



ELAHI COTTON MILLS LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS

**FOR THE SIX MONTHS ENDED
DECEMBER 31, 2021**

BDO Ebrahim & Co. Chartered Accountants

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ELAHI COTTON MILLS LIMITED

DIRECTORS' REVIEW TO THE MEMBERS

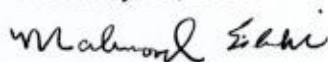
The Directors of the Company are pleased to present financial information for the half year ended December 31, 2021 duly reviewed by the external auditors.

The principal business activity of the Company is to manufacture and sale of Pure Polyester Yarn. Aggregate sales revenue of the Company increased from Rs. 251.811 million to Rs. 343.990 million showing increase of Rs. 92.179 million (36.61%) whereas cost of sales increased from Rs. 231.346 million to Rs. 330.103 million showing increase of Rs. 98.757 million (42.69%). The Company earned profit before taxation of Rs. 7.213 million for the six months from July 01, 2021 to December 31, 2021 as compared to profit of Rs. 14.599 million for the corresponding period of last six months and profit after taxation of Rs. 3.325 million as compared to profit of Rs. 10.368 million. The decrease in profitability of the Company as compared to corresponding period is due to increase in the prices of raw material, salaries & wages and electric power. We foresee that the next quarter may not be favourable as there is increasing trend in the prices of raw material.

The auditors have drawn attention to Note 1.3 in the financial statements that the Company's current liabilities exceeded its current assets by Rs. 34.928 million. The Company has accumulated loss of Rs. 47.869 million that exceeds the issued, subscribed and paid up capital by Rs. 34.869 million. These conditions indicate the existence of a material uncertainty that cast doubt about the Company's ability to continue as a going concern. During the period under review, the Company earned profit before tax amounting to Rs. 7.213 million and net profit after taxation amounting to Rs. 3.325 million. Accumulated loss has been reduced from Rs. 52.048 million to Rs. 47.869 million. The current ratio of the Company has also improved as compared to previous period. The Company generated cash amounting to Rs. 8.315 million from its operating activities after meeting its cash outflows over the period. The Management is making every effort to minimize the impact through improve efficiency and better marketing. The Sponsor Directors are continuously supporting in the form of funds as and when required by the Company. The Management has neither intention nor the necessity of liquidation or ceasing manufacturing operation in foreseeable future. So, with the successful efforts of the Management, the Company will continue as a going concern.

The earning per share for the half year ended December 31, 2021 is Rs. 2.56 and for the quarter ended December 31, 2021 is Rs. 1.43. The Directors of the Company do not recommend payment of any dividend to shareholders of the Company.

Islamabad
February 25, 2022



(Mahmood Elahi)
Director

On behalf of Board of Directors



(Mahfooz Elahi)
Chief Executive

کمپنی کے ڈائریکٹر ششماہی مالیاتی رپورٹ تختہ ۳۱ دسمبر ۲۰۲۱ء جو کہ بیرونی محاسب سے جائزہ شدہ ہے، پیش کرتے ہیں۔ کمپنی کا بنیادی کام خالص پولیسٹر دھاگہ بنانا اور فروخت کرنا ہے۔ کمپنی کی مجموعی فروخت -/251.811 ملین روپے سے بڑھ کر -/343.990 ملین روپے ہو گئی ہے جو کہ -/92.179 ملین روپے (36.61%) اضافہ ظاہر کر رہی ہے جبکہ فروخت کے اخراجات -/231.346 ملین روپے سے بڑھ کر -/330.103 ملین روپے ہو گئے ہیں جو کہ -/98.757 ملین روپے (42.69%) اضافہ ظاہر کر رہے ہیں۔ اس ششماہی تختہ ۳۱ دسمبر ۲۰۲۱ء میں کمپنی نے قبل از ٹیکس -/7.213 ملین روپے کا منافع کمایا ہے جبکہ گزشتہ سال اسی دورانیہ میں یہ منافع -/14.599 ملین روپے تھا اور بعد از ٹیکس -/3.325 ملین روپے کا منافع ہوا جبکہ گزشتہ سال اسی دورانیہ میں -/10.368 ملین روپے کا منافع ہوا تھا۔ کمپنی کے خالص منافع میں کمی کی وجہ خام مال کی قیمتوں میں اضافہ، تنخواہ اور اجرت اور بجلی کی قیمتوں میں اضافہ ہے۔ کمپنی توقع کرتی ہے کہ آنے والے سہ ماہی میں خام مال کی قیمتوں میں اضافہ کی وجہ سے مستقبل بہتر نہ ہوگا۔

