

**3rd
Quarter
Report**

IDEAL SPINNING MILLS LIMITED



IdealGroup

**CONDENSED INTERIM
FINANCIAL INFORMATION**

**3rd Quarter Report
(UN-AUDITED)
31 March, 2022**



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 2022.

FINANCIAL RESULTS	31.03. 2022	31.03. 2021
	(RUPEES IN THOUSAND)	
REVENUE	4,390,810	3,489,937
COST OF SALES	(3,527,591)	(2,894,990)
GROSS PROFIT	863,219	594,947
DISTRIBUTION COST	(89,420)	(96,371)
ADMINISTRATIVE EXPENSES	(224,346)	(176,384)
OTHER EXPENSES	(32,205)	(26,302)
OTHER INCOME	18,739	4,936
FINANCE COST	(106,277)	(72,237)
PROFIT BEFORE TAXATION	429,710	228,589
TAXATION	(107,409)	(47,568)
PROFIT AFTER TAXATION	322,301	181,021
EARNING PER SHARE-BASIC AND DILUTED (RUPEES)	32.49	18.25

By the Blessings of Almighty ALLAH your company achieved Revenue growth of 25.81%, resulting in to after Tax Profit of Rs.322.301 Million as compared to Rs.181.021 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.32.49 from Rs.18.25 per share as compared to corresponding period of last year. Company achieved gross profit of 19.66% as compared to 17.05%, 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 plan to add weaving and socks machines.

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 28, 2022

On behalf of the Board



(Amjad Saeed)
Chief Executive Officer

حصہ داران کیلئے ڈائریکٹرز کی رپورٹ

آپ کے ڈائریکٹرز 31 مارچ 2022 کو ختم ہونے والے 9 ماہ کے لئے آپ کی کمپنی کے فیئر آڈٹ شدہ نتائج پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

31-03-2022	31-03-2021	مالیاتی نتائج
(رقم ہزاروں میں)		
4,390,810	3,489,937	ریونیٹ
(3,527,591)	(2,894,990)	کاسٹ آف سیل
863,219	594,947	گراس منافع
(89,420)	(96,371)	ڈسٹری بیوشن اخراجات
(224,346)	(176,384)	انتظامی اخراجات
(32,205)	(26,302)	متفرق اخراجات
18,739	4,936	دیگر آمدن
(106,277)	(72,237)	نفاذ اخراجات
429,710	(228,589)	ٹیکس کے بغیر منافع
(107,409)	47,568	ٹیکس
322,301	181,021	خالص منافع ٹیکس کے بعد
32.49	18.25	منافع فی حصہ بنیادی

اللہ تعالیٰ کی مہربانی سے آپ کی کمپنی کے حاصل میں % 25.84 بڑھوتری ہوئی ٹیکس کی ادائیگی کے بعد 322.301 ملین روپے کا منافع ہوا۔ جبکہ گزشتہ سال کے اسی عرصہ کا منافع 181.021 ملین تھا۔
بزنس آؤٹ لک:

"انتظامیہ نے اپنی بہترین صلاحیتوں کو استعمال کرتے ہوئے خام مال بہت مناسب قیمت پر خریدا۔ مالی سہولتوں کا بہترین استعمال 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 18.25 روپے سے بڑھ کر 32.49 روپے فی حصہ ہوئی ہے۔ کمپنی نے 19.66 فی صد خام منافع حاصل کیا ہے۔ جو کہ گزشتہ سال کے اسی عرصہ میں 17.05 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 ویونگ اور سوکس مشین لگانے کا منصوبہ زبردستی ہے۔

کاوشوں کا اعتراف

یورڈ آف ڈائریکٹرز اپنے حصے داروں، بنگرز اور مالیاتی اداروں کے اعتماد اور مسلسل سپورٹ کا شکریہ ادا کرتا ہے۔ یورڈ 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۔

