

# IDREES

## TEXTILE MILLS LIMITED

CONDENSED INTERIM  
FINANCIAL INFORMATION FOR THE  
NINE MONTHS ENDED MARCH 31, 2014  
(UN-AUDITED)



### DIRECTORS' REPORT



On behalf of Board, I am pleased to present the Director's report together with the Condensed Interim Financial Information (un-audited) of your Company for the quarter and nine months ended March 31, 2014. The Company's sales during the period under review amounted to Rs.2,163.775 million as compared to Rs. 1,595.833 million during the corresponding period which shows an increase of 35.59%. Finance cost amounted to Rs. 77.958 million as compared to Rs. 64.144 million in the comparable period of last year. The Company earned a net profit of Rs. 43.933 million during the period as compared to a profit of Rs. 36.792 million in the corresponding period. Earnings per share amounted to Rs. 2.43 as compared to Rs. 2.04 in the comparable period of last year.

The management of your Company is determined to ensure consistent growth and profitability despite of various cost escalating factors like increase in minimum wage, significant hike in electricity tariff, high mark-up rate and production losses due to limited supply of gas and electricity. To ensure, sustainability and profitability of the industry, elimination of these constraints is a pre-requisite, therefore, it is time that the Government should play its role to bring the industry back on its track. The recent significant appreciation in the value of Pak Rupee has halted the Country's exports thus badly affecting the price of yarn in the local market. This, alongwith the menace of imported yarn, is playing havoc with the competitiveness and profitability of the spinning sector. However, the recent withdrawal of duty exemption on import of yarn is a good step by the Government. GSP plus status granted by the European Union is also yet to play its role in the textile sector. Further, the imposition of GIDC @ Rs. 100/- per MMBTU will sharply increase the cost of production which immediately requires Government's intervention.

The management of your Company is fully cognizant of the situation and is diligently working to overcome the aforesaid challenges.

The Board of your Company is thankful to the bankers, customers, vendors and the shareholders for their valuable support and for the services rendered by the employees of the Company.

Karachi.  
April 29, 2014

for and on behalf of the Board  
S.M. Idrees Allawala  
Chairman

**CONDENSED INTERIM BALANCE SHEET**  
As at March 31, 2014



**CONDENSED INTERIM PROFIT & LOSS ACCOUNT**  
For The Nine Months Ended March 31, 2014  
(UN-AUDITED)



Note	(Unaudited) March 31, 2014 Rupees	(Audited) June 30, 2013 Rupees
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized capital 22,000,000 Ordinary shares of Rs.10/- each	220,000,000	220,000,000
Issued, subscribed and paid up capital	180,480,000	180,480,000
Unappropriated profit	383,014,669	345,683,616
	563,494,669	526,163,616
<b>Surplus on Revaluation of Property, Plant &amp; Equipment</b>	544,643,963	556,089,638
<b>NON-CURRENT LIABILITIES</b>		
Long-term finance		
From related parties	100,330,001	100,330,001
From banking companies	-	9,428,523
	100,330,001	109,758,524
Liabilities against assets subject to finance lease	56,364,636	69,847,896
Deferred liabilities	378,889,981	387,043,532
<b>CURRENT LIABILITIES</b>		
Trade and other payables	273,527,233	86,488,903
Interest / markup accrued	25,247,883	16,614,118
Short term borrowings	771,055,809	650,885,939
Current-portion of long-term finance liabilities against assets subject to finance lease	15,428,523	44,000,000
Provision for taxation	48,789,790	41,134,951
	32,790,891	17,415,743
	1,166,840,129	856,539,654
<b>CONTINGENCIES AND COMMITMENTS</b> 4		
	<u>2,810,563,379</u>	<u>2,505,442,860</u>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment 5	1,402,925,077	1,401,538,431
Capital Work in Progress	100,000	-
Long-term deposits	29,845,332	25,408,822
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	59,680,967	50,093,996
Stock-in-trade 6	794,512,984	536,221,869
Trade debts	385,584,968	400,983,572
Loans and advances	49,873,721	28,461,246
Deposits and short term prepayments	1,539,875	1,853,434
Other receivables	17,827,716	18,047,727
Cash and bank 7 balances	68,672,739	42,833,763
	1,377,692,970	1,078,495,607
The annexed notes form an integral part of this condensed interim financial information.	<u>2,810,563,379</u>	<u>2,505,442,860</u>