بیرونی محاسب نے نوٹ نمبر 1.3 کی طرف توجہ دلائی ہے کہ مالیاتی رپورٹ میں موجودہ واجب الادا قرضوں میں موجودہ اثاثوں کی نسبت اضافہ ہوا ہے جو کہ 34.928 ملین روپے ہے۔ کمپنی کا مجموعی خسارہ 47.869 ملین روپے ہے جو کہ جاری شدہ، ادا شدہ سرمایے سے 34.869 ملین روپے زیادہ ہے۔ یہ حالات اس طرف اشارہ کر رہے ہیں کہ موجودہ مادی غیر یقینی صورت حال کے شک کی وجہ سے کمپنی حالیہ تشویش میں ہے۔ دوران مدت زیر جائزہ، کمپنی نے قبل از ٹیکس -/7.213 ملین روپے کا منافع کمایا ہے اور خالص منافع بعد از ٹیکس 3.325 ملین روپے ہے۔ مجموعی خسارہ 52.048 ملین روپے سے کم ہو کر 47.869 ملین روپے رہ گیا ہے۔ کمپنی کا موجودہ تناسب پچھلے سال کی نسبت بہتر ہوا ہے۔ کمپنی نے اپنی چلتی ہوئی سرگرمیوں سے اپنی نقد ضروریات پورا کرنے کے بعد 8.315 ملین روپے کیش جزیٹ کی ہے

انتظامیہ پوری کوشش کر رہی ہے کہ وہ ان اثرات کو اپنی کارکردگی اور بہتر مارکیٹنگ سے کم از کم کرے۔ سپانسر ڈائریکٹر کمپنی سے مسلسل مالی تعاون کر رہے ہیں مستقبل قریب میں انتظامیہ کا نہ تو ارادہ کمپنی کو ختم کرنے کا ہے اور نہ ہی پیداواری سرگرمیاں بند کرنے کا ہے لہذا وہ پرعزم ہیں کہ کمپنی انتظامیہ کی بھرپور کوشش سے جاری و ساری رہے گی۔

اس ششماہی تختہ ۳۱ دسمبر ۲۰۲۱ء میں کمپنی کا منافع -/2.56 روپے فی حصص ہوا جبکہ دوسری سہ ماہی تختہ ۳۱ دسمبر ۲۰۲۱ء کو فی حصص -/1.43 روپے منافع ہوا۔ کمپنی کے ڈائریکٹر حصہ داران کے لئے کسی حصص پر منافع دینے کی سفارش نہیں کرتے۔

اسلام آباد

۲۵ فروری ۲۰۲۲

بورڈ آف ڈائریکٹر کی جانب سے

Mahmud Elahi

محفوظ الہی
چیف ایگزیکٹو

Mahmud Elahi

محمود الہی
ڈائریکٹر

INDEPENDENT AUDITORS REVIEW REPORT TO THE MEMBERS OF ELAHI COTTON MILLS LIMITED**Report on review of Condensed Interim Financial Statements****Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Elahi Cotton Mills Limited ("the Company") as at December 31, 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and notes to the condensed interim financial statements for the six months period then ended (herein after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for condensed interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standards on Review Engagements 2410, "Review of Condensed Interim Financial Information performed by the Independent Auditor of the Entity." A review of condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and financial reporting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarter ended December 31, 2021 and December 31, 2020 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Material Uncertainty Related to Going Concern

Without qualifying to our conclusion, we draw attention to Note 1.3 in the condensed interim financial information which indicates that the Company's current liabilities exceeded its current assets by Rs. 34.928 million. The Company has accumulated loss of Rs. 47.869 million. The Company's accumulated losses exceeded the issued, subscribed and paid up capital by Rs. 34.869 million. These conditions, along with other matters as set forth in Note 1.3, indicate the existence



of material uncertainty which may cast doubt about the Company's ability to continue as going concern.

The engagement partner on the review audit resulting in this independent auditors review report is Iffat Hussain.