یورڈ آف ڈائریکٹرز کی جانب سے

محمد سعید

چیف ایگزیکٹو آفیسر

فیصل آباد

28 اپریل 2022ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	NOTE	Un-Audited 31 March 2022	Audited 30 June 2021	NOTE	Un-Audited 31 March 2022	Audited 30 June 2021
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Authorized share capital 20 000 000 (30 June 2021: 20 000 000) ordinary shares of Rupees 10 each		200,000	200,000		1,619,662	1,329,416
Issued, subscribed and paid up share capital 9 920 000 (30 June 2021: 9 920 000) ordinary shares of Rupees 10 each fully paid in cash		99,200	99,200	6	4,904	4,806
Sponsors' loans		241,800	241,800		162	-
Reserves					1,790	1,908
Capital reserves					1,626,518	1,336,130
Equity portion of shareholders' loans		159,358	159,358			
Surplus on revaluation of freehold land		235,857	235,857			
		395,215	395,215			
Revenue reserve - unappropriated profit		594,203	289,758			
Total reserve		989,418	684,973			
TOTAL EQUITY		1,330,418	1,025,973			
LIABILITIES						
NON-CURRENT LIABILITIES						
Long term financing	3	70,199	200,519		89,935	79,099
Deferred income tax liability		105,381	31,886		1,233,358	751,855
Deferred liabilities		175,580	96,389		304,562	239,257
CURRENT LIABILITIES			328,794		69,072	25,997
Trade and other payables		500,146	434,327		5,718	1,009
Unclaimed dividend		2,177	1,476		175,656	114,238
Accrued mark-up		29,298	11,745		167,176	114,281
Short term borrowings	4	1,310,964	867,936		56,954	166,999
Current portion of long term financing		224,472	72,812		2,102,431	1,492,735
Current portion of deferred liabilities		21,719	20,896			
Provision for taxation		134,175	64,906			
TOTAL LIABILITIES		2,222,951	1,474,098			
CONTINGENCIES AND COMMITMENTS	5	2,398,531	1,802,892			
TOTAL EQUITY AND LIABILITIES		3,728,949	2,828,865		3,728,949	2,828,865

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


AMIR SAEED
 CHIEF EXECUTIVE OFFICER


OMER SAEED
 DIRECTOR


MUHAMMAD KASHIF ZAHUR
 CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)
FOR THE QUARTER ENDED 31 MARCH 2022**

	NOTE	THIRD QUARTER ENDED		QUARTER ENDED	
		31 March 2022	31 March 2021	31 March 2022	31 March 2021
------(RUPEES IN THOUSAND)-----					
REVENUE		4,390,810	3,489,937	1,488,697	1,213,898
COST OF SALES	7	(3,527,591)	(2,894,990)	(1,203,795)	(948,775)
GROSS PROFIT		863,219	594,947	284,902	265,123
DISTRIBUTION COST		(89,420)	(96,371)	(28,624)	(33,413)
ADMINISTRATIVE EXPENSES		(224,346)	(176,384)	(79,179)	(64,380)
OTHER EXPENSES		(32,205)	(26,302)	(11,482)	(11,602)
OTHER INCOME		18,739	4,936	(1,686)	1,090
FINANCE COST		(106,277)	(72,237)	(40,041)	(25,826)
PROFIT BEFORE TAXATION		429,710	228,589	123,890	130,992
TAXATION		(107,409)	(47,568)	(25,500)	(16,384)
PROFIT AFTER TAXATION		322,301	181,021	98,390	114,608
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		32.49	18.25	9.92	11.55

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 QUARTER ENDED 31 MARCH 2022

	THIRD QUARTER ENDED		QUARTER ENDED	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
----- (RUPEES IN THOUSAND) -----				
PROFIT AFTER TAXATION	322,301	181,021	98,390	114,608
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>322,301</u>	<u>181,021</u>	<u>98,390</u>	<u>114,608</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 QUARTER ENDED 31 MARCH 2022

