



*Half Yearly Accounts December 31, 2021
(Un-Audited)*



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COMPANY INFORMATION

CHAIRPERSON

Mrs. Shahnaz Umar

CHIEF EXECUTIVE

Mr. Mohammad Mahboob

BOARD OF DIRECTORS

Mrs. Shahnaz Umar	(Non-Executive / Chairperson)
Mr. Mohammad Mahboob	(Executive Director / Chief Executive Officer)
Mrs. Sadiya Umair	(Non-Executive)
Mr. Muhammad Tariq	(Non-Executive)
Mr. Saeed Ahmed Khan	(Executive Director)
Mr. Shaukat Nazir Malik	(Non-Executive / Independent Director)
Mrs. Zainab Malik	(Non-Executive / Independent Director)

AUDIT COMMITTEE

Mr. Shaukat Nazir Malik	Chairman
Mr. Muhammad Tariq	Member
Mrs. Zainab Malik	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mrs. Zainab Malik	Chairperson
Mrs. Sadiya Umair	Member
Mr. Mohammad Mahboob	Member

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Mr.Saeed Ahmad Khan

AUDITORS

M/S Rahman Sarfaraz Rahim Iqbal Rafiq. (Chartered Accountants)
Member of Russell Bedford International.
72-A, Faisal Town, Lahore.

TAX ADVISER

M/S Tipu Associates
97/8-B, Babar Block, Garden Town, Lahore

INTERNAL AUDITORS

Rahman Sarfaraz Rahim Iqbal Rafiq (Chartered Accountants)
Member of Russel Badford International.
72-A , Faisal Town, Lahore.

LEGAL ADVISER

Salman Akram Raja.
Raja Mohammad Akram & Co., Advocates & Legal Consultants
33-C Main Gulberg Lahore.

REGISTRAR OF THE COMPANY

Vision Consulting Ltd.
3 – C , 1st floor, LDA Flats, Lawrance Road Lahore
Ph: + 92 42 36283096-97

REGISTERED OFFICE

8 KM Manga Raiwind Road Raiwind District Kasur
Ph: + 92 42 3571 4191-94 , Fax: + 92 42 3571 0048
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MILLS

8 KM Manga Raiwind Road Raiwind District Kasur



Directors' Report

The Directors are pleased to present the reviewed financial statements of the Company for the half-year ended December 31, 2021.

Following are the Operating financial results of the Company.

	Six months ended 31 December 2021	Six months ended 31 December 2020
	<i>Rupees</i>	<i>Rupees</i>
Sales - Net	194,597,171	852,216,787
Gross profit (Loss)	(227,366,287)	15,531,050
Operating Profit (Loss)	(220,049,082)	22,556,888
Profit/ (Loss) after Tax	(295,797,813)	(34,506,116)
(Loss) / Earning per Share	(3.42)	(0.40)

Review of business during this period and Future outlook

The Company's sales are Rs. 194.597 million as compared to Rs.852.217 million during the corresponding period of last year showing a decrease of 77.17%. Gross Loss for the period is Rs.227.366 million as compared to the gross profit of Rs.15.531 million in the corresponding period. The increase in Gross Loss is mainly due to a substantial decrease in the sales of the company in 2nd Quarter of the Year. Loss from operations is Rs.220.049 million as compared to operational Profit of Rs. 22.557 million in the corresponding period. The increase in loss is attributed due to increase of loss in 1st and 2nd Quarter of the Year. After tax loss is Rs. 295.798 million as compared to loss of Rs. 34.506 million in the corresponding period. Loss per share for the six-month period are Rs. (3.42) as compared to Rs. (0.40) during the corresponding period of last year.

However, the management of the company is putting its best efforts forward by taking severe cost cutting measures to increase the profit margins and to improve the margins further through better production and marketing strategies in the remaining six months of the year.

The Directors wish to express their appreciation to the staff & workers of the Company for their dedication & devotion displayed in the success & sales growth of the company.