ISLAMABAD

DATED: 25 FEB 2022

UDIN: RR202110094oBrlatJmT

Bdo ebrahim & Co.
BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS
Bdo

ELAHI COTTON MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT DECEMBER 31, 2021

		December 31, 2021	June 30, 2021
	Note	Rupees Unaudited	Rupees Audited
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	4	163,204,997	126,598,189
Long term security deposits		918,810	918,810
Loan to employees		4,103,500	2,758,500
		<u>168,227,307</u>	<u>130,275,499</u>
CURRENT ASSETS			
Stores, spares and loose tools		3,020,897	2,018,079
Stock in trade	5	27,056,199	25,683,867
Trade debts	6	3,414,591	2,433,822
Loans and advances		311,134	301,923
Short terms prepayments		30,014	333,665
Tax refund due from government		-	1,210,841
Taxation - net		68,346	84,409
Cash and bank balances	7	21,309,678	14,485,515
		<u>55,210,859</u>	<u>46,552,121</u>
TOTAL ASSETS		<u><u>223,438,166</u></u>	<u><u>176,827,620</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	8	13,000,000	13,000,000
Revaluation surplus on property, plant and equipment		138,444,012	104,345,432
Accumulated loss		(47,868,786)	(52,048,073)
		<u>103,575,226</u>	<u>65,297,359</u>
NON-CURRENT LIABILITIES			
Deferred liabilities		29,724,132	25,351,398
CURRENT LIABILITIES			
Loan from directors	9	71,924,546	72,054,546
Trade and other payables	10	17,946,591	13,856,646
Unclaimed dividend		267,671	267,671
		<u>90,138,808</u>	<u>86,178,863</u>
TOTAL EQUITY AND LIABILITIES		<u><u>223,438,166</u></u>	<u><u>176,827,620</u></u>
CONTINGENCIES AND COMMITMENTS	11	-	-

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

	Note	Six months ended December 31,		Three months ended December 31,	
		2021	2020	2021	2020
		-----Rupees-----			
Sales	12	343,990,073	251,811,388	183,893,070	129,829,575
Cost of sales	13	(330,102,789)	(231,346,410)	(176,286,864)	(118,305,398)
Gross profit		13,887,284	20,464,978	7,606,206	11,524,177
Operating expenses					
Administrative expenses		(6,017,733)	(4,756,163)	(3,136,911)	(2,668,809)
Other operating charges		(766,087)	(1,235,981)	(643,580)	(1,133,836)
Operating profit		7,103,464	14,472,834	3,825,715	7,721,532
Other income		111,997	126,531	107,788	119,525
Financial charges		(2,610)	(567)	-	(477)
Profit before taxation		7,212,851	14,598,798	3,933,503	7,840,580
Taxation:					
Current		(4,301,276)	(4,582,075)	(2,299,414)	(2,534,458)
Deferred		413,591	350,926	231,729	263,194
Profit after taxation		(3,887,685)	(4,231,149)	(2,067,685)	(2,271,264)
		3,325,166	10,367,649	1,865,818	5,569,316

Earnings per shares - Basic and diluted (Rupees)	14	2.56	7.98	1.43	4.28
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The annexed notes from 1 to 22 form an integral part of these interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021**

Six months ended December 31,		Three months ended December 31,	
2021	2020	2021	2020
-----Rupees-----			

Profit for the period 3,325,166 10,367,649 1,865,818 5,569,316

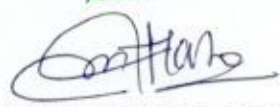
Other comprehensive income	38,507,325	-	-	-
Related deferred tax impact	(3,554,624)	-	-	-
	34,952,701	-	-	-

Total comprehensive income for the period	<u>38,277,867</u>	<u>10,367,649</u>	<u>1,865,818</u>	<u>5,569,316</u>
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The annexed notes from 1 to 22 form an integral part of these interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

	Share capital	Reserves		Total
		Capital	Revenue	
	Issued, subscribed and paid-up capital	Revaluation surplus on property, plant and equipment	Accumulated loss	
	Rupees			
Balance as at July 01, 2020	13,000,000	106,235,835	(58,480,232)	60,755,603
Total comprehensive income for the period	-	-	10,367,649	10,367,649
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation-net of deferred tax	-	(945,202)	945,202	-
Balance as at December 31, 2020	13,000,000	105,290,633	(47,167,381)	71,123,252
Balance as at July 01, 2021	13,000,000	104,345,432	(52,048,073)	65,297,359
Total comprehensive income for the period	-	-	3,325,166	3,325,166
Revaluation surplus on property, plant and equipment Related deferred tax impact	-	38,507,325 (3,554,624)	-	38,507,325 (3,554,624)
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation-net of deferred tax	-	(854,121)	854,121	-
Balance as at December 31, 2021	13,000,000	138,444,012	(47,868,786)	103,575,226