Chief Executive Officer

Director

	Nine Months Ended		Quarter Ended	
	March 31, 2014 (July - March)	March 31, 2013	March 31, 2014 (January to March)	March 31, 2013
Note .....	Rupees .....			
Sales	2,163,774,732	1,595,833,147	729,954,271	536,337,254
Cost of goods sold 8	(1,982,773,209)	(1,437,964,390)	(670,178,040)	(475,253,655)
Gross profit	181,001,522	157,868,757	59,776,231	61,083,599
Other operating income/(loss)	8,308,530	3,628,015	(1,831,283)	560,209
	189,310,052	161,496,772	57,944,948	61,643,808
Distribution cost	15,059,285	5,695,754	5,290,026	2,240,968
Administrative expense	48,013,235	33,489,922	13,926,104	16,977,229
Other operating expenses	3,874,781	4,368,357	970,549	1,456,119
Finance cost	77,958,340	64,144,012	29,565,682	24,814,759
	(144,905,641)	(107,698,045)	(49,752,361)	(45,489,075)
Profit before taxation	44,404,411	53,798,727	8,192,587	16,154,733
Taxation - current	(18,096,020)	(15,844,939)	(3,857,504)	(5,283,000)
- prior	2,720,872	-	-	-
- deferred	14,904,114	(1,162,033)	(803,796)	(390,000)
	(471,034)	(17,006,972)	(4,661,300)	(5,673,000)
Profit for the period	43,933,377	36,791,755	3,531,287	10,481,733
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	43,933,377	36,791,755	3,531,287	10,481,733
Earnings per share - basic and diluted	2.43	2.04	0.20	0.58

The annexed notes form an integral  
part of this condensed interim financial information.

Chief Executive Officer

Director

**CONDENSED INTERIM CASH FLOW STATEMENT**  
For The Nine Months Ended March 31, 2014  
(UN-AUDITED)



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
For The Nine Months Ended March 31, 2014  
(UN-AUDITED)



	<i>Un-audited</i>	
	<i>March 31,</i>	<i>March 31,</i>
	<i>2014</i>	<i>2013</i>
	..... Rupees .....	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	44,404,411	53,798,727
Adjustments for:		
Depreciation on property, plant and equipment	63,278,158	58,209,938
Provision for staff retirement gratuity	9,177,623	6,714,000
Liabilities written back	31,243	(565,979)
Profit on disposal of Fixed Assets	(5,967)	-
Finance cost	77,958,340	64,144,012
Operating cash flow before movement of working capital	194,843,448	182,300,698
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(9,586,971)	(5,116,136)
Stock-in-trade	(258,291,116)	(324,823,014)
Trade debts	15,398,603	(52,388,131)
Loans and advances	(1,451,342)	1,787,588
Deposits and short term prepayments	313,559	(1,878,695)
Other receivables	220,011	(15,760,598)
Increase / (decrease) in current liabilities		
Trade and other payable	186,566,932	41,294,585
Cash generated from operations	128,013,125	(174,583,703)
Finance cost paid	(69,324,575)	(60,162,548)
Gratuity paid	(2,426,700)	(3,879,650)
Income tax paid	(19,961,133)	(25,922,632)
Net cash used in operating activities	36,300,717	(264,548,533)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(64,693,836)	(71,126,299)
Insurance Claim received	35,000	-
Addition to capital work in progress	(100,000)	-
Long term deposits (increased) / decreased	(4,436,510)	(12,561,408)
Net cash used in investing activities	(69,195,346)	(83,687,707)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term loans obtained from banking companies	-	45,428,523
Repayment of long term finance	(38,000,000)	(36,037,500)
Finance lease obtained	28,768,800	44,830,000
Repayment of finance lease liability	(34,597,221)	(11,445,919)
Murabaha finance Paid - net	(19,155,369)	24,699,000
Dividend paid	(17,607,845)	(5,018,360)
Net cash from financing activities	(80,591,635)	62,455,743
Net decrease in cash and cash equivalents (A+B+C)	(113,486,263)	(285,780,497)
Cash and cash equivalents at beginning of the period	(588,896,807)	(325,701,778)
Cash and cash equivalents at end of the period	(702,383,070)	(611,482,275)
<b>Cash and cash equivalents</b>		
Cash and bank balances	68,672,739	48,683,136
Running finance	(214,507,676)	(317,138,797)
Finance against Import (FIM)	(67,113,136)	(59,041,761)
Cash finance	(471,834,997)	(283,984,853)
Morabaha	(17,600,000)	-
	(702,383,070)	(611,482,275)

The annexed notes form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Director