On behalf of the Board

Mrs. Shahnaz Umar
(Chairperson)

Mohammad Mahboob
(Chief Executive)

Lahore
February 28, 2022

ڈائریکٹرز رپورٹ

ڈائریکٹرز 31 دسمبر 2021 کو مختصر ششماہی کے لئے آڈیٹرز سے جانچو شدہ مالیاتی معلومات پیش کرتے ہوئے خوش محسوس کرتے ہیں۔
کمپنی کے عملی مالیاتی مجموعے درج ذیل ہیں۔

مختصر ششماہی 31 دسمبر 2021ء روپے	مختصر ششماہی 31 دسمبر 2020ء روپے	
194,597,171	852,216,787	فروڈنگس (Net)
(227,366,287)	15,531,050	مجموعی منافع (نقصان)
(220,049,082)	22,556,888	آپریٹنگ منافع (نقصان)
(295,797,813)	(34,506,116)	منافع (نقصان) بعد از ٹیکس
(3.42)	(0.40)	آمدن (نقصان) فی فیصد

اس مدت کے دوران کاروبار کا جائزہ اور مستقبل پر نظر

کمپنی کی زیاجاً مدت کے دوران فروڈنگس شدہ مال کی مالیت 194.597 ملین روپے ہے جبکہ پچھلے سال اسی مدت کے دوران فروڈنگس شدہ مال کی مالیت 852.217 ملین روپے تھی۔ جو گزشتہ سال سے 77.17% کم ظاہر کر رہی ہے۔ زیاجاً مدت کے دوران مجموعی نقصان 227.366 ملین روپے رہا جبکہ پچھلے سال اسی مدت کے دوران مجموعی منافع 15.531 ملین روپے تھا۔ مجموعی نقصان میں اضافہ کی بنیادی وجہ فروڈنگس شدہ مال کی مالیت میں نمایاں کمی ہے۔ کمپنی کا آپریٹنگ نقصان 220.049 ملین روپے رہا۔ جبکہ پچھلے سال اسی مدت کے دوران آپریٹنگ منافع 22.557 ملین روپے تھا۔ آپریٹنگ نقصان میں اضافہ کی وجہ کمپنی کے مجموعی نقصان میں پہلی اور دوسری سہ ماہی میں اضافہ ہے۔ بعد از ٹیکس نقصان 295.798 ملین روپے ہے جبکہ پچھلے سال اسی مدت میں بعد از ٹیکس نقصان 34.506 ملین روپے تھا۔ رواں ششماہی کے لئے فی حصص نقصان (3.42) روپے ہے۔ جبکہ پچھلے سال کی اسی مدت کے دوران فی حصص نقصان (0.40) روپے تھا۔

تمام کمپنی کی انتظامیہ بقید دوسری ششماہی میں بہتر منافع کے حصول کے لئے اور پیداواری لاگتوں میں کمی لانے کے لئے سخت اقدامات اٹھانے کے ساتھ ساتھ بہتر پیداوار اور مارکیٹنگ حکمت عملی کے ذریعے اپنی تمام صلاحیتوں کو بڑے کارلائے ہوئے اس میں بہتری کے لئے پُر امید ہے۔

ڈائریکٹرز، کمپنی کے عملے اور کارکنان کی اپنے کام کی لگن اور ایثار کے لئے جو انھوں نے کمپنی کی بہتری کے لئے کی ہیں کو تحسین کی نگاہ سے دیکھتے اور سراہتے ہیں۔

A. U. A.

مسز شہناز عمر
چیر پرسن

(Signature)

محمد محبوب
چیف ایگزیکٹو

لاہور

28 فروری 2022ء



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of HIRA TEXTILE MILLS LIMITED Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **HIRA TEXTILE MILLS LIMITED** [the Company] as at **31 December 2021** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements 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. The figures for the three-month period ended 31 December 2021 of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income have not been reviewed as we are required to review only cumulative figures for the six-month period ended on that date.

Scope of Review

We conducted our review in accordance with 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 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.