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

Imam Ali

CHIEF EXECUTIVE

Mahmud Elahi

DIRECTOR

Qutub

CHIEF FINANCIAL OFFICER

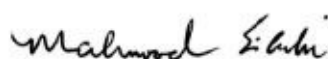
ELAHI COTTON MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

		Six months ended December 31,	
	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	14,469,786	13,097,573
Financial charges paid		(2,610)	(567)
Workers welfare fund paid		-	(476)
Income tax paid		(4,285,213)	(2,907,183)
Gratuity paid		(1,866,800)	(2,401,050)
Net cash generated from operating activities		8,315,163	7,788,297
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in loan to employees		(1,345,000)	(153,750)
Additions in operating assets		(16,000)	(3,363,128)
Net cash used in investing activities		(1,361,000)	(3,516,878)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loan to directors		(130,000)	(243,001)
Repayment of loan to associated undertaking		-	(3,000,000)
Loan received from associated undertaking		-	300,000
Net cash used in from financing activities		(130,000)	(2,943,001)
Net increase in cash and cash equivalents		6,824,163	1,328,418
Cash and cash equivalents at the beginning of the period		14,485,515	30,519,406
Cash and cash equivalents at the end of the period		21,309,678	31,847,824

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

1 STATUS AND NATURE OF BUSINESS

- 1.1 The Company was incorporated as a public limited company on June 22, 1970 under the repealed Companies Act, 1913 (now the Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The principal business of the Company is manufacture and sale of yarn.
- 1.2 The registered office of the Company is situated at 270, sector I-9, Industrial Area, Islamabad. The mill (plant) of the Company is located at Mandra - Chakwal road, Tehsil Gujar Khan, District Rawalpindi, Pakistan.
- 1.3 The Company's current liabilities exceeded its current assets by Rs. 34.928 million. The Company has accumulated loss of Rs. 47.869 million (June 30, 2021: Rs. 52.049 million). The Company's accumulated losses exceeded the issued, subscribed and paid up capital by Rs. 34.869 million. These conditions indicate the existence of material uncertainty which may cast doubt about the Company's ability to continue as going concern.

These condensed interim financial statements have been prepared on going concern basis without any adjustment to assets and liabilities in view of profitable future projections and financial support from associated undertaking and sponsors. The management is confident of improving profitability through streamlining the operations of the Company.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements of the Company for the six months ended December 31, 2021 have been prepared in accordance with the requirements of the International Accounting Standard - 34: "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions or directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2021. Comparative condensed interim statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2021 and comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from un audited condensed interim financial statements for the six months ended December 31, 2021.

These condensed interim financial statements are unaudited but subject to the limited scope review by auditors and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

Review

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except for some operating fixed assets which have been stated at revalued amount, investment property at fair value, investments classified as fair value through other comprehensive income (FVTOCI) and employee benefits at present value.

These condensed interim financial statements have been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

These condensed interim financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

3 ACCOUNTING POLICIES

3.1 The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those applied in the preparation of financial statements for the year ended June 30, 2021.

3.2 The preparation of these condensed interim financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

3.3 The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2021.

3.4 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Company's accounting period beginning on or after July 01, 2021. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have a significant effect on these interim financial statements.

3.5 Taxation

The provision for taxation for the half year and quarter ended December 31, 2021 has been made using the estimated effective tax rate applicable to expected total annual earnings.

