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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF M/S. PREMIUM TEXTILE MILLS LIMITED**

Report on Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **M/s. Premium Textile Mills Limited** ("the Company") as at **December 31, 2020** 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 thereto for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

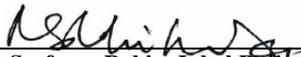
We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the 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.

As part of our engagement, we were only required to review the cumulative figures for the six-month period ended December 31, 2020. Accordingly, we have not reviewed the figures in the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the three-month period ended December 31, 2020.

Conclusion

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

The engagement partner on the review resulting in this independent auditor's review report is **Mr. Muhammad Rafiq Dosani**.


Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Engagement Partner: Mr. Muhammad Rafiq Dosani

Karachi. 25th Feb, 2021

DIRECTOR'S REPORT
FOR THE 2nd QUARTER/ HALF YEAR ENDED 31st DECEMBER, 2020

Dear Members,

The Directors would like to present the accounts of the Company for Half year ended December 31st, 2020.

The overall Performance of the company is summarized below:

	July – Dec 2020	July - Dec 2019
Operating Profit	547,890,558	523,204,950
Financial & Others	(210,898,894)	(307,027,116)
Profit before Taxation	336,991,664	216,177,834
Taxation	(53,982,997)	(46,131,289)
Profit after Taxation	283,008,977	170,046,545
Earnings per share	45.92	27.59
Gross Margin %	14.08%	15.27%
Operating Profit %	10.35%	11.46%
Profit after Tax %	5.35%	3.73%

OPERATING RESULT

During the period under review, the company has made a profit of Rs. 283.009 million as compared to Rs.170.046 million during the same period of last year. Although there is a decrease in the Gross Margin of 1.19% there is an increase in Profit after Tax by 1.62% mainly due to increase in sales and reduction in financial charges (Kibor / SBP rate) by 4% to 6%.

FUTURE OUTLOOK

I am pleased and happy to report the half yearly earnings for this year wherein the profit after taxation has clocked in at Rs 283 Million which is 66% higher than the corresponding period last year and the EPS stands at Rs 45.92.

The reason for this good performance is that on the internal side your company had embarked on the journey of clearing out the bottlenecks in production by strategically adding machines which would give greater efficiency and production and also help realize improvements in quality and versatility. The addition of our own Fibre Dye house and some fully automated ring frames with connected link cones which gave much synergy and reduced labor costs tremendously.

On the external front, Pakistan has been lucky that COVID did not wreak as much havoc as it did in other parts of the world especially in those countries which are our competitors in the supply chain of Textiles and as a consequence those countries could not make their shipments on time and therefore, their orders were diverted to Pakistan.

Going forward, we see better times as the vaccine has also started to roll out and people are getting their immunity and life will move towards normalization which will boost demand once again. On the supply side the cotton crop is short not only in Pakistan but also in the US and other countries so prices are on the rise and there is no turning back at least till July.

ACKNOWLEDGEMENT

We are grateful to almighty Allah, who helped us to come up to the expectation of our valued shareholders, who had reposed their confidence in us and are also pleased to record our appreciation for a dedicated hard working management, staff members & workers without which it could not have been possible for us to deliver these results. Your Board would also like to thanks our valued customers, bankers for their continued Trust in the company.

On behalf of Board of Directors



**Mohammad Yasin Siddik
Executive Director**

Karachi: 25th Feb, 2021

ڈائریکٹر رپورٹ

برائے نصف سال 31 دسمبر 2020

معزز ممبرز!

ڈائریکٹری کی جانب سے پہلا نصف سال 31 دسمبر 2020 تک کے کمپنی کا کھانا مجموعی کارکردگی ذیل میں درج ہے۔ کمپنی کے مالیاتی نتائج کا مختصر جائزہ مندرجہ ذیل ہے:-

جولائی - دسمبر 2019	جولائی - دسمبر 2020	
523,204,950	547,890,558	آپریٹنگ منافع
(307,027,116)	(210,898,894)	مالیات و دیگر
216,177,834	336,991,664	منافع قبل ٹیکس
(46,131,289)	(53,982,997)	ٹیکس
170,046,545	283,008,977	منافع بعد از ٹیکس
27.59	45.92	نی چھس ٹیکس
15.27%	14.08%	مجموعی مارجن %
11.46%	10.35%	آپریٹنگ منافع %
3.73%	5.35%	منافع بعد از ٹیکس %

آپریٹنگ نتائج:

زیر جائزہ مدت کے دوران کمپنی نے گزشتہ سال کی اسی مدت کے دوران 170.046 ملین روپے کے مقابلے میں 283.009 ملین روپے کا منافع کیا ہے۔ اگرچہ 1.19 فیصد کے مجموعی مارجن میں کمی واقع ہوئی ہے لیکن ٹیکس کے بعد منافع میں 1.62 فیصد اضافہ ہوا ہے جس کی بنیادی وجہ شرح منافع میں اضافے اور مالی چارجز (کامپنڈ انٹرنسٹی پی کی شرح) میں 4 فیصد سے 6 فیصد کمی ہے۔