Basis for Adverse Conclusion

Our audit opinion on the financial statements for the year ended 30 June 2021 was modified because we did not receive responses to our requests for direct confirmations from bankers of the Company for debt finances amounting to Rs. 1,751.43 million and accrued interest thereon amounting to Rs. 395.73 million. We were unable to satisfy ourselves by alternative means concerning these liabilities as at 30 June 2021 and the related interest expense for the year ended 30 June 2021. Our conclusion on review of the annexed interim financial statements is also modified because the matter giving rise to the modification is unresolved in respect of debt finances amounting to Rs. 1,751.43 million and accrued interest thereon amounting to Rs. 414.98 million as at 31 December 2021.

Outstanding principal and accrued interest pertaining to various short term borrowings reported in the financial statements for the year ended 30 June 2021 were not in agreement with responses to our requests for direct confirmation from the bankers of the Company. As a result, current liabilities as at 30 June 2021 were understated by Rs. 9.59 million on account of accrued interest. This matter caused us to modify our audit opinion on the financial statements for the year ended 30 June 2021. The matter giving rise to the modification is unresolved. Accordingly our conclusion on review of the annexed interim financial statements is also modified because of the possible effects of the matter on current period's figures.

The Company was unable to make timely repayments of long term finances and interest thereon. As a result, the Company breached provisions of long term financing agreements with MCB Bank Limited, National Bank of Pakistan and Habib Bank Limited whereby the entire liability under these agreements became payable on demand. International Accounting Standard 1 'Presentation of Financial Statements' requires that if an entity breaches a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it classifies the liability as current. However, the Company continues to classify these finances as non-current liabilities. Had these finances been classified appropriately, the total current liabilities of the Company as at 31 December 2021 would have been higher by Rs. 822.876 million.

**HIRA TEXTILE MILLS LIMITED**

Our audit opinion on the financial statements for the year ended 30 June 2021 was modified because we did not receive response to our request for direct confirmation from Hira Terry Mills Limited, a related party for transactions and balances amounting to Rs. 131.698 million and Rs. 184.224 million respectively. We were unable to satisfy ourselves by alternative means concerning these transactions and balances. The matter giving rise to the modification is unresolved. Accordingly our conclusion on review of the annexed interim financial statements is also modified because of the possible effects of the matter on current period's figures.

As referred to in note 2.2 to the interim financial statements, the Company has incurred loss after tax of Rs. 295.798 million during the period ended 31 December 2021. As at the reporting date, the Company has accumulated losses of Rs. 2,233.742 million. Its current liabilities exceed current assets by Rs. 1,346.083 million. The Company has not been able to make timely repayments of its debt finances and interest thereon. The providers of debt finances have filed recovery suits against the Company for Rs. 1,790.161 million. All short term borrowing facilities availed by the Company stand expired. These factors indicate existence of material uncertainty that raises doubts about the Company's ability to continue as a going concern and that the Company may not be able to discharge its liabilities and realize its assets in the normal course of business. We consider that in the absence of any favourable settlement with the providers of debt finances, ability to obtain further financing and revival of its operations, the Company may not be able to settle its liabilities and realize its assets in the normal course of business. Consequently, the use of going concern assumption in the preparation of annexed financial statements is not appropriate and adjustments may be required to the amounts reported in the interim financial statements. The interim financial statements do not disclose this fact.

Adverse Conclusion

Our review indicates that, because of the matters described in 'Basis of Adverse Conclusion' section of this report, these 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 **ZUBAIR IRFAN MALIK**