		December 31, 2021 Rupees Unaudited	June 30, 2021 Rupees Audited
Note			
4	OPERATING FIXED ASSETS		
	Opening net book value	126,598,189	125,430,225
	Add:		
	Additions during the period / year (cost)	16,000	5,193,508
	Additions during the period / year (revaluation)	38,507,325	-
4.1		38,523,325	5,193,508
	Less:		
	Depreciation charged during the period / year	1,916,517	4,025,544
	Closing net book value	<u>163,204,997</u>	<u>126,598,189</u>
4.1	Detail of additions (at cost)/revaluation during the period / year are as follows:		
	Building (factory)	6,130,992	468,970
	Building (colony)	938,639	-
	Plant and machinery	5,187,694	2,017,938
	Furniture, fixture and equipment (cost)	16,000	65,600
	Freehold Land	26,250,000	-
	Power and other installation	-	2,641,000
		<u>38,523,325</u>	<u>5,193,508</u>
5	STOCK IN TRADE		
	Raw material	12,674,411	5,955,338
	Work in progress	3,676,483	2,959,875
	Finished goods	10,673,105	16,730,902
	Waste	32,200	37,752
		<u>27,056,199</u>	<u>25,683,867</u>
6	TRADE DEBTS		
	Unsecured - considered good	<u>3,414,591</u>	<u>2,433,822</u>
7	CASH AND BANK BALANCES		
	Cash in hand	46,106	99,967
	Cash at banks: (local currency)		
	Current accounts	4,629,126	1,980,084
	Saving account	16,634,446	12,405,464
7.1		<u>21,309,678</u>	<u>14,485,515</u>

- 7.1 Saving account carries mark up at the rates ranging from 0.02% to 0.06% (June 30, 2021: 0.02% to 0.06%) per annum.

December 31, 2021	June 30, 2021
Rupees Unaudited	Rupees Audited

8 SHARE CAPITAL

8.1 Issued, subscribed and paid up capital

Number of ordinary shares of Rs. 10/- each				
December 31, 2021	June 30, 2021			
1,300,000	1,300,000	Fully paid in cash	13,000,000	13,000,000

8.2 Authorized share capital

This represents 5,000,000 (June 30, 2021: 5,000,000) ordinary shares of Rs. 10 each amounting to Rs. 50,000,000 (June 30, 2021: Rs. 50,000,000).

	December 31, 2021	June 30, 2021
	Rupees Unaudited	Rupees Audited
Note		
9		
LOAN FROM DIRECTORS		
Unsecured		
Balance brought forward	72,054,546	72,382,547
Additions during the period / year	-	-
Payments during the period / year	(130,000)	(328,001)
9.1	71,924,546	72,054,546

- 9.1 This represents unsecured interest free loan from two directors and Chief Executive of the Company to meet the working capital requirements. These are payable on demand.
- 9.2 The maximum aggregate amount due to directors at the end of any month during the period was Rs. 72,382,547 (June 30, 2021: Rs. 75,882,547).

December 31, 2021 Rupees Unaudited	June 30, 2021 Rupees Audited
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10 TRADE AND OTHER PAYABLES

Creditors	1,131,522	-
Accrued expenses	15,135,955	11,314,967
Advances from customers	891,671	1,049,674
Government dues	32,027	542,601
Workers' Profit Participation Fund	360,277	638,053
Workers' Welfare Fund	161,718	278,793
Zakat payable	3,791	3,791
Income tax payable	-	26,462
Sales tax due to government	229,630	2,305
	<u>17,946,591</u>	<u>13,856,646</u>

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There is no contingent liability of the Company as at December 31, 2021 (June 30, 2021: Nil).

11.2 Commitments

There is no commitment for capital expenditures as at the balance sheet date (June 30, 2021: Nil). *Balance*

Note	Six months ended December 31,		Three months ended December 31,	
	2021	2020	2021	2020
	Rupees Unaudited	Rupees Unaudited	Rupees Unaudited	Rupees Unaudited
12 SALES				
Yarn	402,017,374	294,261,622	214,914,479	151,721,010
Waste	451,011	357,701	240,412	179,565
	402,468,385	294,619,323	215,154,891	151,900,575
Less: sales tax	(58,478,312)	(42,807,935)	(31,261,821)	(22,071,000)
	343,990,073	251,811,388	183,893,070	129,829,575

13 COST OF SALES

Raw material consumed	13.1	238,856,706	161,453,684	131,463,669	84,212,514
Salaries, wages and other benefits		42,444,388	35,556,146	21,623,331	17,540,638
Electricity		33,736,458	28,362,988	17,851,513	13,613,024
Insurance		561,201	313,660	561,201	69,502
Repair and maintenance		257,160	12,600	75,290	9,500
Stores and spares consumed	13.2	7,118,488	6,077,059	3,963,709	3,378,377
Depreciation		1,781,647	1,810,906	890,824	936,964
		324,756,048	233,587,043	176,429,537	119,760,519
Opening work in process		2,959,875	2,678,451	3,920,416	2,532,359
Closing work in process		(3,676,483)	(1,911,147)	(3,676,483)	(1,911,147)
		(716,608)	767,304	243,933	621,212
Cost of goods manufactured		324,039,440	234,354,347	176,673,470	120,381,731
Opening stock of finished goods		16,730,902	3,422,832	10,280,947	4,354,436
Closing stock of finished goods		(10,673,105)	(6,405,702)	(10,673,105)	(6,405,702)
		6,057,797	(2,982,870)	(392,158)	(2,051,266)
Opening stock of waste material		37,752	105,020	37,752	105,020
Closing stock of waste material		(32,200)	(130,087)	(32,200)	(130,087)
		5,552	(25,067)	5,552	(25,067)
		330,102,789	231,346,410	176,286,864	118,305,398