مستقبل کے نقطہ نظر:

مجھے اس سال کی نصف سالانہ آمدنی کی اطلاع دیتے ہوئے خوشی محسوس ہو رہی ہے کہ جہاں ٹیکس عائد ہونے کے بعد منافع میں 283 ملین روپے کا اضافہ ہوا جو گزشتہ سال کے اسی عرصے سے 66 فیصد زیادہ ہے اور ای ٹی ایس 45.92 روپے ہے۔

اس عرصہ کا کارکردگی کی وجہ یہ ہے کہ اندرونی طرف آپ کی کمپنی نے سخت عملی سٹریٹجی شامل کر کے پیداوار میں رکاوٹوں کو ختم کرنے کا سفر شروع کیا ہے جس سے زیادہ کارکردگی اور پیداوار ملے گی اور معیار اور استعداد میں بہتری کا احساس ہونے میں بھی مدد ملے گی۔ ہمارے اپنے فائبر ڈائی باؤس اور مربوط لٹک کونز کے ساتھ کچھ مکمل خود کار رنگ فریموں کا اضافہ جس نے مطابقت پذیری ہونے کی وجہ سے اور مزدوری کے اخراجات میں زبردستی کی گئی ہے۔

بیرونی محاذ پر پاکستان خوش قسمت رہا ہے کہ COVID نے اتنی تباہی نہیں مچائی جتنی اس نے دنیا کے دوسرے حصوں میں مچائی، خاص طور پر ان ممالک میں جو ٹیکسٹائل کی سپلائی چین میں ہمارے حریف ہیں اور اس کے نتیجے میں وہ ممالک اپنی کھپت وقت پر نہیں بنا سکتے اور اسی وجہ سے ان کا آرڈر پاکستان کی طرف موڑ دیا گیا۔

آگے بڑھتے ہوئے ہم بہتر وقت دیکھ رہے ہیں کیونکہ ویکسین بھی آنا شروع ہو گئی ہے اور لوگوں کو ان کا استعمال حاصل ہو رہا ہے اور زندگی معمول کی طرف گامزن ہو رہی ہے جس سے طلب کو ایک بار پھر تقویت ملے گی اور یہ کہ سپلائی کی طرف پکاس کی فصل نہ صرف پاکستان میں بلکہ امریکہ اور دیگر ممالک میں بھی کم ہے لہذا قیمتوں میں اضافہ ہو رہا ہے اور کم سے کم جولائی تک اس میں کوئی رجوع نہیں ہوگا۔

اختتام:

ہم اللہ کے شکر گزار ہیں جس کی مدد سے ہم اپنے قابل قدر حصص یافتگان کے امیدوں پر پورا اترے۔ انہوں نے ہم پر بھروسہ ظاہر کیا ہے اور ہمیں سچی محنت ملنے والا ادارہ قرار دیا ہے۔ جس کے بغیر یہ سب ناممکن سا تھا۔ ہمارا دار و شکر گزار ہے ہمارے قابل قدر صارفین، بینکرز، گاہکوں نے ہم پر اپنا پورا اعتماد دیا ہے کہ وہ رکھا۔

تمام بورڈ آف ڈائریکٹری کی طرف سے

محمد یاسین صدیقی
جول ڈائریکٹر

Condensed Interim Statement of Financial Position
As at December 31, 2020

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	—Rupees—	
ASSETS			
Non- current assets			
Property, plant and equipment	3	5,576,773,256	4,207,779,137
Long term deposits		<u>2,768,255</u>	<u>2,149,100</u>
		5,579,541,511	4,209,928,237
Current assets			
Stores and spares		114,500,050	116,619,021
Stock in trade	4	4,188,617,675	3,193,302,670
Trade debts	5	1,991,970,856	1,792,049,911
Taxation-net	6	128,915,791	138,302,457
Advances, deposits, prepayments and other receivables		60,269,883	69,275,677
Cash and bank balances	7	156,452,286	35,708,159
		<u>6,640,726,541</u>	<u>5,345,257,895</u>
Total assets		<u>12,220,268,052</u>	<u>9,555,186,132</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
<i>Authorized capital</i>			
7,000,000 (June 30, 2020: 7,000,000) ordinary shares of Rs. 10/- each		<u>70,000,000</u>	<u>70,000,000</u>
<i>Issued, subscribed and paid-up capital</i>			
6,163,000 (June 30, 2020: 6,163,000) ordinary shares of Rs. 10/each		61,630,000	61,630,000
<i>Capital reserves</i>			
Surplus on revaluation of plant and equipment		3,117,127	3,281,186
<i>Revenue reserves</i>			
Unappropriated profit		<u>2,219,287,969</u>	1,985,418,933
Total equity		<u>2,284,035,096</u>	<u>2,050,330,119</u>
Non-current liabilities			
Long term loan-secured	8	3,741,132,872	2,366,168,168
Deferred liabilities	9	387,777,035	311,423,425
		4,128,909,907	2,677,591,593
Current liabilities			
Trade and other payables	10	811,172,175	866,745,027
Unclaimed dividend		7,084,759	6,826,376
Accrued markup		121,274,944	110,141,548
Short term borrowings - secured	11	4,558,019,596	3,652,478,772
Current portion of long term loan - secured	8	309,771,575	191,072,697
		<u>5,807,323,049</u>	<u>4,827,264,420</u>
Contingencies and commitments			
Total equity and liabilities	12	<u>12,220,268,052</u>	<u>9,555,186,132</u>

The annexed notes from 1 to 20 form an integral part of these financial statements.



Karachi: 25th Feb, 2021

Chief Executive

Director

CFO

Condensed Interim Statement of Profit or Loss

For the six months and quarter ended December 31, 2020 (unaudited)

	Note	Six months ended		Quarter Ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Rupees					
Sales - net	13	5,291,506,279	4,563,593,602	2,598,876,505	2,299,869,096
Cost of sales	14	(4,546,267,666)	(3,866,648,497)	(2,178,512,193)	(1,949,840,274)
Gross profit		745,238,613	696,945,105	420,364,312	350,028,822
Administrative costs		(88,692,485)	(78,805,885)	(48,245,711)	(45,174,857)
Distribution costs		(83,679,818)	(78,912,497)	(48,853,020)	(33,938,988)
Other operating costs		(24,975,752)	(16,021,773)	(24,975,752)	(16,021,773)
		(197,348,055)	(173,740,155)	(122,074,483)	(95,135,618)
Operating profit		547,890,558	523,204,950	298,289,829	254,893,204
Finance costs	15	(273,501,048)	(282,188,914)	(158,283,498)	(152,173,129)
Other income / (expenses) - net	16	62,602,154	(24,838,202)	63,292,819	(6,863,382)
		(210,898,894)	(307,027,116)	(94,990,679)	(159,036,511)
Profit before taxation		336,991,664	216,177,834	203,299,150	95,856,693
Taxation					
- Current		(51,437,424)	(17,704,661)	(23,766,048)	6,680,159
- Deferred		(2,545,263)	(28,426,628)	(273,704)	(28,426,628)
		(53,982,687)	(46,131,289)	(24,039,752)	(21,746,469)
Profit after taxation		283,008,977	170,046,545	179,259,398	74,110,224
Earnings per share - basic and diluted		45.92	27.59	29.09	12.03

The annexed notes from 1 to 20 form an integral part of these financial statements.

Karachi: 25th Feb, 2021



Chief Executive



Director



CFO

Condensed Interim Statement of Comprehensive Income

For the six months and quarter ended December 31, 2020 (unaudited)

	Six months ended		Quarter Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Rupees			
Profit after taxation	283,008,977	170,046,545	179,259,398	74,110,224
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	283,008,977	170,046,545	179,259,398	74,110,224

The annexed notes from 1 to 20 form an integral part of these financial statements.

Karachi: 25th Feb, 2021



Chief Executive



Director



CFO

Premium Textile Mills Limited



Condensed Interim Statement of Changes in Equity

For the six months and quarter ended December 31, 2020 (unaudited)

	Issued, subscribed & paid up capital	Capital Reserves	Revenue Reserves	Sub-total	Total
		Surplus on revaluation of plant and equipment	Unappropriated profits		
Rupees					
Balance as at June 30, 2019	61,630,000	3,645,762	2,063,626,100	2,067,271,862	2,128,901,862
<i>Total comprehensive income for the period ended December 31, 2019</i>					
-Profit after tax	-	-	170,046,545	170,046,545	170,046,545
-Other comprehensive loss	-	-	-	-	-
	-	-	170,046,545	170,046,545	170,046,545
Transfer to unappropriated profit on account of incremental depreciation	-	(182,288)	182,288	-	-
<i>Transaction with owners</i>					
Final cash dividend paid @ 225% for the period ended December 31, 2019 (2018: 225%)	-	-	(138,667,500)	(138,667,500)	(138,667,500)
Balance as at December 31, 2019	61,630,000	3,463,474	2,095,187,433	2,098,650,907	2,160,280,907
Balance as at June 30, 2020	61,630,000	3,281,186	1,985,418,933	1,988,700,119	2,050,330,119
<i>Total comprehensive income for the period ended December 31, 2020</i>					
-Profit after tax	-	-	283,008,977	283,008,977	283,008,977
-Other comprehensive income	-	-	-	-	-
	-	-	283,008,977	283,008,977	283,008,977
Transfer to unappropriated profit on account of incremental depreciation	-	(164,059)	164,059	-	-
<i>Transaction with owners</i>					
Final cash dividend paid @ 80% for the period ended December 31, 2020 (2019: 225%)	-	-	(49,304,000)	(49,304,000)	(49,304,000)
Balance as at December 31, 2020	61,630,000	3,117,127	2,219,287,969	2,222,405,096	2,284,035,096

The annexed notes from 1 to 20 form an integral part of these financial statements.