	SHARE CAPITAL	SPONSORS' LOANS	RESERVES				TOTAL	TOTAL EQUITY
			CAPITAL RESERVES		REVENUE RESERVE			
			Equity portion of shareholders' loan	Surplus on revaluation of freehold land	Sub total	UNAPPROPRIATED PROFIT		
Balance as at 30 June 2020 - (Audited)	99,200	241,800	159,358	100,577	259,935	89,354	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)	
Profit for the period	-	-	-	-	-	181,021	181,021	
Other comprehensive income for the period	-	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	-	-	-	181,021	181,021	
Balance as at 31 March 2021 - (Un-audited)	99,200	241,800	159,358	100,577	259,935	257,479	858,414	
Profit for the period	-	-	-	-	-	21,283	21,283	
Other comprehensive income for the period	-	-	-	135,280	135,280	10,996	146,276	
Total comprehensive income for the period	-	-	-	135,280	135,280	32,279	167,559	
Balance as at 30 June 2021 - (Audited)	99,200	241,800	159,358	235,857	395,215	289,758	1,025,973	
Transaction with owners - Final cash dividend for the year ended 30 June 2022 at the rate of Rupees 1.80 per share	-	-	-	-	-	(17,856)	(17,856)	
Profit for the period	-	-	-	-	-	322,301	322,301	
Other comprehensive income for the period	-	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	-	-	-	322,301	322,301	
Balance as at 31 March 2022 - (Un-audited)	99,200	241,800	159,358	235,857	395,215	594,203	1,330,418	

(RUPEES IN THOUSAND)

Transaction with owners - Final cash dividend for the year ended 30 June 2020 at the rate of Rupees 1.30 per share

Profit for the period
Other comprehensive income for the period
Total comprehensive income for the period

Balance as at 31 March 2021 - (Un-audited)

Profit for the period
Other comprehensive income for the period
Total comprehensive income for the period

Balance as at 30 June 2021 - (Audited)

Transaction with owners - Final cash dividend for the year ended 30 June 2022 at the rate of Rupees 1.80 per share

Profit for the period
Other comprehensive income for the period
Total comprehensive income for the period

Balance as at 31 March 2022 - (Un-audited)

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 CASH FLOWS (Un-audited)
FOR THE QUARTER ENDED 31 MARCH 2022**

THIRD QUARTER ENDED	
31 March 2022	31 March 2021

(RUPEES IN THOUSAND)

CASH FLOWS FROM OPERATING ACTIVITIES

Net cash from/(used in) operations	8	69,567	(102,102)
Finance cost paid		(75,825)	(57,905)
Income tax paid		(61,245)	(45,501)
Staff retirement gratuity paid		(32,740)	(13,807)
Netdecrease / (increase) in long term deposits and prepayments		118	(361)
Net (decrease) / increase in long term loans		(162)	87
Net cash used in operating activities		(100,287)	(219,589)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from disposal of property, plant and equipment		20,033	2,900
Capital expenditure on property, plant, equipment and intangible asset		(394,444)	(141,022)
Net cash used in investing activities		(374,411)	(138,122)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long term financing		(61,220)	(68,357)
Proceeds from long term financing		-	26,399
Dividend paid		(17,155)	(12,683)
Short term borrowings - net		443,028	389,959
Net cash from financing activities		364,653	335,318
NET DECREASE IN CASH AND CASH EQUIVALENTS.		(110,045)	(22,393)

**CASH AND CASH EQUIVALENTS AT THE
BEGINNING OF THE PERIOD**

		166,999	44,336
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CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD

		56,954	21,943
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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 QUARTER ENDED 31 MARCH 2022**

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 and disclosures as required for annual audited financial statements, and therefore, should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2021.

b) Accounting policies and computation methods

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

2.2 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing these condensed interim financial statements in conformity with the approved accounting and reporting standards requires the use of certain critical accounting estimates. 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 annual audited financial statements of the Company for the year ended 30 June 2021.

3. LONG TERM FINANCING

	Un-audited 31 March 2022	Audited 30 June 2021
	(RUPEES IN THOUSAND)	
Opening balance	273,331	323,425
Add:		
Obtained during the period / year	-	26,399
Fair value adjustment	12,361	15,317
Amortized during the period / year	1,624	3,692
	<u>287,316</u>	<u>368,833</u>
Less:		
Repaid during the period / year	62,844	93,753
Deferred income recognized during the period / year	-	1,749
	<u>62,844</u>	<u>95,502</u>
Closing balance (Note 3.1)	<u>224,472</u>	<u>273,331</u>
Less: Current portion shown under current liabilities	224,472	72,812
	<u>-</u>	<u>200,519</u>

3.1 These represent Rupees 31.378 million (30 June 2021: Rupees 92.598 million) secured bank borrowings and Rupees 193.094 million (30 June 2021: Rupees 180.733 million) unsecured borrowing from sponsor director / shareholder.

Un-audited	Audited
31 March 2022	30 June 2021

(RUPEES IN THOUSAND)

4. SHORT TERM BORROWINGS

From banking companies - secured

Cash finances
Running finances
Other short term finances

281,589	181,490
238,899	139,488
489,818	321,020
1,010,306	641,998

Others - unsecured

Other related parties

300,658	225,938
1,310,964	867,936

5. CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) Guarantees of Rupees 30.336 million (30 June 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 4.25 million (30 June 2021: 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 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) 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 along with the default surcharge under section 33 of the Act. 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 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 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 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) Commitments for capital expenditure are of Rupees 41.753 million (30 June 2021: Rupees 194.244 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 182.629 million (30 June 2021: Rupees 110.003 million).

	Un-audited	Audited
	31 March	30 June
	2022	2021
	(RUPEES IN THOUSAND)	
6. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 6.1)	1,325,831	1,272,784
Capital work-in-progress (Note 6.2)	293,831	56,632
	<u>1,619,662</u>	<u>1,329,416</u>
6.1 Operating fixed assets		
Opening net book value	1,272,784	1,050,804
Add: Cost of additions during the period / year (Note 6.1.1)	155,945	189,367
Effect of surplus on revaluation during the period / year	-	135,280
	<u>1,428,729</u>	<u>1,375,451</u>
Less: Book value of deletions during the period / year (Note 6.1.2)	19,865	4,034
	<u>1,408,864</u>	<u>1,371,417</u>
Less: Depreciation charged during the period / year	83,033	98,633
	<u>1,325,831</u>	<u>1,272,784</u>
6.1.1 Cost of additions during the period / year		
Buildings	-	4,159
Plant and machinery	85,120	115,062
Electric installations	5,259	6,674
Factory equipment	9,157	7,338
Office equipment	-	724
Computers	320	1,696
Electric appliances	2,298	2,596
Furniture and fixtures	927	-
Vehicles	52,864	51,118
	<u>155,945</u>	<u>189,367</u>
6.1.2 Book value of deletions during the period / year		
Stand-by equipment	224	-
Vehicles	19,641	4,034
	<u>19,865</u>	<u>4,034</u>
6.2 Capital work-in-progress		
Civil work and building	2,947	-
Plant and machinery	97,384	-
Factory equipment	4,500	-
Stand by equipment	124,532	-
Advance against office building	46,200	-
Advances against plant and machinery	-	20,892
Advances against factory equipment	8,365	-
Advances against vehicles	7,203	30,714
Advance against Enterprise Resource Planning (ERP)	2,700	5,026
	<u>293,831</u>	<u>56,632</u>

	(Un-audited)			
	Third quarter ended		Quarter ended	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
------(RUPEES IN THOUSAND)-----				
7. COST OF SALES				
Raw materials consumed	2,366,201	1,748,504	822,920	607,696
Cost of raw materials sold	1,315	9,018	940	-
Stores, spare parts and loose tools consumed	276,548	216,487	79,576	75,501
Salaries, wages and other benefits	437,609	376,668	152,707	136,112
Fuel and power	418,710	325,018	162,528	103,395
Sizing materials consumed	32,370	26,187	10,634	9,088
Outside processing / conversion and other charges	64,595	41,342	25,918	6,981
Packing materials consumed	119,063	90,365	39,863	29,051
Repair and maintenance	6,979	8,296	2,397	5,041
Insurance	9,247	6,332	3,304	2,089
Other factory overheads	2,976	3,261	681	1,260
Depreciation	66,288	60,735	23,050	21,138
	3,801,901	2,912,213	1,324,518	997,352
Work-in-process				
Opening stock	58,438	48,829	85,176	56,692
Closing stock	(87,205)	(58,555)	(87,205)	(58,555)
	(28,767)	(9,726)	(2,029)	(1,863)
Cost of goods manufactured	3,773,134	2,902,487	1,322,489	995,489
Finished goods				
Opening stock	204,703	188,275	331,552	149,058
Closing stock	(450,246)	(195,772)	(450,246)	(195,772)
	(245,543)	(7,497)	(118,694)	(46,714)
	3,527,591	2,894,990	1,203,795	948,775

8. NET CASH USED IN OPERATIONS

	(Un-audited)	
	Quarter ended	
	31 March 2022	31 March 2021
(RUPEES IN THOUSAND)		
Profit before taxation	429,710	228,589
Adjustments for non-cash charges and other items:		
Amortization	1,202	874
Depreciation	83,033	71,470
Gain on disposal of property, plant and equipment	(168)	(24)
Allowance for expected credit losses	430	526
Provision for staff retirement gratuity	43,641	26,546
Finance cost	106,277	72,237
Amortization of deferred grant	(1,624)	(2,906)
Gain on remeasurement of GIDC	-	(1,846)
Provision for doubtful loans and advances	430	-
Net exchange (gain) / loss	(16,925)	2,157
Working capital changes (Note 8.1)	(576,439)	(499,725)
	69,567	(102,102)

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

Stores, spare parts and loose tools	(10,836)	(23,469)
Stock-in-trade	(481,503)	(303,489)
Trade debts	(48,810)	(117,032)
Loans and advances	(43,505)	(25,100)
Short term deposits and prepayments	(4,709)	(3,470)
Other receivables	(52,895)	(15,450)
	(642,258)	(488,010)
Increase / (decrease) in Trade and other payables	65,819	(11,715)
	(576,439)	(499,725)

9. SEGMENT INFORMATION

	Spinning		Weaving		Socks		Elimination of Inter-segment transactions		Total - Company	
	(Un-audited) Third quarter ended 31 March 2022	(Audited) 30 June 2021	(Un-audited) Third quarter ended 31 March 2022	(Audited) 30 June 2021	(Un-audited) Third quarter ended 31 March 2022	(Audited) 30 June 2021	(Un-audited) Third quarter ended 31 March 2022	(Audited) 30 June 2021	(Un-audited) Third quarter ended 31 March 2022	(Audited) 30 June 2021
Revenue	2,364,951	1,790,340	1,058,983	882,255	966,876	817,342	-	-	4,390,810	3,489,937
External Inter segment	881,762	590,806	-	-	(881,762)	(590,806)	-	-	-	-
Cost of sales	3,246,713	2,381,146	1,058,983	882,255	966,876	817,342	(881,762)	(590,806)	4,390,810	3,489,937
Gross profit	(2,603,015)	(2,046,453)	(951,307)	(794,806)	(855,031)	(644,536)	881,762	590,806	(3,527,591)	(2,894,990)
	643,698	334,693	107,676	87,449	111,845	172,806	-	-	863,219	594,947
Distribution cost	(12,359)	(7,579)	(17,762)	(10,516)	(59,299)	(78,276)	-	-	(89,420)	(96,371)
Administrative expenses	(108,279)	(83,015)	(38,523)	(30,079)	(77,544)	(63,290)	-	-	(224,346)	(176,384)
Other income	1,789	4,761	1,676	175	15,274	18,739	-	-	18,739	4,936
Finance cost	(73,467)	(53,504)	(8,039)	(6,490)	(24,771)	(12,243)	-	-	(106,277)	(72,237)
Profit / (loss) before taxation and unallocated expenses	451,382	195,356	45,028	40,539	(34,495)	18,997	-	-	461,915	254,891

Unallocated expenses:

Other expenses	(32,205)	(26,302)
Taxation	(107,409)	(47,568)
Profit after tax	322,301	181,021