13.1 Raw material consumed

Opening stock	5,955,338	6,690,537	11,031,405	8,412,364
Purchases	245,575,779	166,275,128	133,106,675	87,312,131
	251,531,117	172,965,665	144,138,080	95,724,495
Closing stock	(12,674,411)	(11,511,981)	(12,674,411)	(11,511,981)
	238,856,706	161,453,684	131,463,669	84,212,514

13.2 Stores and spares consumed

	Six months ended December 31,		Three months ended December 31,	
	2021	2020	2021	2020
	Rupees	Rupees	Rupees	Rupees
	Unaudited	Unaudited	Unaudited	Unaudited
Opening stock	2,018,079	2,114,022	2,166,559	1,974,876
Purchases	8,121,306	6,197,130	4,818,047	3,637,594
	10,139,385	8,311,152	6,984,606	5,612,470
Closing stock	(3,020,897)	(2,234,093)	(3,020,897)	(2,234,093)
	7,118,488	6,077,059	3,963,709	3,378,377

14 EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	Six months ended December 31,		Three months ended December 31,	
	2021	2020	2021	2020
	Unaudited	Unaudited	Unaudited	Unaudited
Profit after taxation (Rupees)	3,325,166	10,367,649	1,865,168	5,569,316
Weighted average number of ordinary shares at the end of the period (Number of shares)	1,300,000	1,300,000	1,300,000	1,300,000
Earnings per shares - Basic and diluted (Rupees)	2.56	7.98	1.43	4.28

15 CASH GENERATED FROM OPERATIONS

		December 31, 2021	December 31, 2020
	Note	Rupees Unaudited	Rupees Unaudited
Profit before taxation		7,212,851	14,598,798
Adjustment for non-cash charges and other items:			
Depreciation		1,916,517	1,944,917
Financial charges		2,610	567
Provision for gratuity		3,098,501	2,412,766
Changes in working capital	15.1	2,239,307	(5,859,475)
		7,256,935	(1,501,225)
		14,469,786	13,097,573

Advised

December 31, 2021 Rupees Unaudited	December 31, 2020 Rupees Unaudited
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15.1 Changes in working capital

(Increase) / decrease in current assets

Stock in trade	(1,372,332)	(7,062,077)
Stores, spares and loose tools	(1,002,818)	(120,071)
Trade debts	(980,769)	2,765,591
Loans and advances	(9,211)	(5,785,641)
Short term prepayments	303,651	69,502
Tax refunds due from government	1,210,841	-

Increase / (decrease) in current liabilities

Trade and other payables	4,089,945	4,273,221
	<u>2,239,307</u>	<u>(5,859,475)</u>

Refer.

16 TRANSACTIONS WITH RELATED PARTIES

16.1 The related parties and associated undertakings of the Company comprise of associated companies, directors and key management personnel. Transactions with related parties during the period are as follows:

Name of the related party	Relationship and percentage shareholding	Transactions during the year and year end balances	Six month ended December 31,		Quarter ended December 31,	
			2021 Rupees	2020 Rupees	2021 Rupees	2020 Rupees
International Beverages (Private) Limited	Associated company by virtue of common directorship	Payment made against balance due to associated undertaking	-	3,000,000	-	1,500,000
		Amount payable at period end	-	2,866,077	4,066,077	4,066,077
Taj Mills Limited	Associated company by virtue of common directorship	Office rent paid / payable	300,000	300,000	150,000	150,000
		Amount payable at period end	300,000	300,000	150,000	150,000
Mahfooz Elahi	Chief Executive	Loan paid during the year	130,000	243,001	-	-
		Amount payable at period end (Loan obtained previously)	12,973,999	13,188,999	12,973,999	13,542,000
Mahboob Elahi	Director	Amount payable at period end (Loan obtained previously)	53,775,546	53,775,546	53,775,546	53,775,546
		Amount payable at period end (Loan obtained previously)	5,175,000	5,175,000	5,175,000	5,175,000