**1. GENERAL INFORMATION**

- 1.1** Idrees Textile Mills Limited (the company) was incorporated in Pakistan as an unquoted public limited company on June 05, 1990 under the Companies Ordinance, 1984 and is listed on Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 6-C, Ismail Centre, first floor, Central Commercial Area Bahadurabad, Karachi in the province of Sindh. The principal activity of the Company is manufacturing and sale of yarn. The Company's manufacturing facility is located at Kot Shah Muhammad, District Nankana, Punjab.
- 1.2** The condensed interim financial information is presented in Pak Rupees, which is the company's functional and presentation currency.
- 1.3** The condensed interim financial information has been prepared under the historical cost convention modified by:
- revaluation of certain property, plant and equipment;
  - certain financial instruments at fair value; and
  - recognition of certain employees retirement benefits at present value
- 1.4** This condensed interim financial information has 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 Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 1.5** The accounting policies and methods of computation followed in the preparation of this condensed interim financial information is same as those of the published annual audited financial statements for the year ended June 30, 2013. This condensed interim financial information does not include all of the information required for annual financial statement and therefore should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2013.
- 1.6** The comparative balance sheet presented has been extracted from annual audited financial statements for the year ended June 30, 2013, whereas comparative condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity are stated from the unaudited condensed interim financial information for the nine months ended March 31, 2013.

**2. ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of the condensed interim financial information is in conformity with approved accounting standards as applicable in Pakistan for interim financial reporting requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and 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. Revision to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key source of estimation and uncertainty were the same as those that applied to the annual audited financial statements as at and for the year ended June 30, 2013.

**3. FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2013.

	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>March</i>	<i>June</i>
	<i>31, 2014</i>	<i>30, 2013</i>
	..... Rupees .....	

**4. CONTINGENCIES AND COMMITMENTS**

	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>March</i>	<i>June</i>
	<i>31, 2014</i>	<i>30, 2013</i>
	..... Rupees .....	
<b>4.1 Contingencies</b>		
Letters of guarantee issued by banks on behalf of the Company	52,383,168	50,383,168
<b>4.2 Commitments</b>		
Letters of credits opened and outstanding for import of:		
Raw material	76,533,346	63,730,645
Spare parts	4,231,238	1,134,701
Plant and machinery	46,795,420	69,571,888

**5. ADDITIONS AND DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT**

During the period following additions and disposals were made: -

	<i>(Unaudited)</i>		<i>(Audited)</i>	
	<i>Nine months ended</i>		<i>Year ended</i>	
	<i>March 31, 2014</i>		<i>June 30, 2013</i>	
	<i>Additions</i>	<i>Disposals / transfer at carrying value</i>	<i>Additions</i>	<i>Disposals / transfer at carrying value</i>
	..... Rupees .....			
<b>Operating fixed assets</b>				
Plant and machinery (owned)	33,528,706	-	65,954,017	(7,315,768)
Electric installations	-	-	853,000	-
Office equipment	1,478,632	-	747,438	-
Furniture & Fixture	65,400	-	-	-
Vehicles (owned)	1,413,397	(83,987)	818,456	-
Plant and machinery (leased)	3,544,052	-	43,840,426	-
Vehicles (leased)	24,689,000	-	16,337,000	-
	64,719,187	(83,987)	128,550,337	(7,315,768)

	<i>(Unaudited)</i>		<i>(Audited)</i>	
	<i>March</i>		<i>June</i>	
	<i>31, 2014</i>		<i>30, 2013</i>	
	..... Rupees .....		..... Rupees .....	
<b>6. STOCK-IN-TRADE</b>				
Raw material - in hand	390,983,953	400,874,061	-	-
- in transit	-	-	-	-
Work in process	28,607,175	25,583,030	370,514,456	100,038,536
Finished goods	4,407,401	9,726,242	-	-
Waste	-	-	794,512,985	536,221,869

**7. CASH AND BANK BALANCES**

This includes term deposit receipts amounting to Rs.31,561,953/- (June 30, 2013: Rs. 29,096,670/-) for a period of six months to one year carrying mark-up rate of 6% to 11% (June 30, 2013: 6% to 11%) per annum. The banks have a lien on these term deposit receipts on account of guarantees provided by such banks.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
For The Nine Months Ended March 31, 2014  
(UN-AUDITED)