Karachi: 25th Feb, 2021


Chief Executive


Director


CFO

Condensed Interim Cash Flow Statement
For the six months and quarter ended December 31, 2020 (unaudited)

	Note	Six months ended	
		December 31, 2020	December 31, 2019
Rupees			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		336,991,664	216,177,834
Adjustments for:			
- Depreciation	3.1	231,606,621	169,624,799
- Gain on re-measurement of provision for Gas Infrastructure Development Cess	9.1	(65,157,149)	-
- Provision for Workers' Profit Participation Fund	10.1	18,098,371	11,609,980
- Provision for Workers' Welfare Fund	10.2	6,877,381	4,411,793
- Finance costs	15	273,501,048	282,188,914
- (Gain) / loss on disposal of property, plant and equipment	16	(693,809)	19,241,238
- Provision for gratuity		13,025,987	12,250,079
- Provision for doubtful debt		8,967,723	-
- Amortization of government grant	16	(5,281,913)	-
- Unrealized exchange loss / (gain) on export receivables	16	477,827	(11,769,092)
		<u>481,422,087</u>	<u>487,557,711</u>
Cash generated from operating activities before working capital changes		818,413,751	703,735,545
Effect on cash flow due to working capital changes			
(Increase)/decrease in current assets			
- Stores and spares		2,118,971	25,243,225
- Stock in trade		(995,315,005)	(18,612,048)
- Trade debts		(209,366,495)	(149,323,871)
- Advances, deposits, prepayments and other receivables		9,005,794	(17,051,518)
- Sales tax (refundable) / payable		(4,314,909)	25,886,777
Increase/(decrease) in current liabilities			
- Trade and other payables		46,530,696	269,441,951
		<u>(1,151,340,948)</u>	<u>135,584,516</u>
Cash (used in) / generated from operations		(332,927,197)	839,320,061
Taxes paid		(42,050,758)	(47,441,727)
Gratuity paid		(11,500,499)	(17,358,296)
Payment of Workers' Profit Participation Fund		(17,174,605)	(44,763,314)
Finance cost paid		(234,279,310)	(249,241,715)
Long term deposits paid		(619,155)	(150,000)
Net cash (used in) / generated from operating activities		(638,551,524)	480,365,009
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(1,601,131,931)	(983,371,869)
Proceeds from disposal of property, plant and equipment		1,225,000	9,063,700
Net cash used in investing activities		(1,599,906,931)	(974,308,169)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loan paid		(5,139,802)	(30,726,375)
Long term loan obtained		1,507,847,177	737,991,335
Short term borrowings - net		1,191,748,557	1,030,000,000
Dividend paid		(49,045,617)	(137,966,529)
Net cash generated from financing activities		2,645,410,315	1,599,298,431
Net increase in cash and cash equivalents		406,951,860	1,105,355,271
Cash and cash equivalents at the beginning of the period		(3,616,770,613)	(3,043,671,274)
Cash and cash equivalents at the end of the period		(3,209,818,753)	(1,938,316,003)
<i>Cash and cash equivalents comprise of the following:</i>			
Cash and bank balances		156,452,286	33,284,989
Short term borrowings (running finance)- secured		(3,366,271,039)	(1,971,600,992)
		<u>(3,209,818,753)</u>	<u>(1,938,316,003)</u>

The annexed notes from 1 to 20 form an integral part of these financial statements.

Karachi: 25th Feb, 2021


Chief Executive


Director


CFO

Notes to the Condensed Interim Financial Statements

For the six months ended December 31, 2020 (unaudited)

1. STATUS AND NATURE OF BUSINESS

Premium Textile Mills Limited (the Company) was incorporated in Pakistan on March 03, 1987 as a public limited company under the Companies Ordinance, 1984 [now repealed with the enactment of Companies Act, 2017 on May 30, 2017] and is listed on Pakistan Stock Exchange Limited. The principal activity of the Company is the manufacturing and sale of Cotton yarn and polyester yarn.

The address of the Company's registered office and the mill plant are as under:

- The registered office of the Company is located at 1st Floor, Haji Adam Chambers, Altaf Hussain Road, New Chali,
- The Company's manufacturing plant / mill is located at plot 58, 60, 61 & 76, 77, 78 Main Super Highway, Nooriabad, District Dadu (Sindh), Pakistan.

2. BASIS OF PREPARATION OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS

2.1 Statement of compliance with the applicable accounting and reporting standards

These condensed interim financial statements (here-in-after referred to as the '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:

- 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 former have been followed.

These interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2020.

2.2 Basis of measurement of items in these interim financial statements

These interim financial statements have been prepared under the historical cost convention except for plant and machinery and electrical instruments and installations which are carried at revalued amounts and provision for staff gratuity which is measured at the present value of the defined benefit obligation.