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Lahore: 28 February 2022

UDIN: RR202110185BGojK63Ym





HIRA TEXTILE MILLS LIMITED

Condensed Interim Statement of Financial Position

as at 31 December 2021

	<i>Note</i>	31-Dec-21	30-Jun-21
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-audited)</i>	<i>(Audited)</i>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
<i>Authorized share capital</i>		870,000,000	870,000,000
Issued share capital		865,779,200	865,779,200
Share premium		82,500,000	82,500,000
Revaluation reserve		1,136,004,929	1,159,043,059
Retained earnings		(2,233,742,417)	(1,960,982,734)
Loan from directors and sponsors		481,500,000	481,500,000
TOTAL EQUITY		332,041,712	627,839,525
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances		1,181,621,892	1,185,703,559
Lease liability		2,082,514	3,054,544
Employees retirement benefits		20,902,941	24,070,720
Deferred Interest		44,019,291	44,019,291
Deferred taxation		308,969,197	308,969,197
		1,557,595,835	1,565,817,311
CURRENT LIABILITIES			
Trade and other payables		657,794,319	610,292,969
Unclaimed dividend		2,757,216	2,757,216
Short term borrowings		713,162,339	713,162,339
Accrued interest		455,984,756	385,832,537
Current portion of non-current liabilities		67,521,455	67,521,455
		1,897,220,085	1,779,566,516
TOTAL LIABILITIES		3,454,815,920	3,345,383,827
CONTINGENCIES AND COMMITMENTS			
	6		
TOTAL EQUITY AND LIABILITIES		3,786,857,632	3,973,223,352

The annexed notes from 1 to 18 form an integral part of these interim financial statements.

Lahore
Date : 28 February 2022


Chief Executive


Chief Financial Officer


Chairperson



Condensed Interim Statement of Financial Position

as at 31 December 2021

	<i>Note</i>	31-Dec-21 <i>Rupees</i> <i>(Un-audited)</i>	30-Jun-21 <i>Rupees</i> <i>(Audited)</i>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	3,129,510,159	3,162,598,067
Right-of-use assets	8	56,538,429	58,445,537
Long term investments	9	-	-
Long term deposits		49,672,044	49,672,044
		3,235,720,632	3,270,715,648
CURRENT ASSETS			
Stores and spares		13,491,303	37,948,244
Stock in trade		335,653,872	402,628,302
Trade receivables		86,231,982	93,665,169
Advances and other receivables		91,446,771	134,637,795
Advance income tax/income tax refundable		23,037,059	25,787,668
Cash and bank balances		1,276,013	7,840,526
		551,137,000	702,507,704
TOTAL ASSETS		3,786,857,632	3,973,223,352

The annexed notes from 1 to 18 form an integral part of these interim financial statements.

Lahore
Date : 28 February 2022


Chief Executive


Chief Financial Officer


Chairperson



Condensed Interim Statement of Profit or Loss (Un-audited)

For the six months period ended 31 December 2021

	Note	Six month ended		Three month ended	
		31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
		Rupees	Rupees	Rupees	Rupees
Revenue from contracts with customers - net	10	194,597,171	852,216,787	13,615,816	362,221,710
Cost of sales	11	(421,963,458)	(836,685,737)	(145,164,750)	(359,316,307)
Gross (loss)/profit		(227,366,287)	15,531,050	(131,548,934)	2,905,403
Selling and distribution expenses		(50,000)	(627,211)	-	(619,611)
Administrative expenses		(20,999,643)	(18,612,551)	(9,767,797)	(10,715,750)
Other income		(21,049,643)	(19,239,762)	(9,767,797)	(11,335,361)
		28,366,848	26,265,600	14,370,048	13,305,600
Operating (loss)/profit		(220,049,082)	22,556,888	(126,946,683)	4,875,642
Finance cost		(72,829,773)	(44,279,752)	(34,504,252)	(18,107,300)
Loss before taxation		(292,878,855)	(21,722,864)	(161,450,935)	(13,231,658)
Provision for taxation	12	(2,918,958)	(12,783,252)	(204,238)	(7,883,301)
Loss after taxation		(295,797,813)	(34,506,116)	(161,655,173)	(21,114,959)
Loss per share - basic and diluted		(3.42)	(0.40)	(1.87)	(0.24)

The annexed notes from 1 to 18 form an integral part of these interim financial statements.