	<i>(Unaudited)</i> <i>Nine Months ended</i>		<i>(Unaudited)</i> <i>Quarter Ended</i>	
	<i>March 31, 2013</i>	<i>March 31, 2014</i>	<i>March 31, 2014</i>	<i>March 31, 2013</i>
	<i>(July - March)</i>		<i>(January - March)</i>	
	..... Rupees .....			
<b>8. COST OF GOODS SOLD</b>				
Raw material consumed	1,559,321,226	1,057,367,357	540,268,864	399,258,659
Salaries, wages and benefits	119,743,996	116,078,801	38,568,012	38,439,173
Fuel and power	271,538,474	158,782,709	82,428,233	61,129,466
Stores and spares	70,253,508	73,030,875	25,128,511	32,686,292
Depreciation	59,342,365	56,492,083	19,813,608	18,995,218
Insurance	4,523,209	4,085,846	1,500,000	1,350,000
Repairs and maintenance	2,593,081	2,942,686	733,075	895,546
Fabric processing cost	7,994,212	6,519,322	1,748,250	3,299,155
Other manufacturing overheads	9,046,629	6,519,322	2,435,481	3,299,155
	2,104,356,700	1,475,299,679	712,624,034	556,053,509
Work-in-process				
Opening stock	25,583,030	21,622,605	27,355,655	21,794,238
Closing stock	(28,607,175)	(27,053,498)	(28,607,175)	(27,053,498)
	(3,024,145)	(5,430,893)	(1,251,520)	(5,259,260)
Cost of goods manufactured	2,101,332,555	1,469,868,786	711,372,514	550,794,249
Finished goods				
Opening stock	109,764,778	124,792,862	270,693,781	81,156,664
Purchases-Yarn	146,778,719	0	63,214,589	0
Closing stock	(375,102,843)	(156,697,258)	(375,102,843)	(156,697,258)
	(118,559,346)	(31,904,396)	(41,194,473)	(75,540,594)
	1,982,773,209	1,437,964,390	670,178,041	475,253,655

**9. TRANSACTIONS WITH RELATED PARTIES**

The related parties comprises of associated undertakings, directors and key management personnel. The significant transactions with related parties during the period are as follows:

<i>Relationship with the Company</i>	<i>Nature of Transactions</i>	<i>(Unaudited)</i> <i>Nine months ended</i>	
		<i>March 31, 2014</i>	<i>March 31, 2013</i>
		<i>(July - March)</i>	
		..... Rupees .....	
Provident Fund of the Company	Contribution paid	671,950	701,395
Key management personnel	CEO & directors	5,490,000	2,100,000

The Chief Executive Officer, directors and some executives are provided with free use of company maintained car.

**10. DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial information was authorized for issue On 29 - April - 2014 by the Board of Directors of the Company.

**11. GENERAL**

Figures have been rounded off to the nearest Rupee.

Chief Executive Officer

Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
For The Nine Months Ended March 31, 2014  
(UN-AUDITED)

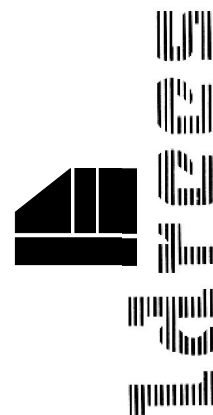
	<i>Issued, subscribed and paid up capital</i>	<i>Unappropriated profit</i>	<i>Total</i>
	..... Rupees .....		
Balance at July 01, 2012	180,480,000	278,424,564	458,904,564
<b>Transaction with owners</b>			
Cash dividend for the year ended June 30, 2012 @ Re 1/- per share to minority shareholders	-	(5,462,726)	(5,462,726)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	5,969,455	5,969,455
<b>Comprehensive Income</b>			
Profit for the period ended March 31, 2013	-	36,791,755	36,791,755
Other comprehensive income - net of tax	-	-	-
	-	36,791,755	36,791,755
Balance at March 31, 2013	180,480,000	315,723,048	496,203,048
<b>Transaction with owners</b>			
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	5,204,239	5,204,239
<b>Comprehensive Income</b>			
Profit for the period ended June 30, 2013	-	24,756,329	24,756,329
Other comprehensive income - net of tax	-	24,756,329	24,756,329
	-	49,512,658	49,512,658
Balance at June 30, 2013	180,480,000	345,683,616	526,163,616
<b>Transaction with owners</b>			
Cash dividend for the year ended June 30, 2013 @ Re 1/- per share	-	(18,048,000)	(18,048,000)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	11,445,676	11,445,676
<b>Comprehensive Income</b>			
Profit for the period ended March 31, 2014	-	43,933,377	43,933,377
Other comprehensive income - net of tax	-	-	-
	-	43,933,377	43,933,377
Balance at March 31, 2014	180,480,000	383,014,669	563,494,669

The annexed notes form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

A MEMBER OF THE



ALLAWALA GROUP

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