2.3 Functional and presentation currency

Items included in these interim financial statements are measured using the currency of the primary economic environment in which the Company operates. These interim financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

2.4 Judgements and sources of estimation uncertainty

In preparing these interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied in the annual unconsolidated financial statements of the Company as at and for the year ended June 30, 2020.

2.5 Significant accounting policies

The preparation of the interim financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and 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 recognized prospectively commencing from the period of revision.

The significant accounting policies applied in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual unconsolidated financial statements of the Company for the year ended June 30, 2020.

	Note	(Un-audited)	(Audited)
		December 31, 2020	June 30, 2020
		Rupees	
3. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	3.1	4,854,184,301	4,013,592,815
Capital work in progress	3.2	722,588,955	194,186,322
		5,576,773,256	4,207,779,137
3.1 Operating fixed assets			
Opening net book value		4,013,592,815	3,148,769,819
Add: Additions during the period	3.1.1	1,072,729,298	1,262,349,992
		5,086,322,113	4,411,119,811
Less: Disposals during the period (at NBV)	3.1.1	(531,191)	(28,302,721)
Depreciation charge for the period		(231,606,621)	(369,224,275)
Closing net book value		4,854,184,301	4,013,592,815

3.1.1 Following is the summary of class-wise additions to, or disposals from, operating fixed assets:

	Half year ended December 31, 2020 (Un-audited)		Year ended June 30, 2020 (Audited)	
	Additions	Disposals (At NBV)	Additions/ transfers	Disposals (At NBV)
Rupees				
Building and godown on freehold land	3,248,447	-	238,855,451	-
Plant and machinery	1,041,032,617	-	838,738,162	4,393,105
Furniture and fixtures	547,672	-	9,534,549	-
Computer and allied equipment	4,068,170	-	1,530,500	-
Vehicles	14,318,445	531,191	6,594,297	1,070,443
Electrical instruments and installation	9,513,947	-	167,097,033	22,839,173
	1,072,729,298	531,191	1,262,349,992	28,302,721

	(Un-audited)	(Audited)
	December 31, 2020	June 30, 2020
Rupees		
3.2 Capital work in progress		
Opening balance	194,186,322	164,100,236
Add: Additions during the period		
- Machinery	1,268,137,646	972,576,064
- Civil works	71,314,060	204,946,579
- ERP software	2,709,457	8,409,974
	1,342,161,163	1,185,932,617
Less: Transfers to operating fixed assets	(813,758,530)	(1,155,846,531)
Closing balance	722,588,955	194,186,322

4. STOCK IN TRADE			
Raw material			
- In hand	3,315,357,785	2,531,014,613	
- In transit	474,159,570	29,647,849	
	<u>3,789,517,355</u>	<u>2,560,662,462</u>	
Work in process	84,130,333	77,198,657	
Finished goods	297,676,006	539,628,817	
Waste material	1,409,463	705,003	
	<u>299,085,469</u>	<u>540,333,820</u>	
Packing materials	15,884,518	15,107,731	
	<u>4,188,617,675</u>	<u>3,193,302,670</u>	
	(Un-audited)	(Audited)	
	December 31,	June 30,	
	2020	2020	
5. TRADE DEBTORS - Considered good	Note		Rupees
Local debtors - unsecured		1,899,100,892	1,700,122,896
Foreign debtors - secured		109,011,865	99,101,193
		<u>2,008,112,757</u>	<u>1,799,224,089</u>
Less: Provision for doubtful debt		(16,141,901)	(7,174,178)
		<u>1,991,970,856</u>	<u>1,792,049,911</u>
6. TAXATION - NET			
Advance tax		180,353,215	225,486,851
Less: provision for current tax for the period		(51,437,424)	(87,184,394)
	6.1	<u>128,915,791</u>	<u>138,302,457</u>
6.1 Advance tax - movement			
Opening balance		138,302,457	132,646,743
Provision for current tax for the period		(51,437,424)	(87,184,394)
Taxes deducted at source during the period		42,050,758	92,840,108
Closing balance		<u>128,915,791</u>	<u>138,302,457</u>
7. CASH AND BANK BALANCES			
Cash in hand		3,827,207	1,950,900
Cash at banks - current accounts		152,625,079	33,757,259
		<u>156,452,286</u>	<u>35,708,159</u>
8. LONG TERM LOAN - secured			
Bank Al-Habib Limited			
- Long term finance facility		1,387,418,000	1,187,322,000
- Export refinance scheme		626,027,256	-
- SBP financing scheme for renewable energy		13,134,996	-
- Refinance scheme for payment of salaries and wages	8.1	212,810,254	62,765,122
Bank Al-Falah Limited			
- Long term finance facility		818,233,408	818,233,408
Habib Bank Limited			
- Long term finance facility		499,931,335	350,431,335
Meezan Bank Limited			
- Long term finance facility		493,349,198	138,489,000
		<u>4,050,904,447</u>	<u>2,557,240,865</u>
Current maturity shown under current liabilities		309,771,575	191,072,697
Non-current maturity shown under non-current liabilities		3,741,132,872	2,366,168,168
		<u>4,050,904,447</u>	<u>2,557,240,865</u>
8.1 Refinance scheme for payment of salaries and wages			
Opening balance		62,765,122	-
Total amount borrowed during the period	8.1.1	159,088,925	68,889,625
Less: element of government grant recognized as deferred income	8.1.1	(16,164,656)	(6,424,180)
		205,689,391	62,465,445
Add: Interest on unwinding of the discount		7,120,863	299,677
Closing balance		<u>212,810,254</u>	<u>62,765,122</u>
Current maturity shown under current liabilities		71,919,765	17,502,449
Non-current maturity shown under non-current liabilities		140,890,489	45,262,673
		<u>212,810,254</u>	<u>62,765,122</u>

8.1.1 This represents long term financing facility from Bank Al-Habib Limited under the State Bank of Pakistan (SBP's) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns notified vide IH & SMEFD Circular No. 7 of 2020 dated April 22, 2020. The principal terms and conditions of the facility are as follows:

- (a) The applicable markup rate is 3% per annum;
- (b) The tenor of the facility is 2.5 years (including 6-month grace period ended on December 31, 2020); and
- (c) The loan is to be repaid in 8 equal quarterly instalments commencing from January 2021.

Since the facility carries an interest rate of 3% p.a. which is well below the market interest rate of 9.80% (2020 : 9.76%) determined as 3-Month KIBOR plus 2.5%, in accordance with Circular 11 of 2020 dated August 17, 2020 issued by the Institute of Chartered Accountants of Pakistan (ICAP), the financing is considered to contain an element of government grant as per the International Accounting Standard (IAS) 20 *Accounting for Government Grants and Disclosure of Government Assistance* (the standard). Accordingly, the Company measured the loan liability at its fair value of Rs. 142.92 million determined on a present value basis (June 30, 2020: 62.46 million) and recognized the difference between the disbursement proceeds received from the bank and the said fair value, amounting to Rs. 16.16 million (June 30, 2020: 6.42 million), as deferred income in the statement of financial position. Subsequently, this deferred income shall be recognized as other income in profit or loss in proportion to the recognition of interest cost on the outstanding loan balance (based on the effective interest rate method).

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
9. DEFERRED LIABILITIES	<i>Note</i>	Rupees	
Deferred taxation on export debtors		19,766,297	17,221,034
Staff gratuity		23,553,432	22,027,945
Provision for Gas Infrastructure Development Cess	9.1	327,353,374	265,953,257
Deferred income - Government grant		17,103,932	6,221,189
		387,777,035	311,423,425
9.1 Movement in Gas Infrastructure Development Cess payable			
Opening balance as at the beginning of the period / year		389,833,965	221,088,133
Effect of change in accounting estimate recognised directly in unappropriated profits:			-
- Increase in provision as on July 01, 2019		-	81,545,459
- Effect of unwinding of the provision recognized during the year		-	31,689,692
		-	113,235,151
		389,833,965	334,323,284
Effect of unwinding of the provision recognized during the period		18,378,103	-
Charge for the year recognised in profit or loss		4,675,799	55,510,681
		412,887,867	389,833,965
Effect of change in accounting estimate as on December 31, 2020 recognised in profit or loss	9.1.1.	(65,157,149)	-
Closing balance		347,730,718	389,833,965
Current maturity shown under current liabilities		20,377,344	123,880,708
Non-current maturity shown under non-current liabilities		327,353,374	265,953,257
		347,730,718	389,833,965

9.1.1. On August 13, 2020, the Honorable Supreme Court of Pakistan ('the Supreme Court') had announced its judgment with respect to the constitutionality of the Gas Infrastructure Development Cess Act, 2015 ('the Act') whereby it had upheld the Act and had directed all gas utilities companies to recover, from the industrial and commercial consumers of natural gas, the arrears of the Cess that had become due up to July 31, 2020 in **24 equal monthly installments starting from the month of August, 2020**. Though, as of the date of approval of its financial statements for the year ended June 30, 2020, the Company (along with several other companies) intended to file a petition seeking review of the aforesaid judgment (based on certain legal grounds), it, nevertheless, in consultation with its legal counsel, had concluded that the payment of the cess had become 'probable' and, accordingly, had recognized a provision there against for an amount equal to the present value of the unpaid amount of the cess (accumulated up to June 30, 2020) that, in light of the said judgment, had been then estimated to be settled in 24 equal monthly installments.

Subsequently, on November 02, 2020, the Supreme Court announced its judgment in Civil Review Petitions (CRP) No. 421 to 454, 458 and 459 of 2020 and certain Civil Miscellaneous Applications (CMA), including CMA 6347 / 2020 in which the Company was a party, whereby it dismissed all the review petitions. In the said judgment, however, the Supreme Court ordered that, instead of the 24 monthly installments (as referred to above), the outstanding amount of the cess be recovered from the consumers of natural gas in **48 equal monthly installments (to be commenced from August 2020)**.

Nevertheless, up to the date of approval of these condensed interim financial statements, no such monthly cess payments have been made by the Company. This is in accordance with the **stay granted to the Company** (as well as certain other petitioners), on November 29, 2020, by the Honorable High Court of Sindh ('the High Court') in **Suit No. 1333 of 2020** which is yet pending for adjudication. In the said suit, it has been mainly argued that the plaintiffs are not liable to pay installments of the cess in view of the fact that they have not passed on the burden thereof to their customers. However, taking into consideration the fact that the review petitions on the original judgment have already been dismissed by the Supreme Court, as mentioned above, the management deemed it prudent for the Company to continue to recognize the provision in these condensed interim financial statements.

In light of the financial reporting guidance issued by the Institute of Chartered Accountants of Pakistan (ICAP) vide Circular 01 of 2021 'Accounting for Gas Infrastructure Development Cess (GIDC)' dated January 19, 2021, the Company, has, however, **re-measured the provision as on December 31, 2020 based on the 48 equal monthly installments** (expected to be commenced from July 01, 2021 - which is the date by when the final decision in Suit No. 1333 of 2020 is expected to be announced by the High Court) and, accordingly, recognized the resulting reduction in the amount of the provision as 'other income' in statement of profit or loss for the reporting period (refer note 16).

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	Rupees	
10. TRADE AND OTHER PAYABLES			
Creditors		275,957,920	337,016,318
Accrued liabilities		244,162,258	144,557,401
Advance from customers		13,251,349	17,670,411
Advance against sale of machinery		7,727,500	-
Workers' Profits Participation Fund	10.1	18,098,371	14,585,228
Workers Welfare Fund	10.2	35,582,495	28,705,114
Provision for gas rate difference		174,887,584	174,887,584
Current maturity of provision for Gas Infrastructure Development Cess		20,377,344	123,880,708
Sales tax payable		21,127,354	25,442,263
		811,172,175	866,745,027
10.1 Workers' Profit Participation Fund			
Opening balance		14,585,228	28,535,940
Add:			
- Charge for the period		18,098,371	14,585,228
- Interest accrued		2,589,377	16,227,374
		20,687,748	30,812,602
Less: payment made during the period		(17,174,605)	(44,763,314)
		18,098,371	14,585,228

10.2 Workers' Welfare Fund

Opening balance	28,705,114	25,570,989
Add: contribution for the period	6,877,381	6,952,035
Less: adjusted during the year against advance tax	-	(3,817,910)
	<u>35,582,495</u>	<u>28,705,114</u>

(Un-audited)	(Audited)
December 31,	June 30,
2020	2020

11. SHORT TERM BORROWINGS - secured

Rupees

Bank Al-Habib Limited - Running finance	3,215,296,817	3,154,591,467
Meezan Bank Limited		
- Istisna finance (Hypo)	200,000,000	-
- Istisna finance (Pledge)	843,193,557	100,000,000
- Musawamah finance (Import)	-	201,141,882
	<u>1,043,193,557</u>	<u>301,141,882</u>
Bank Al-Falah Limited		
- Running finance	55,719,260	75,927,836
- Pledge account	48,555,000	-
	<u>104,274,260</u>	<u>75,927,836</u>
MCB Bank Limited		
- Musharka finance	100,000,000	-
Habib Bank Limited		
- Running finance	95,254,962	120,817,587
	<u>4,558,019,596</u>	<u>3,652,478,772</u>

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingency

There has been no change in the status of contingencies as disclosed in annual audited financial statements of the Company for the year ended June 30, 2020.

(Un-audited)	(Audited)
December 31,	June 30,
2020	2020

12.2 Commitments

Rupees

Commitments in respect of capital expenditure	<u>651,399,614</u>	1,045,306,900
Letter of credit to SSGC	<u>77,900,000</u>	70,700,000
Letter of guarantees	<u>316,281,326</u>	291,889,035
Letters of credit issued in respect of purchase raw material	<u>528,160,437</u>	919,472,700

	Six months ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Rupees				
13. SALES - NET				
Local sales - net	78,280,007	79,020,393	16,617,240	61,950,386
Export sales indirect - net	4,457,513,747	3,483,434,594	2,186,209,555	1,760,255,730
Export sales direct - net	778,797,170	1,025,192,164	406,001,367	492,113,868
Raw material and wastage sales - net	37,787,975	25,481,739	17,202,609	11,362,091
	5,352,378,899	4,613,128,890	2,626,030,771	2,325,682,075
Commission and brokerage	(54,626,709)	(47,445,403)	(26,422,584)	(24,000,657)
Discount and claims	(6,245,911)	(2,089,885)	(731,682)	(1,812,322)
	(60,872,620)	(49,535,288)	(27,154,266)	(25,812,979)
	5,291,506,279	4,563,593,602	2,598,876,505	2,299,869,096

	Six months ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Rupees				
14. COST OF SALES				
Raw materials consumed <i>14.1</i>	3,167,433,452	2,941,950,794	1,583,502,484	1,425,849,522
Store and spares consumed	161,220,611	99,602,152	60,808,930	87,654,503
Packing materials consumed	54,673,850	54,071,188	54,673,850	32,592,850
Production expenses	906,857,347	835,582,464	496,059,263	420,258,340
Work in process:				
Opening	77,198,657	68,933,015	80,058,136	68,949,253
Closing	(84,130,333)	(80,279,688)	(84,130,333)	(80,279,688)
	(6,931,676)	(11,346,673)	(4,072,197)	(11,330,435)
Cost of goods manufactured	4,283,253,584	3,919,859,925	2,190,972,330	1,955,024,780
Trading cost	21,765,731	12,591,938	10,164,325	7,544,608
Rewinding cost	-	87,423	-	87,423
Opening stock of finished goods and waste material	540,333,820	357,187,284	276,461,007	410,261,536
Cost of goods available for sale	4,845,353,135	4,289,726,570	2,477,597,662	2,372,918,347
Closing stock of finished goods and waste material	(299,085,469)	(423,078,073)	(299,085,469)	(423,078,073)
	4,546,267,666	3,866,648,497	2,178,512,193	1,949,840,274

14.1 Raw material consumed				
Opening stock	2,531,014,613	1,982,587,681	2,659,149,342	1,651,126,719
Purchases	3,973,542,355	2,951,072,604	2,249,875,252	1,761,384,964
	6,504,556,968	4,933,660,285	4,909,024,594	3,412,511,683
Sale of raw material	(21,765,731)	(12,591,938)	(10,164,325)	(7,544,608)
Closing stock	(3,315,357,785)	(1,979,117,553)	(3,315,357,785)	(1,979,117,553)
	3,167,433,452	2,941,950,794	1,583,502,484	1,425,849,522

		Six months ended	
		December 31, 2020	December 31, 2019
		Rupees	
15. FINANCE COSTS	Note		
Markup and interest charges on:			
- Long term finances		55,065,041	30,181,411
- Short term borrowings		163,395,463	205,499,850
- Workers' Profit Participation Fund		2,589,377	16,227,374
Unwinding of Gas Infrastructure Development Cess provision		18,378,103	
Mark-up on local letter of credits		19,814,013	12,003,614
Bank charges on export receipts		3,838,989	11,328,591
Bank charges		10,420,062	6,948,074
		273,501,048	282,188,914
16. OTHER INCOME / (EXPENSES) - net			
Exchange gain/ (loss) on export receivables:			
- Realized		(8,052,890)	(10,898,961)
- Unrealized		(477,827)	(870,131)
		(8,530,717)	(11,769,092)
Gain / (loss) on disposal of fixed assets		693,809	(13,069,110)
Amortisation of deferred government grant		5,281,913	-
Gain on re-measurement of Gas Infrastructure Development Cess provision	9.1.1.	65,157,149	-
		62,602,154	(24,838,202)

17. FAIR VALUE HIERARCHY

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using 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 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Following is the fair value hierarchy of assets and liabilities carried at fair value:

As on December 31, 2020	Level 1	Level 2	Rupees	Level 3
Plant and Machinery	-	3,640,133,006	-	-
Electrical instruments and installations	-	484,013,107	-	-
As on June 30, 2020				
Plant and Machinery		2,764,461,968		

18. OPERATING SEGMENT

These financial statements have been prepared on the basis of single reportable segment. Revenue from sale of yarn represents 99.29% (Dec 31, 2019 : 99.44%) of the total revenue of the Company. 97.83% (Dec 31, 2019: 97.73%) gross sales of the Company relates to indirect exporters and foreign customers. All non-current assets of the Company at Dec 31, 2020 are located in Pakistan. The amount of revenue from major customers having sales of more than 10% of total sales amounts to Rs. 830,301,896 during the period ended Dec 31, 2020 amounted to Rs. 634,322,280 (Dec 31, 2019: 830,301,896).

19. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company as at and for the year ended June 30, 2020.

20. GENERAL

20.1 Date of authorization for issue

These financial statements have been authorized for issue by the Board of Directors of the Company in their meeting held on 25th February, 2021.

20.2 Corresponding figures

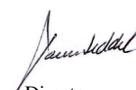
The corresponding figures have been rearranged and reclassified, wherever considered necessary and for the purpose of comparison and better presentation. Following reclassifications have been made in these financial statements.

20.3 Level of rounding

Figures have been rounded off to the nearest rupee.

Karachi: 25th Feb, 2021


Chief Executive


Director


CFO