Lahore
Date : 28 February 2022


Chief Executive


Chief Financial Officer


Chairperson



Condensed Interim Statement of Comprehensive Income (Un-audited)

For the six months period ended 31 December 2021

	Six month ended		Three month ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	Rupees	Rupees	Rupees	Rupees
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-	-	-
<i>Items that will not be reclassified to profit or loss</i>	-	-	-	-
Other comprehensive income	-	-	-	-
Loss after taxation	(295,797,813)	(34,506,116)	(161,655,173)	(21,114,959)
Total comprehensive loss	(295,797,813)	(34,506,116)	(161,655,173)	(21,114,959)

The annexed notes from 1 to 18 form an integral part of these interim financial statements.

Lahore
Date : 28 February 2022


Chief Executive


Chief Financial Officer


Chairperson



Condensed Interim Statement of Changes in Equity (Un-audited)

For the six months period ended 31 December 2021

	Share capital	Capital reserves		Revenue reserves	Loan from directors and sponsors	Total equity
	Issued share capital	Share premium	Revaluation reserve	Retained earnings		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 30 June 2020 - Audited	865,779,200	82,500,000	438,903,099	(1,799,700,701)	481,500,000	68,981,598
Comprehensive loss						
Loss after taxation	-	-	-	(34,506,116)	-	(34,506,116)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss	-	-	-	(34,506,116)	-	(34,506,116)
Incremental depreciation	-	-	(7,318,726)	7,318,726	-	-
Transaction with owners	-	-	-	-	-	-
Balance as at 31 December 2020 - Un-audited	865,779,200	82,500,000	431,584,373	(1,826,888,091)	481,500,000	34,475,482
Balance as at 01 January 2021 - Un-audited	865,779,200	82,500,000	431,584,373	(1,826,888,091)	481,500,000	34,475,482
Comprehensive loss						
Loss after taxation	-	-	-	(138,056,969)	-	(138,056,969)
Other comprehensive loss	-	-	733,661,068	(2,240,056)	-	731,421,012
Total comprehensive loss	-	-	733,661,068	(140,297,025)	-	593,364,043
Incremental depreciation	-	-	(6,202,382)	6,202,382	-	-
Transaction with owners	-	-	-	-	-	-
Balance as at 30 June 2021 - Audited	865,779,200	82,500,000	1,159,043,059	(1,960,982,734)	481,500,000	627,839,525
Balance as at 01 July 2021 - Audited	865,779,200	82,500,000	1,159,043,059	(1,960,982,734)	481,500,000	627,839,525
Comprehensive loss						
Loss after taxation	-	-	-	(295,797,813)	-	(295,797,813)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss	-	-	-	(295,797,813)	-	(295,797,813)
Incremental depreciation	-	-	(23,038,130)	23,038,130	-	-
Transaction with owners	-	-	-	-	-	-
Balance as at 31 December 2021 - Un-audited	865,779,200	82,500,000	1,136,004,929	(2,233,742,417)	481,500,000	332,041,712

The annexed notes from 1 to 18 form an integral part of these interim financial statements.

Lahore
Date : 28 February 2022


Chief Executive


Chief Financial Officer


Chairperson

Condensed Interim Cash Flow Statement (Un-audited)

For the six months period ended 31 December 2021

	Six month ended	
	31-Dec-21	31-Dec-20
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(292,878,855)	(21,722,864)
Adjustments for non-cash items		
Interest on borrowings	72,829,773	44,279,752
Provision for employees retirement benefits	4,000,000	5,000,000
Depreciation	60,323,861	60,777,779
	137,153,634	110,057,531
Operating (loss)/profit before changes in working capital	(155,725,221)	88,334,667
Changes in working capital		
Stores and spares	24,456,941	(1,931,144)
Stock in trade	66,974,430	(135,606,600)
Trade receivables	7,433,187	(22,985,848)
Advances and other receivables	43,191,024	69,747,951
Trade and other payables	47,501,350	66,475,708
	189,556,932	(24,299,933)
Net cash generated from operations	33,831,711	64,034,734
Payments for		
Interest on borrowings	(2,677,554)	(67,010,264)
Income tax	(168,349)	(260,557)
Employees retirement benefits	(7,167,779)	(1,940,450)
Net cash generated from/(used in) operating activities	23,818,029	(5,176,537)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(25,328,845)	(40,764,428)
Net cash used in investing activities	(25,328,845)	(40,764,428)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained/(repaid)	(4,081,667)	136,518,097
Repayment of lease liability	(972,030)	(970,007)
Net decrease in short term borrowings	-	(90,181,097)
Net cash (used in)/generated from financing activities	(5,053,697)	45,366,993
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,564,513)	(573,972)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	7,840,526	9,616,009
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1,276,013	9,042,037

The annexed notes from 1 to 18 form an integral part of these interim financial statements.

Lahore
Date : 28 February 2022


Chief Executive


Chief Financial Officer


Chairperson



Notes to the Condensed Interim Financial Statements (Un-audited)

For the six months period ended 31 December 2021

1 LEGAL STATUS AND OPERATIONS

Hira Textile Mills Limited [the Company] is incorporated in Pakistan as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017), and is listed on Pakistan Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of yarn. The registered office and manufacturing facility of the Company is situated at 8 K.M. Manga Raiwind Road, District Kasur in the province of Punjab.

2 BASIS OF PREPARATION

The interim financial statements are un-audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the audited financial statements of the Company for the year ended 30 June

This interim financial statements have been subjected to limited scope review by the auditors of the company, as required by the Companies Act, 2017 under section 237. The comparative condensed interim statement of financial position as at 30 June 2021 and the related notes to the interim financial statements are based on audited financial statements. The comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and related notes to the condensed interim financial statements for the six month period ended 31 December 2020 are based on unaudited, reviewed interim financial statements. The condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months period ended 31 December 2021 and 31 December 2020 are neither audited nor reviewed.

2.1 Statement of compliance

These 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 comprises of:

- International Accounting Standard 34 - Interim Financial Reporting, issued by International Accounting Standards Board [IASB] as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Appropriateness of the going concern assumption

The Company has been facing unfavorable market conditions, depressed yarn prices following weak demand of spun yarn, increase in raw material and production costs resulting in low margins for past few years. As a result, the Company has incurred loss after taxation of Rs. 295,798 million during the period ended 31 December 2021. As at 31 December 2021, the Company has accumulated losses of Rs. 2,233,742 million as at the reporting date and its current liabilities exceed its current assets by Rs. 1346,083 million. The Company has failed to make timely repayments of its debt finances and interest thereon due to which lenders have filed recovery suits against the Company. These factors raise doubts about the Company's ability to continue as a going concern and that the Company may not be able discharge its liabilities and realize its assets in normal course of business. However, these financial statements have been prepared on going concern basis based on the following:

- a) The management of the company has entered into negotiation with the providers of debt finances for restructuring of long term and short term debt including accrued interest thereon. The management successfully negotiated restructuring of short term debt and long term finances, including accrued interest thereon with Faysal Bank Limited, whereby liabilities amounting to Rs. 186,703 million were converted into diminishing musharakah facilities with a grace period upto December 2020 and accrued interest amounting to Rs. 47,826 million was deferred with repayments commencing from December 2026.



Notes to the Condensed Interim Financial Statements (Un-audited)

For the six months period ended 31 December 2021

Further, National Bank of Pakistan proposed a restructuring arrangement whereby the outstanding principal of long term finances and short term borrowings is proposed to be converted into new demand finances with upto two years grace period while accrued interest together with future interest on new demand finances is proposed to be settled in instalments after the adjustment of principal liabilities. The management has accepted the proposal and the restructuring arrangement is being finalized accordingly.

The Company has entered into a restructuring agreement with Bank Alfalah Limited whereby short term borrowings amounting to Rs. 198.192 million will be converted into a long term finance while payment of accrued interest amounting to Rs. 44.503 million will be scheduled to be paid in twenty four instalments after the settlement of principal liability.

