ داران کیلئے ڈائریکٹرز کی رپورٹ

آپ کے ڈائریکٹرز 30 ستمبر 2021 کو ختم ہونے والے 3 ماہ کے لئے آپ کی کمپنی کے غیر آڈٹ شدہ نتائج پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

30-09-2021	30-09-2020	مالیاتی نتائج
		ریونیو
1,439,882	1,126,605	کاسٹ آف سیل
(1,144,871)	(962,020)	گراس منافع
295,011	164,585	ڈسٹری بیوشن اخراجات
(29,035)	(26,280)	انتظامی اخراجات
(69,456)	(55,064)	متفرق اخراجات
(13,082)	(7,120)	دیگر آمدن
11,653	1,902	فنانشل اخراجات
(26,921)	(19,375)	ٹیکس کے بغیر منافع
168,170	58,648	ٹیکس
(52,508)	(14,962)	خالص منافع ٹیکس کے بعد
115.662	43.686	منافع فی حصہ بنیادی
11.66	4.40	

اللہ تعالیٰ کی مہربانی سے آپ کی کمپنی کے محاصل میں 27.81% بڑھوتری ہوئی ٹیکس کی ادائیگی کے بعد 115.662 ملین روپے کا منافع ہوا۔ جبکہ گزشتہ سال کے اسی عرصہ کا منافع 43.686 ملین تھا مستقبل میں آپ کی انتظامیہ اس سے بھی بہتر نتائج حاصل کرنے کے لئے پُر امید ہے۔

بزنس آؤٹ لک:

انتظامیہ نے اپنی بہترین صلاحیتوں کو استعمال کرتے ہوئے خام مال بہت مناسب قیمت پر خریدا۔ مالی سہولتوں کا بہترین استعمال۔ انتظامی اخراجات پر کنٹرول اور اچھی ٹیکسٹائل مارکیٹ پوزیشن کی وجہ سے اچھا منافع حاصل ہوا۔

کارکردگی کا جائزہ:

رب تعالیٰ کے فضل و کرم سے کمپنی کی مالی کارکردگی قابل تعریف ہے۔ آمدنی فی حصہ 4.40 روپے سے بڑھ کر 11.66 روپے فی حصہ ہوئی ہے۔ اوپر بیان کیے گئے عوامل کے باوجود کمپنی نے 20.49 فی صد خام منافع حاصل کیا ہے۔ جو کہ گزشتہ سال کے اسی عرصہ میں 14.61 فی صد تھا۔ کمپنی کی آپریشنل کارکردگی قابل قدر ہے اور بہترین معیار کے ساتھ پیداواری اہداف حاصل کیے ہیں۔

پروجیکٹ میں توسیع۔

اللہ تعالیٰ کے فضل و کرم سے انتظامیہ کی جانب سے سپننگ میں کارڈنگ مشین و یونگ میں سولز رومز ڈھانے کا منصوبہ ہے۔

کاوشوں کا اعتراف

بورڈ آف ڈائریکٹرز اپنے حصے داروں، بکلرز اور مالیاتی اداروں کے اعتماد اور مسلسل سپورٹ کا شکریہ ادا کرتا ہے۔ بورڈ کمپنی کے سٹاف اور ورکرز کی انتھک کوشش کا اعتراف کرتا ہے جن کی وجہ سے کمپنی نے موجودہ کامیابیاں حاصل کیں۔ ہمیں امید ہے کہ کامیابیوں کا یہ سلسلہ آنے والے سالوں میں بھی جاری رہے گا۔

بورڈ آف ڈائریکٹرز کی جانب سے

محمد سعید

چیف ایگزیکٹو آفیسر

فیصل آباد

29 اکتوبر 2021ء

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	NOTE	Un-Audited 30 Sep 2021 (RUPEES IN THOUSAND)	Audited 30 June 2021 (RUPEES IN THOUSAND)	NOTE	Un-Audited 30 Sep 2021 (RUPEES IN THOUSAND)	Audited 30 June 2021 (RUPEES IN THOUSAND)
<b>EQUITY AND LIABILITIES</b>						
<b>SHARE CAPITAL AND RESERVES</b>						
<b>Authorized share capital</b>						
20 000 000 (30 June 2021: 20 000 000) ordinary shares of Rupees 10 each		200,000	200,000			
<b>Issued, subscribed and paid up share capital</b>						
9 920 000 (30 June 2021: 9 920 000) ordinary shares of Rupees 10 each fully paid in cash		99,200	99,200			
<b>Sponsors' loans</b>		241,800	241,800			
<b>Capital reserves</b>						
Equity portion of shareholders' loans		159,358	159,358			
Surplus on revaluation of freehold land		235,857	235,857			
<b>Revenue reserve</b>		405,420	289,758			
Unappropriated profit		1,141,635	1,025,973			
<b>TOTAL EQUITY</b>						
<b>LIABILITIES</b>						
<b>NON-CURRENT LIABILITIES</b>						
Long term financing	3	193,249	200,519			
Deferred income tax liability		31,886	31,886			
Deferred liabilities		99,644	96,389			
		324,779	328,794			
<b>CURRENT LIABILITIES</b>						
Trade and other payables		562,114	434,327			
Undeclared dividend		1,476	1,476			
Accrued mark-up		16,659	11,745			
Short term borrowings		1,519,875	867,936			
Current portion of non-current liabilities		71,301	72,812			
Current portion of deferred liabilities		21,000	20,896			
Provision for taxation		117,589	64,906			
		2,310,014	1,474,098			
		2,634,793	1,802,892			
<b>TOTAL LIABILITIES</b>						
<b>CONTINGENCIES AND COMMITMENTS</b>						
<b>TOTAL EQUITY AND LIABILITIES</b>		3,776,428	2,828,865			
<b>ASSETS</b>						
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment	5					
Intangible asset	6					
Long term loans						
Long term deposits and prepayments		2,071	1,908			
		1,466,535	1,336,130			
<b>CURRENT ASSETS</b>						
Stores, spare parts and loose tools						
Stock-in-trade						
Trade debts						
Loans and advances						
Short term deposits and prepayments						
Income tax						
Other receivables						
Cash and bank balances						
		96,631	79,099			
		1,501,284	751,855			
		301,470	239,257			
		18,948	25,997			
		11,505	1,009			
		136,342	114,238			
		188,835	114,281			
		54,878	166,999			
		2,309,893	1,492,735			
<b>TOTAL ASSETS</b>		3,776,428	2,828,865			

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



AIJJAD SAEED  
CHIEF EXECUTIVE OFFICER



OMER SAEED  
DIRECTOR



MUHAMMAD KASHIF ZAHUR  
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)  
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2021**

	NOTE	1ST QUARTER ENDED	
		30 September 2021	30 September 2020
-----(RUPEES IN THOUSAND)----			
REVENUE		1,439,882	1,126,605
COST OF SALES	7	(1,144,871)	(962,020)
GROSS PROFIT		<u>295,011</u>	<u>164,585</u>
DISTRIBUTION COST		(29,035)	(26,280)
ADMINISTRATIVE EXPENSES		(69,456)	(55,064)
OTHER EXPENSES		(13,082)	(7,120)
OTHER INCOME		11,653	1,902
FINANCE COST		(26,921)	(19,375)
PROFIT BEFORE TAXATION		<u>168,170</u>	<u>58,648</u>
TAXATION		(52,508)	(14,962)
PROFIT AFTER TAXATION		<u>115,662</u>	<u>43,686</u>
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		<u>11.66</u>	<u>4.40</u>

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

  
AMJAD SAEED  
CHIEF EXECUTIVE OFFICER

  
OMER SAEED  
DIRECTOR

  
MUHAMMAD KASHIF ZAHUR  
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)**  
**FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2021**

1ST QUARTER ENDED	
30 Sep 2021	30 Sep 2020

-- (RUPEES IN THOUSAND) ---

PROFIT AFTER TAXATION	115,662	43,686
OTHER COMPREHENSIVE INCOME		
<b>Items that will not be reclassified subsequently to profit or loss</b>	-	-
<b>Items that may be reclassified subsequently to profit or loss</b>	-	-
Other comprehensive income for the period	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>115,662</b>	<b>43,686</b>

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

  
 AMJAD SAEED  
 CHIEF EXECUTIVE OFFICER

  
 OMER SAEED  
 DIRECTOR

  
 MUHAMMAD KASHIF ZAHUR  
 CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)  
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2021**

	SHARE CAPITAL	SPONSORS' LOANS	RESERVES				TOTAL	TOTAL EQUITY
			CAPITAL RESERVES		REVENUE RESERVE (ACCUMULATED LOSS) / UNAPPROPRIATED PROFIT	TOTAL		
			Equity portion of shareholders' loan	Surplus on revaluation of freehold land				
----- (RUPEES IN THOUSAND) -----								
<b>Balance as at 01 July 2020</b>	99,200	241,800	159,358	100,577	259,935	89,354	349,289	690,289
Transaction with owners - Final cash dividend for the year ended 30 June 2020 at the rate of Rupees 1.30 per share	-	-	-	-	-	(12,896)	(12,896)	(12,896)
Profit for the period	-	-	-	-	-	43,686	43,686	43,686
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	43,686	43,686	43,686
<b>Balance as at 30 Sep 2020 - (Un-audited)</b>	99,200	241,800	159,358	100,577	259,935	120,144	380,079	721,079
Profit from 1 October 2020 to 30 June 2021	-	-	-	-	-	158,618	158,618	158,618
Other comprehensive income for the period	-	-	-	135,280	135,280	10,996	146,276	146,276
Total comprehensive income for the period	-	-	-	135,280	135,280	169,614	304,894	304,894
Equity portion of shareholder's loan	-	-	-	-	-	-	-	-
<b>Balance as at 30 June 2021 - (Audited)</b>	99,200	241,800	159,358	235,857	395,215	289,758	684,973	1,025,973
Profit for the period	-	-	-	-	-	115,662	115,662	115,662
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	115,662	115,662	115,662
Equity portion of shareholder's loan	-	-	-	-	-	-	-	-
<b>Balance as at 30 September 2021 - (Un-audited)</b>	99,200	241,800	159,358	235,857	395,215	405,420	800,635	1,141,635

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

  
AJJAD SAEED  
CHIEF EXECUTIVE OFFICER

  
OMER SAEED  
DIRECTOR

  
MUHAMMAD KASHIF ZAHUR  
CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)  
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2021**

	1ST QUARTER ENDED	
	30 Sep 2021	30 Sep 2020
	(RUPEES IN THOUSAND)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Cash used in operations</b>	8	(539,749)
Finance cost paid		(26,674)
Income tax paid		(21,929)
Staff retirement gratuity paid		(6,820)
Net (increase) in long term deposits and prepayments		(163)
Net decrease / (increase) in long term loans		-
<b>Net cash used in operating activities</b>		<u>(595,335)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure on property, plant, equipment and intangible asset		(175,310)
Proceeds from disposal of property, plant and equipment		20,033
<b>Net cash used in investing activities</b>		<u>(155,277)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term financing		(13,448)
Proceeds from long term financing		-
Dividend paid		-
Short term borrowings - net		651,939
<b>Net cash Generated from financing activities</b>		<u>638,491</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u>(112,121)</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		166,999
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<u>54,878</u>

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

  
AMJAD SAEED  
CHIEF EXECUTIVE OFFICER

  
OMER SAEED  
DIRECTOR

  
MUHAMMAD KASHIF ZAHUR  
CHIEF FINANCIAL OFFICER

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)  
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2021**

**1. THE COMPANY AND ITS OPERATIONS**

Ideal Spinning Mills Limited (the Company) is a public limited company incorporated in Pakistan on 08 June 1989 under the Companies Ordinance, 1984 (Now Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of yarn, cloth and hosiery products. The Company's registered office is situated at Room No. 404-405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 BASIS OF PREPARATION**

**a) Statement of compliance**

- i) 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 requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- ii) These condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended 30 June 2021.

**b) Accounting policies and computation methods**

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements are the same as applied in the preparation of the preceding annual published financial statements of the Company for the year ended 30 June 2021.

**2.2 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2021.

Un-audited 30 Sep 2021	Audited 30 June 2021
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**(RUPEES IN THOUSAND)**

**3 LONG TERM FINANCING**

Opening balance	273,331	323,425
Add:		
Obtained during the period / year	-	26,399
Fair value adjustment	4,667	15,317
	<hr/>	<hr/>
	277,998	365,141
Less:		
Repaid during the period / year	13,448	93,753
Deferred income - Government grant (Note 3.1)	-	(1,943)
Gain on recognition of shareholder's loan at fair value	-	-
	<hr/>	<hr/>
	13,448	91,810
	<hr/>	<hr/>
	264,550	273,331
Less: Current portion shown under current liabilities	71,301	72,812
	<hr/>	<hr/>
	193,249	200,519

- 3.1 This represents deferred income on initial recognition of loans obtained under State Bank of Pakistan (SBP) refinance scheme for payment of wages and salaries to workers.

#### 4 CONTINGENCIES AND COMMITMENTS

##### a) Contingencies

- i) Guarantees of Rupees 19.803 million (2021: Rupees 30.336 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited (SNGPL) against gas connections and to Faisalabad Electric Supply Company Limited against electricity connection.
- ii) Sindh High Court, Karachi made decision on 04 June 2021 about the levy of Sindh Infrastructure Cess, against which the Company was contingently liable for Rupees 2.812 million although guarantees were submitted by the Company's Bank for the same amount. Against the decision, the Company lodged a constitution petition No. 484 / 2021 dated 13 August 2021, subsequent to reporting date, in Supreme Court of Pakistan (SCP). Thereafter, on 01 September 2021, SCP allowed the petition, suspended the judgement of Sindh High Court, Karachi and leave to appeal was granted. On advice of legal counsel, in view of possible favourable outcome, no provision is accounted for in these financial statements.
- iii) An appeal was filed in Lahore High Court, Lahore on 09 April 2018 against cost of supply of Re-Gasified Liquefied Natural Gas (RLNG) by SNGPL amounting to Rupees 4.953 million (30 June 2021: Rupees 4.953 million). This appeal was allowed by Lahore High Court, Lahore on 13 December 2019 by asking Oil and Gas Regulatory Authority (OGRA) to conduct a public hearing to determine the level of cost of supply of RLNG. Keeping in view the opinion of the legal counsel of the Company, the related provision is not made in these condensed interim financial statements as there are strong grounds that the decision of the proposed public hearing of OGRA will be decided in favour of the Company.
- iv) The Company filed an appeal on 23 July 2019 before Commissioner Inland Revenue (Appeals) against the sales tax order in original No.33/2009 dated 15 May 2019 made by the Assistant Commissioner Inland Revenue to pay further tax amounting to Rupees 9.211 million (30 June 2021: Rupees 9.211 million) along with the default surcharge under section 3 (1A) of the Sales Tax Act, 1990 on supplies made to unregistered persons during the period from 01 July 2017 to 30 June 2018. This appeal was rejected on 29 October 2019. Against this decision, the Company filed an appeal on 07 December 2019 before Appellate Tribunal Inland Revenue which is pending for decision. The management is hopeful of positive outcome of the appeal and therefore no provision has been made in these condensed interim financial statements, on the advice of legal counsel.
- v) The Company received show cause notice from Assistant Commissioner Inland Revenue dated 16 December 2019 for further tax not paid amounting to Rupees 11.957 million (30 June 2021: Rupees 11.957 million) on sale to unregistered persons from 01 July 2018 to 30 June 2019 along with default surcharge and penalty under section 34(1) and section 33 of Sales Tax Act, 1990 respectively. Against the order, an appeal has been filed by the Company on 06 May 2020 before Commissioner Inland Revenue (Appeals) which is pending for decision. No provision has been made in these condensed interim financial statements as the management is hopeful for positive outcome, on the advice of the legal counsel.
- vi) The Company has challenged, before Lahore High Court, Lahore, the provisions of SRO 491(1)/2016 dated 30 June 2016 issued under section 8(1)(b) of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 1125(1)/2011 dated 31 December 2011, claim of input sales tax in respect of packing material has been disallowed. The Company filed a Writ Petition No. 96551/2017 dated 03 November 2017 before the Lahore High Court, Lahore. Consequently, the Company has accounted for input sales tax amounting to Rupees 4.791 million (2021: Rupees 4.791 million) paid on such items as receivable balance. The Lahore High Court, Lahore through its order dated 25 June 2019 has dismissed the petition filed by the Company. Being aggrieved by the order, an Intra Court Appeal (ICA) No. 1247 of 2020 dated 14 January 2020 has been filed by the Company in Lahore High Court, Lahore. The Company is confident of positive outcome of the appeal, on the advice of legal counsel.

##### b) Commitments

- i) Letters of credit for capital expenditure are of Rupees 95.1565 million (30 June 2021: Rupees 194.244 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 93.564 million (30 June 2021: Rupees 110.003 million).

Un-audited	Audited
30 Sep	30 June
2021	2021
<b>(RUPEES IN THOUSAND)</b>	

#### 5 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 5.1)	1,281,532	1,272,784
Capital work-in-progress (Note 5.2)	178,366	56,632
	<u>1,459,898</u>	<u>1,329,416</u>

	<b>Un-audited</b>	<b>Audited</b>
	<b>30 Sep</b>	<b>30 June</b>
	<b>2021</b>	<b>2021</b>
	<b>(RUPEES IN THOUSAND)</b>	
<b>5.1 Operating fixed assets</b>		
Opening net book value	1,272,784	1,050,804
Add: Cost of additions during the period / year (Note 5.1.1)	53,576	189,367
Add: Revlauation of freehold Land	-	135,280
	<u>1,326,360</u>	<u>1,375,451</u>
Less: Book value of deletions during the period / year	19,865	4,034
	<u>1,306,495</u>	<u>1,371,417</u>
Less: Depreciation charged during the period / year	24,963	98,633
	<u>1,281,532</u>	<u>1,272,784</u>
<b>5.1.1 Cost of additions during the period / year</b>		
Buildings on freehold land	-	4,159
Plant and machinery	29,750	115,062
Electric installations	261	6,674
Factory equipment	61	7,338
Computers	20	1,696
Office equipment	318	724
Electric appliances	607	2,596
Vehicles	22,559	51,118
	<u>53,576</u>	<u>189,367</u>
<b>5.2 Capital work-in-progress</b>		
Buildings / Plant & Machinery	173,340	51,606
Advance against Enterprise Resource Planning (ERP)	5,026	5,026
	<u>178,366</u>	<u>56,632</u>

Un-audited	Audited
30 Sep 2021	30 June 2021

(RUPEES IN THOUSAND)

**6 INTANGIBLE ASSET****Computer software**

Opening net book value	4,806	5,236
Amount capitalized during the period / year		889
	4,806	6,125
Less: Amortization	240	1,319
Closing net book value	4,566	4,806
Amortization rate (per annum)	20%	20%

1st Quarter ended	
30 Sep 2021	30 Sep 2020

(RUPEES IN THOUSAND)

**7 COST OF SALES**

Raw materials consumed	1,007,429	703,838
Cost of raw materials sold	-	90
Stores, spare parts and loose tools consumed	77,774	49,308
Salaries, wages and other benefits	145,565	122,111
Fuel and power	124,469	110,888
Sizing materials consumed	9,322	8,407
Outside processing / conversion and other charges	16,742	14,749
Packing materials consumed	35,221	29,549
Repair and maintenance	2,389	616
Insurance	2,879	1,971
Other factory overheads	660	1,317
Depreciation	20,000	18,847
	1,442,450	1,061,691
Work-in-process		
Opening stock	58,438	48,829
Closing stock	(77,970)	(51,225)
	(19,532)	(2,396)
Cost of goods manufactured	1,422,918	1,059,295
Finished goods		
Opening stock	204,703	188,275
Closing stock	(199,156)	(146,290)
	5,547	41,985
	1,428,465	1,101,280

(Un-audited)	
1st Quarter Ended	
30 Sep 2021	30 Sep 2020

(RUPEES IN THOUSAND)

**8 CASH USED IN OPERATIONS**

Profit before taxation	168,170	58,648
<b>Adjustments for non-cash charges and other items:</b>		
Amortization	240	296
Depreciation	24,963	21,874
Allowance for expected credit losses	18,788	14,073
Provision for staff retirement gratuity	10,621	20,519
Finance cost	26,921	19,375
Provision for workers' profit participation fund	12,432	-
Provision for workers' welfare fund	450	-
Amortization of deferred grant	(674)	-
Gain on disposal of property, plant and equipment	(168)	-
Working capital changes (Note 8.1)	(801,492)	(332,734)
	<b>(539,749)</b>	<b>(197,949)</b>

**8.1 Working capital changes****Increase in current assets:**

Stores, spare parts and loose tools	(17,532)	(3,598)
Stock-in-trade	(749,429)	(234,496)
Trade debts	(62,213)	(93,593)
Loans and advances	(15,055)	(43,967)
Short term deposits and prepayments	(10,496)	(6,819)
Other receivables	(74,554)	(15,343)
	(929,279)	(397,816)
Increase in trade and other payables	127,787	65,082
	<b>(801,492)</b>	<b>(332,734)</b>

9. SEGMENT INFORMATION

9.1

	Spinning		Weaving		Socks		Elimination of Inter-segment transactions		Total - Company	
	(Un-audited) 1st Quarter Ended	30 Sep 2020	(Un-audited) 1st Quarter Ended	30 Sep 2020	(Un-audited) 1st Quarter Ended	30 Sep 2020	(Un-audited) 1st Quarter Ended	30 Sep 2020	(Un-audited) 1st Quarter Ended	30 Sep 2020
Revenue	744,066	589,653	357,627	246,663	338,189	290,289	-	-	1,439,882	1,126,605
External	283,594	139,260	-	-	-	-	(283,594)	(139,260)	-	-
Inter segment	1,027,660	728,913	357,627	246,663	338,189	290,289	(283,594)	(139,260)	1,439,882	1,126,605
Cost of sales	(808,014)	(655,310)	(317,983)	(223,082)	(302,468)	(222,888)	283,594	139,260	(1,144,871)	(962,020)
Gross profit	219,646	73,603	39,644	23,581	35,721	67,401	-	-	295,011	164,585
Distribution cost	(3,910)	(2,269)	(5,280)	(2,743)	(19,845)	(21,268)	-	-	(29,035)	(26,280)
Administrative expenses	(32,672)	(25,822)	(11,303)	(8,822)	(25,481)	(20,420)	-	-	(69,456)	(55,064)
Other income	826	974	1,441	928	9,386	-	-	-	11,653	1,902
Finance cost	(17,204)	(13,936)	(1,742)	(1,494)	(7,975)	(3,945)	-	-	(26,921)	(19,375)
Profit / (loss) before taxation and unallocated expenses	166,686	32,550	22,760	11,450	(8,194)	21,768	-	-	181,252	65,768
<b>Unallocated expenses:</b>										
Other expenses									(13,082)	(7,120)
Taxation									(52,508)	(14,962)
Profit after taxation									115,662	43,686

9.2 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Socks		Total - Company	
	(Un-audited) 30 Sep 2021	(Audited) 30 June 2021	(Un-audited) 30 Sep 2021	(Audited) 30 June 2021	(Un-audited) 30 Sep 2021	(Audited) 30 June 2021	(Un-audited) 30 Sep 2021	(Audited) 30 June 2021
Total assets for reportable segments as per condensed interim statement of financial position	2,521,143	1,693,805	584,470	550,741	670,815	584,319	3,776,428	2,828,865
Total liabilities for reportable segments	1,696,157	960,233	219,779	190,329	601,266	555,538	2,517,202	1,706,100
<b>Unallocated liabilities:</b>								
Deferred income tax liability					31,886	31,886		
Provision for taxation					117,589	64,906		
Total liabilities as per condensed interim statement of financial position					2,666,677	1,802,892		

9.3 Geographical Information

The Company's segment wise revenue from external customers as per geographical locations is detailed below:

	Spinning		Weaving		Socks		Total - Company	
	(Un-audited) 1st Quarter Ended	30 Sep 2020	(Un-audited) 1st Quarter Ended	30 Sep 2020	(Un-audited) 1st Quarter Ended	30 Sep 2020	(Un-audited) 1st Quarter Ended	30 Sep 2020
Europe	-	-	107,204	63,450	171,979	189,466	279,183	252,916
Asia and Australia	-	-	-	-	-	-	-	-
America	744,066	589,653	250,423	183,213	147,728	90,543	1,012,971	90,543
Pakistan	744,066	589,653	357,627	246,663	18,482	10,280	1,439,882	783,146
					338,189	290,289		1,126,605

**10. TRANSACTIONS WITH RELATED PARTIES**

Detail of transactions and balances with related parties are as follows:

(Un-audited)	
1st Quarter Ended	
30 Sep 2021	30 Sep 2020
---(RUPEES IN THOUSAND)---	

**i) Transactions****Associated companies / undertakings**

Fuel purchased	1,225	932
Rental expense	1,755	1,550
Asset purchased	-	-

**Other related parties**

Dividend paid	-	-
Rental expense	-	-
Loans obtained from directors - net	55,225	(725)
Remuneration paid to Chief Executive Officer, Director and Executives	12,466	6,074

Un-audited 30 Sep 2021	Audited 30 June 2021
---(RUPEES IN THOUSAND)---	

**ii) Period end balances****Associated companies / undertakings**

Trade and other payables	7,032	5,553
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**Other related parties**

Sponsors' loans	241,800	241,800
Long term financing	184,726	180,733
Short term borrowings	280,713	225,938
Long term loans	-	-
Loans and advances	4,406	725

**11. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS**

Fair value is the price that would be received to sell an asset or either pay or transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences may arise between the carrying value and the fair value estimates. The Company classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is as follows:

**Level 1:** Quoted market price in an active market for an identical instrument.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** Valuation techniques using significant un-observable inputs.

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
-----RUPEES IN THOUSAND-----				
<b>At 30 Sep 2021 (Un-audited)</b>	-			
<b>Financial liabilities</b>				
Derivative financial liabilities	-	-	-	-
<b>At 30 June 2021 (Audited)</b>	-	-	-	-

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period. Further there was no transfer out of level 3 measurements.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.



**12. FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 30 June 2021.

Un-audited 30 Sep 2021	Audited 30 June 2021
(RUPEES IN THOUSAND)	

**13. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX****Description****Loans / advances obtained as per Islamic mode:**

Short term borrowings	288,757	242,989
Advances from customers	40,967	41,550

**Shariah compliant bank deposits / bank balances**

Bank balances	13,580	10,235
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(Un-audited)	
1st Quarter Ended	
30 Sep 2021	30 Sep 2020
(RUPEES IN THOUSAND)	

**Profit earned from shariah compliant bank deposits / bank balances**

Profit on deposits with banks	1	2
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**Revenue earned from shariah compliant business**

1,439,882	1,126,605
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**Gain or dividend earned from shariah complaint investments**

Dividend income	-	-
Unrealized gain on remeasurement of investment at FVTOCI	-	-
<b>Exchange (loss) / gain</b>	-	-

**Profits earned or interest paid on any conventional loan / advance**

Mark-up on long term financing	4,342	3,645
Mark-up on short term borrowings	16,454	10,966

There was no dividend on any investment. Moreover the relationship with all shariah compliant banks for the current period are related to bank accounts as given below along with a loan facility from Meezan Bank Limited.

**Relationship with shariah compliant banks**

Name	Relationship
Habib Bank Limited	Bank balances
AlBaraka Bank (Pakistan) Limited	Bank balances
Meezan Bank Limited	Bank balances

**14. EVENTS AFTER THE REPORTING PERIOD**

- 14.1 There is no significant events after the reporting period that may require any adjustment or disclosure in this condensed interim financial report.

**15. DATE OF AUTHORIZATION**

These condensed interim financial statements were approved by the Board of Directors of the Company and authorized for issue on 29 October 2021.

**16 CORRESPONDING FIGURES**

In order to comply with the requirements of IAS 34, the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However, no significant reclassification has been made.

**17 GENERAL**

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.



AMJAD SAEED  
CHIEF EXECUTIVE OFFICER



OMER SAEED  
DIRECTOR



MUHAMMAD KASHIF ZAHUR  
CHIEF FINANCIAL OFFICER

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