9.1 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Socks		Total - Company	
	(Un-audited) 31 March 2022	(Audited) 30 June 2021	(Un-audited) 31 March 2022	(Audited) 30 June 2021	(Un-audited) 31 March 2022	(Audited) 30 June 2021	(Un-audited) 31 March 2022	(Audited) 30 June 2021
Total assets for reportable segments as per condensed interim statement of financial position	2,248,943	1,693,805	747,560	550,741	732,447	584,319	3,728,950	2,828,865
Total liabilities for reportable segments	961,706	960,233	421,865	190,329	810,586	555,538	2,194,157	1,706,100
Unallocated liabilities:								
Deferred income tax liability					70,199	31,886		
Provision for taxation					134,175	64,906		
Total liabilities as per condensed interim statement of financial position					2,298,531	1,802,892		

9.2 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) Third quarter ended 31 March 2022	(Audited) 30 June 2021	(Un-audited) Third quarter ended 31 March 2022	(Audited) 30 June 2021	(Un-audited) Third quarter ended 31 March 2022	(Audited) 30 June 2021	(Un-audited) Third quarter ended 31 March 2022	(Audited) 30 June 2021
Europe	-	-	360,364	230,667	447,418	472,029	807,782	702,696
Asia and Australia	-	-	-	37,321	-	-	-	37,321
America	-	-	-	-	435,268	312,657	435,268	312,657
Pakistan	2,364,951	1,790,340	698,619	614,267	84,190	32,656	3,147,760	2,437,263
	2,364,951	1,790,340	1,058,983	882,255	966,876	817,342	4,390,810	3,489,937

The Company's revenue from external customers in respect of products is detailed below:

9.3 Major products/ service lines

Yarn/ socks	2,357,167	1,771,543	-	-	884,025	802,936	3,241,192	2,574,479
Waste	7,784	8,566	-	-	12,806	14,406	20,590	22,972
Sizing income	-	-	3,689	3,465	-	-	3,689	3,465
Conversion income/ cloth sales	-	-	1,055,294	878,790	70,045	-	1,125,339	878,790
Raw materials	-	10,231	-	-	-	-	-	10,231
	2,364,951	1,790,340	1,058,983	882,255	966,876	817,342	4,390,810	3,489,937

10. TRANSACTIONS WITH RELATED PARTIES

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

(Un-audited)			
Third quarter ended		Quarter ended	
31 March 2022	31 March 2021	31 March 2022	31 March 2021
------(RUPEES IN THOUSAND)-----			

i) Transactions**Associated companies / undertakings**

Fuel purchased	4,096	3,194	2,871	1,228
Rental expense	4,964	4,550	3,209	1,650
Asset purchased	-	5,300	-	-

Other related parties

Dividend paid	14,921	9,744	14,921	-
Rental expense	-	350	-	50
Loans obtained from directors - net	74,720	1,025	19,495	(225)
Remuneration paid to Chief Executive Officer, Director and Executives	33,583	31,777	21,117	9,558

Un-audited	Audited
31 March 2022	30 June 2021
(RUPEES IN THOUSAND)	

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

Trade and other payables	9,037	5,553
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Other related parties

Sponsors' loans	241,800	241,800
Long term financing	193,094	180,733
Short term borrowings	300,658	225,938
Loans and advances	902	725

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 2021.

Un-audited	Audited
31 March 2022	30 June 2021
(RUPEES IN THOUSAND)	

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

Short term borrowings	319,201	242,989
Advances from customers	51,957	41,550

Shariah compliant bank deposits / bank balances

Bank balances	8,385	10,235
---------------	-------	--------

(Un-audited)	
Quarter ended	
31 March 2022	31 March 2021
(RUPEES IN THOUSAND)	

Profit earned from shariah compliant bank deposits / bank balances

Profit on deposits with banks	15	5
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Revenue earned from shariah compliant business

	4,390,810	3,489,937
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Exchange gain / (loss)

	16,925	(2,157)
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Profits earned or interest paid on any conventional loan / advance

Mark-up on long term financing	3,736	11,262
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Mark-up on short term borrowings	77,580	40,665
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Relationship with shariah compliant banks

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

There was no dividend on any investment. Moreover, there was an unavailed loan facility from Meezan Bank Limited.

13. DATE OF AUTHORIZATION

These condensed interim financial statements were approved by the Board of Directors of the Company and authorized for issue on April 28, 2022.

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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