- b) The management is vigorously contesting the recovery suits filed by providers of debt finances. Further, the Company has filed countersuits claiming an aggregate recovery of Rs. 1,576.351 million.
- c) The Company has continued financial support of its directors and sponsors. Up to 31 December 2021, the directors and sponsors of the Company has provided financial support amounting to Rs. 537.539 million .
- d) The Company has shifted its product mix from manufacturing of coarse count yarn to fine count yarn. This will lead to lower cost of raw material (primarily cotton) and reduction in manpower requirements, reduction in per spindle cost through savings in energy costs as well as upto 60% savings in labour costs. This, coupled with a company-wide cost-cutting drive, is expected to provide the much needed breathing room in terms of liquidity.

The management believes that in view of the afore mentioned, the Company will able to continue as a going concern.

2.3 Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis as at the reporting date.

Items	Measurement basis
Financial liabilities	Amortized cost
Financial assets	Fair value/amortized cost
Land, building and plant and machinery	Revalued amount
Employee retirement benefits	Present value

2.4 Judgments, estimates and assumptions

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.5 Functional currency

These interim financial statements have been prepared in Pak Rupees which is the Company's functional currency. The amounts reported in these interim financial statements have been rounded to the nearest Rupees unless specified otherwise.

2.6 Date of authorisation for issue

This interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on 28 February 2022.

3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE PERIOD.

The following new and revised standards, interpretations and amendments are effective in the current period but are either not relevant to the Company or their application does not have any material impact on the interim financial statements of the Company other than presentation and disclosures, except as stated otherwise.



Notes to the Condensed Interim Financial Statements (Un-audited)

For the six months period ended 31 December 2021

3.1 Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures, IFRS 4 - Insurance Contracts, IFRS 16 - Leases)

The amendments in Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

3.2 COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16 - Leases)

The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	Effective date (annual periods beginning on or after)
IFRS 17 - Insurance contracts (2017)	01 January 2023
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - Presentation of Financial Statements).	01 January 2023
Reference to the Conceptual Framework (Amendments to IFRS 3 - Business Combinations).	01 January 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment).	01 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets).	01 January 2022
Annual Improvements to IFRS Standards 2018–2020.	01 January 2022
Amendments to IFRS 17	01 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements)	01 January 2023
Definition of Accounting Estimates (Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 - Income Taxes)	01 January 2023
Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Amendment to IFRS 17 - Insurance contracts)	01 January 2023

Other than afore mentioned standards, interpretations and amendments, IASB has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan [‘SECP’]:

IFRS 1 - First Time Adoption of International Financial Reporting Standards

IFRS 14 - Regulatory Deferral Accounts



Notes to the Condensed Interim Financial Statements (Un-audited)

For the six months period ended 31 December 2021

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will not have a material impact on the Company's financial statements other than in presentation/disclosures.

5 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

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

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There is no significant change in status and amount of contingencies since 30 June 2021.

6.2 Commitments

There are no commitments as at 31 December 2021.

	<i>Note</i>	31-Dec-21	30-Jun-21
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
7 PROPERTY, PLANT AND EQUIPMENT			
Net book value at the beginning of the period/year		3,162,598,067	2,295,738,076
Additions during the period/year			
Freehold land		-	466,345,000
Buildings on freehold land		-	91,956,850
Plant and machinery		25,053,095	405,236,509
Electric installation		69,000	18,341,982
Power house		-	3,480,563
Factory equipment		-	166,200
Office equipment		-	361,146
Computers		206,750	256,295
Furniture and fixtures		-	11,150
		25,328,845	986,155,695
Depreciation for the period/year		(58,416,753)	(119,295,704)
Net book value at end of the period/year		3,129,510,159	3,162,598,067
8 RIGHT-OF-USE ASSETS			
Net book value at beginning of the period/year		58,445,537	62,259,751
Depreciation for the period/year		(1,907,108)	(3,814,214)
Net book value at end of the period/year		56,538,429	58,445,537



Notes to the Condensed Interim Financial Statements (Un-audited)

For the six months period ended 31 December 2021

9 LONG TERM INVESTMENTS

This represents investment in ordinary shares of Hira Terry Mills Limited [HTML] an associate. HTML is incorporated in Pakistan as a public limited company under the repealed Companies Ordinance, 1984. The registered office of the Company is situated at 44-E/1, Gulberg III, Lahore. The principal activity of the Company is manufacturing and sale of towels. The project is located at Manga Raiwind Road, Tehsil and District Kasur in the province of Punjab.