The transactions with key management personnel includes remuneration and other benefits under the terms of their employment which are as follows:

	Six months ended December 31,		Three months ended December 31,	
	2021 Rupees	2020 Rupees	2021 Rupees	2020 Rupees
Short term employment benefits	1,125,000	870,000	562,500	420,000
Provision towards retirement benefits	93,750	77,500	46,875	38,750
	<u>1,218,750</u>	<u>947,500</u>	<u>609,375</u>	<u>458,750</u>

17 FINANCIAL RISK MANAGEMENT

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

18 FAIR VALUE MEASUREMENT

The carrying values of all financial assets and liabilities reflected in the interim financial statements approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The management assessed that the carrying value of cash and short term deposits, trade debts, other receivables trade and other payables and other current liabilities approximate their fair values largely due to the short term maturities of these instruments. Fair value is determined on the basis of objective evidence at each reporting date.

Transfers during the period

During the six month period ended December 31, 2021, there were no transfers into or out of Level 3 fair value measurements.

As at December 31, 2021 and June 30, 2021 the Company did not hold any financial instruments carried at fair value. Moreover, free hold land, buildings and plant and machinery are measured at fair value. The Company has revalued its freehold land, buildings and plant and machinery on December 31, 2021 by independent valuer M/s Asrem (Private) Limited on the basis of market values of similar properties. The fair value of plant and machinery is a level 3 recurring fair value measurement.

Fair value of land and building are based on assumptions considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation, while fair value of plant and machinery are considered to be level 3 in the fair value hierarchy due to significant unobservable inputs used in the valuation.

Valuation techniques used to derive level 2 fair values - Land and Building

Fair value of land and building has been derived using a sales comparison approach. Sale prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as location and size of the property. Moreover value of building also depends upon the type of construction, age and quality. The most significant input in this valuation approach is price / rate per square foot in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

Valuation techniques used to derive level 3 fair values - Plant and Machinery

In the absence of current prices in an active market, the fair value is determined by taking into account the following factors:

- Make, model, country of origin and etc.;
- Operational capacity;
- Present physical condition;
- Resale prospects; and
- Obsolescence.

The valuation is considered to be level 3 in the fair value hierarchy due to the above unobservable inputs used in the valuation. Most significant input in this valuation is the current replacement cost which is adjusted for factors above.

A reconciliation from opening balances to closing balances of fair value measurements categorised in level 3 is provided below:

	December 31, 2021 Rupees Unaudited	June 30, 2020 Rupees Audited
Opening balance (level 3 recurring fair values)	22,270,848	22,592,715
Additions - Cost	-	2,017,938
Additions - Revaluation	5,187,694	-
Depreciation charge	<u>(1,113,542)</u>	<u>(2,339,805)</u>
Closing balance (level 3 recurring fair values)	<u><u>26,345,000</u></u>	<u><u>22,270,848</u></u>

There were no transfers between levels 2 and 3 for recurring fair value measurements during the period.

Had there been no revaluation, the net book value of the specific classes of operating assets would have been as follows:

Refer

	December 31, 2021 Rupees Unaudited	June 30, 2021 Rupees Audited
Freehold land	299,995	299,995
Buildings on freehold land	921,197	944,817
Plant and machinery	6,436,733	6,775,508

19 DISCLOSURE REQUIREMENT FOR ALL SHARE ISLAMIC INDEX

Following information has been disclosed with reference to disclosure requirements of fourth schedule of the Companies Act, 2017 relating to "All Shares Islamic Index".

Description	Explanation	December 31, 2021 Rupees Unaudited	June 30, 2021 Rupees Audited
Bank balances as at December 31, 2021	Placed under Shariah permissible arrangements	16,634,446	12,405,464
Income on bank deposits	Placed under interest arrangement Placed under Shariah permissible arrangements	- -	- -
All sources of other income	Other income	111,997	43,630

There is no other bank balance / investments which carry any interest or mark-up arrangements.

20 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and for better presentation. However, no significant reclassification has been made during the period.

21 DATE OF AUTHORIZATION

These interim financial statements were authorised for issue on 25 FEB 2022 by the Board of Directors of the Company.

22 GENERAL

Figures have been rounded off to the nearest rupee.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER