

**3rd
Quarter
Report**

IDEAL SPINNING MILLS LIMITED



IdealGroup

**CONDENSED INTERIM
FINANCIAL INFORMATION**

**3rd Quarter Report
(UN-AUDITED)
31 March , 2021**



COMPANY INFORMATION

CHAIRMAN:	MR. MUHAMMAD SAEED
CHIEF EXECUTIVE OFFICER:	MR. AMJAD SAEED
DIRECTORS:	MRS. RUBINA AMJAD MR. OMER SAEED MR. AHSAN SAEED MR. KHIZER SAEED MR. MUHAMMAD ASIF (INDEPENDENT) MR. MUHAMMAD AZHAR (INDEPENDENT)
AUDIT COMMITTEE:	
CHAIRMAN	MR. MUHAMMAD AZHAR
MEMBER	MR. MUHAMMAD SAEED
MEMBER	MR. AHSAN SAEED
H.R. & REMUNERATION COMMITTEE:	
CHAIRMAN	MR. MUHAMMAD AZHAR
MEMBER	MR. AHSAN SAEED
MEMBER	MRS. RUBINA AMJAD
NOMINATION COMMITTEE:	
CHAIRMAN	MR. OMER SAEED
MEMBER	MR. AHSAN SAEED
MEMBER	MR. KHIZER SAEED
RISK MANAGEMENT COMMITTEE:	
CHAIRMAN	MR. AHSAN SAEED
MEMBER	MR. OMER SAEED
MEMBER	MR. KHIZER SAEED
CHIEF FINANCIAL OFFICER:	MR. MUHAMMAD KASHIF ZAHUR
COMPANY SECRETARY:	MR. MUHAMMAD NADEEM
SHARE REGISTRAR:	F. D. Registrar Services (SMC-Pvt.) Limited 17 th Floor, Saima Trade Tower-A, I. I. Chundrigar Road Karachi.
AUDITORS:	M/S RIAZ AHMAD & COMPANY. CHARTERED ACCOUNTANTS
BANKERS:	BANK AL-FALAH LIMITED BANK AL-HABIB LTD HABIB METROPOLITAN BANK THE BANK OF PUNJAB HABIB BANK LIMITED
REGISTERED OFFICE :	ROOM NO 404 & 405, 4 TH FLOOR, BUSINESS CENTRE, MUMTAZ HASSAN ROAD, KARACHI. www.idealsm.com
FACTORY:	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 Third Quarter ended 31 March 2021.

FINANCIAL RESULTS	31.03. 2021	31.03. 2020
	(RUPEES IN THOUSAND)	
REVENUE	3,489,937	3,108,811
COST OF SALES	(2,894,990)	(2,669,090)
GROSS PROFIT	594,947	439,721
DISTRIBUTION COST	(96,371)	(66,777)
ADMINISTRATIVE EXPENSES	(176,384)	(147,045)
OTHER EXPENSES	(26,302)	(15,207)
OTHER INCOME	4,936	9,267
FINANCE COST	(72,237)	(91,744)
PROFIT BEFORE TAXATION	228,589	128,215
TAXATION	(47,568)	(36,711)
PROFIT AFTER TAXATION	181,021	91,504
EARNING PER SHARE-BASIC AND DILUTED (RUPEES)	18.25	9.22

By the Blessings of Almighty ALLAH your company achieved Revenue growth of 12.26%, resulting in after Tax Profit of Rs.181.021 Million as compared to Rs.91.504 Million in comparison with corresponding period of 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.18.25 from Rs.9.22 per share as compared to last year. Company achieved gross profit of 17.05% as compared to 14.14%, 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 1 Genset MTU 16204000 GS Gas engine and Carding Machines in spinning 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
April 29, 2021

On behalf of the Board



(Amjad Saeed)
Chief Executive Officer

حصہ داران کیلئے ڈائریکٹرز کی رپورٹ

آپ کے ڈائریکٹرز 31 مارچ 2021 کو ختم ہونے والے 9 ماہ کے لئے آپ کی کمپنی کے غیر آڈٹ شدہ نتائج پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

31-03-2021

31-03-2020

مالیاتی نتائج

(رقم ہزاروں میں)

3,489,937

3,108,811

ریونیو

(2,894,990)

(2,669,090)

کاسٹ آف سیل

594,947

439,721

گراس منافع

(96,371)

(66,777)

ڈسٹری بیوٹن اخراجات

(176,384)

(147,045)

انتظامی اخراجات

(26,302)

(15,207)

متفرق اخراجات

4,936

9,267

دیگر آمدن

(72,237)

(91,744)

غنائف اخراجات

228,589

128,215

ٹیکس کے بغیر منافع

(47,568)

(36,711)

ٹیکس

181,021

91,504

خالص منافع ٹیکس کے بعد

18.25

9.22

منافع فی حصہ بنیادی

اللہ تعالیٰ کی مہربانی سے آپ کی کمپنی کے محاصل میں 12.26% بڑھوتری ہوئی ٹیکس کی ادائیگی کے بعد 181.021 ملین روپے کا منافع ہوا۔ جبکہ گزشتہ سال کے اسی عرصہ کا منافع 91.504 ملین تھا۔

پرنس آؤٹ لک:

انتظامیہ نے اپنی بہترین صلاحیتوں کو استعمال کرتے ہوئے خالص مال بہت مناسب قیمت پر خریدی۔ 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 9.22 روپے سے بڑھ کر 18.25 روپے فی حصہ ہوئی ہے۔ کمپنی نے 17.05 فی صد خالص منافع حاصل کیا ہے۔ جو کہ گزشتہ سال کے اسی عرصہ میں 14.14 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 ایک جین سیٹ MTU16204000 GS گیس جنریٹر اور سپننگ میں کارڈ مشین لگانے کا منصوبہ ہے۔

کاوشوں کا اعتراف

بورڈ آف ڈائریکٹرز اپنے حصے داروں، بینکرز 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 اپریل 2021ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	NOTE	Un-Audited 31 March 2021 (RUPEES IN THOUSAND)	Audited 30 June 2020 (RUPEES IN THOUSAND)	NOTE	Un-Audited 31 March 2021 (RUPEES IN THOUSAND)	Audited 30 June 2020 (RUPEES IN THOUSAND)
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Authorized share capital						
20 000 000 (30 June 2020: 20 000 000) ordinary shares of Rupees 10 each		200,000	200,000		1,120,213	1,054,426
Issued, subscribed and paid up share capital				5	5,252	5,236
9 920 000 (30 June 2020: 9 920 000) ordinary shares of Rupees 10 each fully paid in cash		99,200	99,200		2,157	1,796
Sponsors' loans					1,127,622	1,061,545
Capital reserves						
Equity portion of shareholders' loans		241,800	241,800			
Surplus on revaluation of freehold land		159,358	159,358			
Revenue reserve		100,577	100,577			
Unappropriated profit		257,479	89,354			
TOTAL EQUITY		858,414	690,289			
LIABILITIES						
NON-CURRENT LIABILITIES						
Long term financing	3	203,747	229,682		71,193	47,724
Deferred liabilities		117,233	94,859		896,744	593,255
		320,980	324,541		274,633	160,284
CURRENT LIABILITIES						
Trade and other payables		332,852	365,950		153,593	121,349
Undeclared dividend		1,477	1,264		3,648	178
Accrued mark-up		15,671	16,676		101,139	85,689
Short term borrowings		964,471	574,512		21,943	44,336
Current portion of non-current liabilities		100,054	93,743		1,522,893	1,052,815
Provision for taxation		56,596	47,385			
TOTAL LIABILITIES		1,471,121	1,099,530			
		1,792,101	1,424,071		2,650,515	2,114,360
CONTINGENCIES AND COMMITMENTS						
TOTAL EQUITY AND LIABILITIES	4	2,650,515	2,114,360		2,650,515	2,114,360

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 PROFIT OR LOSS (Un-audited)
FOR THE THIRD QUARTER ENDED 31 MARCH 2021**

	NOTE	THIRD QUARTER ENDED		QUARTER ENDED	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
------(RUPEES IN THOUSAND)-----					
REVENUE		3,489,937	3,108,811	1,213,898	1,033,110
COST OF SALES	6	(2,894,990)	(2,669,090)	(948,775)	(872,022)
GROSS PROFIT		594,947	439,721	265,123	161,088
DISTRIBUTION COST		(96,371)	(66,777)	(33,413)	(26,086)
ADMINISTRATIVE EXPENSES		(176,384)	(147,045)	(64,380)	(47,272)
OTHER EXPENSES		(26,302)	(15,207)	(11,602)	(1,455)
OTHER INCOME		4,936	9,267	1,090	(3,986)
FINANCE COST		(72,237)	(91,744)	(25,826)	(30,927)
PROFIT BEFORE TAXATION		228,589	128,215	130,992	51,362
TAXATION		(47,568)	(36,711)	(16,384)	(13,964)
PROFIT AFTER TAXATION		181,021	91,504	114,608	37,398
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		18.25	9.22	11.55	3.77

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 THIRD QUARTER ENDED 31 MARCH 2021

	THIRD QUARTER ENDED		QUARTER ENDED	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
----- (RUPEES IN THOUSAND) -----				
PROFIT AFTER TAXATION	181,021	91,504	114,608	37,398
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>181,021</u>	<u>91,504</u>	<u>114,608</u>	<u>37,398</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 CHANGES IN EQUITY (Un-audited)
FOR THE THIRD QUARTER ENDED 31 MARCH 2021

	SHARE CAPITAL	SPONSORS' LOANS	RESERVES				TOTAL EQUITY	
			CAPITAL RESERVES		REVENUE RESERVE (ACCUMULATED LOSS) / UNAPPROPRIATED PROFIT	TOTAL		
			Equity portion of shareholders' loan	Surplus on revaluation of freehold land				Sub total
----- (RUPEES IN THOUSAND) -----								
Balance as at 30 June 2019 - (Audited)	99,200	241,800	121,209	100,577	221,786	(13,581)	208,205	549,205
Transaction with owners - Final cash dividend for the year ended 30 June 2019 at the rate of Rupees 1.20 per share	-	-	-	-	-	(11,904)	(11,904)	(11,904)
Profit for the period	-	-	-	-	-	91,504	91,504	91,504
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	91,504	91,504	91,504
Balance as at 31 March 2020 - (Un-audited)	99,200	241,800	121,209	100,577	221,786	66,019	287,805	628,805
Profit for the period	-	-	-	-	-	15,443	15,443	15,443
Other comprehensive income for the period	-	-	-	-	-	7,892	7,892	7,892
Total comprehensive income for the period	-	-	-	-	-	23,335	23,335	23,335
Equity portion of shareholder's loan	-	-	38,149	-	38,149	-	38,149	38,149
Balance as at 30 June 2020 - (Audited)	99,200	241,800	159,358	100,577	259,935	89,354	349,289	690,289
Transaction with owners - Final 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	-	-	-	-	-	181,021	181,021	181,021
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	181,021	181,021	181,021
Balance as at 31 March 2021 - (Un-audited)	99,200	241,800	159,358	100,577	259,935	257,479	517,414	858,414

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



AJMAL SAEED
CHIEF EXECUTIVE OFFICER



OMER SAEED
DIRECTOR



MUHAMMAD KASHIF ZAHUR
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)
FOR THE THIRD QUARTER ENDED 31 MARCH 2021**

	THIRD QUARTER ENDED		
	31 March 2021	31 March 2020	
	(RUPEES IN THOUSAND)		
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	7	(93,101)	206,456
Finance cost paid		(57,905)	(83,934)
Income tax paid		(45,501)	(42,599)
Net exchange difference on forward contracts (paid) / received		(9,001)	-
Staff retirement gratuity paid		(13,807)	(11,864)
Net (increase) / decrease in long term deposits and prepayments		(361)	128
Net decrease / (increase) in long term loans		87	(51)
Net cash (used in) / generated from operating activities		<u>(219,589)</u>	<u>68,136</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		2,900	30
Capital expenditure on property, plant, equipment and intangible asset		(141,022)	(34,665)
Net cash used in investing activities		<u>(138,122)</u>	<u>(34,635)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(68,357)	(70,271)
Proceeds from long term financing		26,399	-
Dividend paid		(12,683)	(11,903)
Short term borrowings - net		389,959	22,487
Net cash from / (used in) financing activities		<u>335,318</u>	<u>(59,687)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>(22,393)</u>	<u>(26,186)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		44,336	38,014
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		<u>21,943</u>	<u>11,828</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 THIRD QUARTER ENDED 31 MARCH 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 2020.

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 2020.

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 2020.

Un-audited 31 March 2021	Audited 30 June 2020
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(RUPEES IN THOUSAND)

3. LONG TERM FINANCING

Opening balance	323,425	373,398
Add:		
Obtained during the period / year	26,399	52,719
Fair value adjustment	14,394	25,219
	<u>364,218</u>	<u>451,336</u>

Less:

Repaid during the period / year	68,357	85,778
Deferred income - Government grant (Note 3.1)	1,748	3,984
Gain on recognition of shareholder's loan at fair value	-	38,149
	<u>70,105</u>	<u>127,911</u>
	294,113	323,425
Less: Current portion shown under current liabilities	90,366	93,743
	<u>203,747</u>	<u>229,682</u>

- 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 30.334 million (30 June 2020: Rupees 29.511 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) The Company is contingently liable for Rupees 2.812 million (30 June 2020: Rupees 2.812 million) on account of Sindh infrastructure cess not acknowledged in view of pending appeal before appellate authorities since 07 July 2014. The related provision is not made in these condensed interim financial statements in view of expected favourable outcome of the appeal, on the advice of legal counsel.
- 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 2020: 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 2020: 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 2020: 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 (30 June 2020: 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 135.147 million (30 June 2020: Rupees 3.245 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 120.505 million (30 June 2020: Rupees 33.559 million).

Un-audited	Audited
31 March 2021	30 June 2020

(RUPEES IN THOUSAND)

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 5.1)	1,110,472	1,050,804
Capital work-in-progress (Note 5.2)	9,741	3,622
	<u>1,120,213</u>	<u>1,054,426</u>

Un-audited	Audited
31 March 2020	30 June 2020

(RUPEES IN THOUSAND)

5.1 Operating fixed assets

Opening net book value	1,050,804	1,089,101
Add: Cost of additions during the period / year (Note 5.1.1)	134,014	56,307
	1,184,818	1,145,408
Less: Book value of deletions during the period / year - Vehicles	2,876	28
	1,181,942	1,145,380
Less: Depreciation charged during the period / year	71,470	94,576
	1,110,472	1,050,804

5.1.1 Cost of additions during the period / year

Plant and machinery	92,338	25,066
Stand-by equipment	5,300	-
Electric installations	4,474	4,521
Factory equipment	3,305	2,029
Computers	461	2,582
Office equipment	1,123	2,049
Electric appliances	910	-
Vehicles	26,103	20,060
	134,014	56,307

5.2 Capital work-in-progress

Buildings / Plant & Machinery	4,715	422
Advance against Enterprise Resource Planning (ERP)	5,026	3,200
	9,741	3,622

(Un-audited)

Third Quarter Ended		Quarter ended	
31 March 2021	31 March 2020	31 March 2021	31 March 2020

(RUPEES IN THOUSAND)

6. COST OF SALES

Raw materials consumed	1,748,504	1,690,454	607,696	520,696
Cost of raw materials sold	9,018	22,655	-	-
Stores, spare parts and loose tools consumed	216,487	104,823	75,501	31,631
Salaries, wages and other benefits	376,668	325,117	136,112	107,065
Fuel and power	325,018	344,598	103,395	93,139
Sizing materials consumed	26,187	25,317	9,088	8,111
Outside processing / conversion and other charges	41,342	54,285	6,981	11,437
Packing materials consumed	90,365	67,391	29,051	17,569
Repair and maintenance	8,296	4,189	5,041	129
Insurance	6,332	3,921	2,089	1,266
Other factory overheads	3,261	1,858	1,260	938
Depreciation	60,735	61,573	21,138	20,990
	2,912,213	2,706,181	997,352	812,971
Work-in-process				
Opening stock	48,829	36,665	56,692	38,648
Closing stock	(58,555)	(47,394)	(58,555)	(47,394)
	(9,726)	(10,729)	(1,863)	(8,746)
Cost of goods manufactured	2,902,487	2,695,452	995,489	804,225
Finished goods				
Opening stock	188,275	90,518	149,058	184,677
Closing stock	(195,772)	(116,880)	(195,772)	(116,880)
	(7,497)	(26,362)	(46,714)	67,797
	2,894,990	2,669,090	948,775	872,022

(Un-audited)	
Third Quarter Ended	
31 March 2021	31 March 2020
(RUPEES IN THOUSAND)	

7. CASH (USED IN) / GENERATED FROM OPERATIONS

Profit before taxation	228,589	128,215
Adjustments for non-cash charges and other items:		
Amortization	874	395
Depreciation	71,470	69,842
Allowance for expected credit losses	526	-
Provision for staff retirement gratuity	26,546	25,125
Finance cost	72,237	91,744
Amortization of deferred grant	(2,906)	-
Gain on remeasurement of deferred liabilities	(1,846)	-
Gain on disposal of vehicle	(24)	-
Net exchange loss / (gain)	11,158	-
Working capital changes (Note 7.1)	(499,725)	(108,865)
	<u>(93,101)</u>	<u>206,456</u>

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

Stores, spare parts and loose tools	(23,469)	(17,716)
Stock-in-trade	(303,489)	(86,042)
Trade debts	(117,032)	(18,933)
Loans and advances	(25,100)	(21,755)
Short term deposits and prepayments	(3,470)	(1,658)
Other receivables	(15,450)	9,170
	(488,010)	(136,934)
(Decrease) / Increase in trade and other payables	(11,715)	28,069
	<u>(499,725)</u>	<u>(108,865)</u>

8. SEGMENT INFORMATION
8.1

	Spinning		Weaving		Socks		Elimination of inter-segment transactions		Total - Company	
	(Un-audited) Third Quarter Ended 31 March 2021	(Un-audited) Third Quarter Ended 31 March 2020	(Un-audited) Third Quarter Ended 31 March 2021	(Un-audited) Third Quarter Ended 31 March 2020	(Un-audited) Third Quarter Ended 31 March 2021	(Un-audited) Third Quarter Ended 31 March 2020	(Un-audited) Third Quarter Ended 31 March 2021	(Un-audited) Third Quarter Ended 31 March 2020	(Un-audited) Third Quarter Ended 31 March 2021	(Un-audited) Third Quarter Ended 31 March 2020
Revenue	1,790,340	1,819,523	882,255	570,432	817,342	718,856	-	-	3,489,937	3,108,811
External inter segment	590,806	321,676	-	-	-	-	(590,806)	(321,676)	-	-
Cost of sales	2,381,146	2,194,199	882,255	570,432	817,342	718,856	(590,806)	(321,676)	3,489,937	3,108,811
Gross profit	(2,096,453)	(1,877,442)	(794,806)	(507,115)	(644,536)	(605,209)	590,806	321,676	(2,894,990)	(2,669,090)
Distribution cost	334,693	263,757	87,449	63,317	172,806	112,647	-	-	594,947	493,721
Administrative expenses	(7,579)	(8,109)	(10,516)	(4,310)	(78,276)	(54,358)	-	-	(86,371)	(66,777)
Other income	(83,015)	(71,407)	(30,079)	(25,151)	(63,290)	(50,487)	-	-	(176,384)	(147,045)
Finance cost	4,761	8,353	1,775	1,026	(112)	(112)	-	-	4,936	9,267
Profit / (loss) before taxation and unallocated expenses	(53,504)	(70,426)	(6,490)	(6,341)	(12,243)	(14,977)	-	-	(72,237)	(91,744)
Unallocated expenses:	195,356	122,168	40,539	28,541	18,997	(7,287)	-	-	254,891	143,422
Other expenses	-	-	-	-	-	-	-	-	-	-
Taxation	-	-	-	-	-	-	-	-	(26,302)	(15,207)
Profit after taxation	1,131,849	954,709	146,996	76,437	456,660	345,540	-	-	(47,568)	(36,711)
8.2 Reconciliation of reportable segment assets and liabilities	1,587,570	1,386,335	585,789	419,501	477,151	308,524	2,650,510	2,114,360	181,021	91,504
Total assets for reportable segments as per condensed interim statement of financial position	1,131,849	954,709	146,996	76,437	456,660	345,540	1,735,505	1,376,686	-	-
Total liabilities for reportable segments	-	-	-	-	-	-	-	-	56,596	47,385
Unallocated liabilities:	-	-	-	-	-	-	-	-	1,792,101	1,424,071
Provision for taxation	-	-	-	-	-	-	-	-	-	-
Total liabilities as per condensed interim statement of financial position	1,790,340	1,819,523	614,267	419,809	32,656	428,097	472,029	428,097	702,696	578,720
The Company's segment wise revenue from external customers as per geographical locations is detailed below:	-	-	-	-	230,667	150,623	-	-	37,321	371,998
Europe	-	-	-	-	-	-	-	-	312,657	271,815
Asia and Australia	-	-	-	-	-	-	-	-	18,146	2,257,478
America	1,790,340	1,819,523	614,267	419,809	32,656	428,097	472,029	428,097	2,437,263	2,257,478
Pakistan	1,790,340	1,819,523	882,255	570,432	817,342	718,856	3,489,937	3,108,811	-	-

8.2 Reconciliation of reportable segment assets and liabilities

Total assets for reportable segments as per condensed interim statement of financial position

Total liabilities for reportable segments

Unallocated liabilities:

Provision for taxation

Total liabilities as per condensed interim statement of financial position

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

Europe
Asia and Australia
America
Pakistan

	Spinning		Weaving		Socks		Total - Company	
	(Un-audited) Third Quarter Ended 31 March 2021	(Un-audited) Third Quarter Ended 31 March 2020	(Un-audited) Third Quarter Ended 31 March 2021	(Un-audited) Third Quarter Ended 31 March 2020	(Un-audited) Third Quarter Ended 31 March 2021	(Un-audited) Third Quarter Ended 31 March 2020	(Un-audited) Third Quarter Ended 31 March 2021	(Un-audited) Third Quarter Ended 31 March 2020
Revenue	1,790,340	1,819,523	882,255	570,432	817,342	718,856	3,489,937	3,108,811
External inter segment	590,806	321,676	-	-	-	-	-	-
Cost of sales	2,381,146	2,194,199	882,255	570,432	817,342	718,856	(2,894,990)	(2,669,090)
Gross profit	(2,096,453)	(1,877,442)	(794,806)	(507,115)	(644,536)	(605,209)	594,947	493,721
Distribution cost	334,693	263,757	87,449	63,317	172,806	112,647	-	-
Administrative expenses	(7,579)	(8,109)	(10,516)	(4,310)	(78,276)	(54,358)	-	-
Other income	(83,015)	(71,407)	(30,079)	(25,151)	(63,290)	(50,487)	-	-
Finance cost	4,761	8,353	1,775	1,026	(112)	(112)	-	-
Profit / (loss) before taxation and unallocated expenses	(53,504)	(70,426)	(6,490)	(6,341)	(12,243)	(14,977)	-	-
Unallocated expenses:	195,356	122,168	40,539	28,541	18,997	(7,287)	-	-
Other expenses	-	-	-	-	-	-	-	-
Taxation	-	-	-	-	-	-	-	-
Profit after taxation	1,131,849	954,709	146,996	76,437	456,660	345,540	1,735,505	1,376,686
8.2 Reconciliation of reportable segment assets and liabilities	1,587,570	1,386,335	585,789	419,501	477,151	308,524	2,650,510	2,114,360
Total assets for reportable segments as per condensed interim statement of financial position	1,131,849	954,709	146,996	76,437	456,660	345,540	1,735,505	1,376,686
Total liabilities for reportable segments	-	-	-	-	-	-	-	-
Unallocated liabilities:	-	-	-	-	-	-	-	-
Provision for taxation	-	-	-	-	-	-	-	-
Total liabilities as per condensed interim statement of financial position	1,790,340	1,819,523	614,267	419,809	32,656	428,097	472,029	428,097
The Company's segment wise revenue from external customers as per geographical locations is detailed below:	-	-	-	-	230,667	150,623	-	-
Europe	-	-	-	-	-	-	-	-
Asia and Australia	-	-	-	-	-	-	-	-
America	1,790,340	1,819,523	614,267	419,809	32,656	428,097	472,029	428,097
Pakistan	1,790,340	1,819,523	882,255	570,432	817,342	718,856	3,489,937	3,108,811

9. TRANSACTIONS WITH RELATED PARTIES

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

(Un-audited)			
THIRD QUARTER ENDED		THIRD QUARTER ENDED	
31 March 2021	31 March 2020	31 March 2021	31 March 2020
-----RUPEES IN THOUSAND-----			

i) Transactions

Associated companies / undertakings

Fuel purchased	3,194	2,650	1,228	705
Rental expense	4,550	4,500	1,650	1,500
Asset purchased	5,300	-	-	-

Other related parties

Dividend paid	9,744	8,994	-	-
Rental expense	350	-	50	-
Loans obtained from directors - net	1,025	16,738	(225)	3,975
Remuneration paid to Chief Executive Officer, Director and Executives	31,777	22,936	9,558	7,213

Un-audited	Audited
31 March 2021	30 June 2020
(RUPEES IN THOUSAND)	

ii) Period end balances

Associated companies / undertakings

Trade and other payables	13,085	19,820
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Other related parties

Sponsors' loans	241,800	241,800
Long term financing	176,904	165,416
Short term borrowings	226,163	225,138
Loans and advances	959	819

10. 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-----				

At 31 March 2021 (Un-audited)

Financial liabilities

Derivative financial liabilities	-	-	-	-
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At 30 June 2020 (Audited)

	-	8,996	-	8,996
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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.

11. 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 2020.

Un-audited	Audited
31 March 2021	30 June 2020
(RUPEES IN THOUSAND)	

12. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

Description

Loans / advances obtained as per Islamic mode:

Short term borrowings	226,163	235,205
Advances from customers	37,951	28,567

Shariah compliant bank deposits / bank balances

Bank balances	47,572	11,238
---------------	--------	--------

(Un-audited)	
Third Quarter Ended	
31 March 2021	31 March 2020
(RUPEES IN THOUSAND)	

Profit earned from shariah compliant bank deposits / bank balances

Profit on deposits with banks	5	1
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Revenue earned from shariah compliant business	3,489,937	3,108,811
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Exchange (loss) / gain	(11,158)	9,263
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Profits earned or interest paid on any conventional loan / advance

Mark-up on long term financing	11,262	18,128
Mark-up on short term borrowings	40,665	59,033

Relationship with shariah compliant banks

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

13. DATE OF AUTHORIZATION

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

14. 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.

15. 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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