The investment has been accounted for by using equity method. Particulars of investment are as follows:

	31-Dec-21	30-Jun-21
Percentage of ownership interest	46.90%	46.90%
	31-Dec-21	30-Jun-21
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>
Cost of investment		
18,450,000 shares (30 June 2021: 18,450,000 shares)	184,500,000	184,500,000
Bonus Issue @ 20%	36,900,920	36,900,920
Share of post acquisition losses	(221,400,920)	(221,400,920)
	-	-

	Six month ended		Three month ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Un-Audited)</i>	<i>(Un-Audited)</i>	<i>(Un-Audited)</i>

10 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

Yarn	194,597,171	798,585,097	13,615,816	362,221,710
Waste	-	53,631,690	-	-
	194,597,171	852,216,787	13,615,816	362,221,710



Notes to the Condensed Interim Financial Statements (Un-audited)

For the six months period ended 31 December 2021

	Six month ended		Three month ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Un-Audited)</i>	<i>(Un-Audited)</i>	<i>(Un-Audited)</i>
11 COST OF SALES				
Raw material consumed	106,069,653	513,350,345	20,596,584	206,159,616
Packing material consumed	9,159,029	12,247,933	3,635,473	7,370,176
Stores and spares consumed	9,513,678	19,465,951	2,955,450	9,058,218
Salaries, wages and benefits	70,601,714	136,431,607	30,407,306	74,436,958
Insurance	3,817,296	2,268,245	1,908,648	618,245
Fuel and power	61,137,991	151,433,013	27,215,170	81,766,934
Dyes and chemicals	-	-	-	-
Depreciation	60,323,860	59,562,223	30,161,930	29,543,684
Other manufacturing overheads	12,323,475	10,533,924	1,281,355	8,112,983
	332,946,696	905,293,241	118,161,916	417,066,814
Work in process				
As at beginning of the period	68,307,503	43,810,486	41,012,906	62,137,237
As at end of the period	(10,782,110)	(72,709,573)	(10,782,110)	(72,709,573)
	57,525,393	(28,899,087)	30,230,796	(10,572,336)
Cost of goods manufactured	390,472,089	876,394,154	148,392,712	406,494,478
Finished goods				
As at beginning of the period	150,516,331	50,182,052	115,797,000	42,712,298
As at end of the period	(119,024,962)	(89,890,469)	(119,024,962)	(89,890,469)
	31,491,369	(39,708,417)	(3,227,962)	(47,178,171)
	421,963,458	836,685,737	145,164,750	359,316,307
12 PROVISION FOR TAXATION				
Current taxation	12.1	2,918,958	12,783,252	204,238
Deferred taxation	12.2	-	-	-
		2,918,958	12,783,252	204,238
				7,883,301
12.1	Provision for taxation has been made under section 113 of the Income Tax Ordinance, 2001.			
12.2	No provision for deferred tax has been made as the impact of the same is considered immaterial.			



Notes to the Condensed Interim Financial Statements (Un-audited)

For the six months period ended 31 December 2021

13 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated companies and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. The details of Company's related parties, with whom the Company had transactions during the period or has balances outstanding as at the reporting date are as follows:

Name of related party	Nature of relationship	Basis of relationship	Aggregate %age of shareholding in the Company
Hira Terry Mills Limited	Associated company	Investment	46.9000%
Muhammad Umer Virk	Key management personnel	Father of director	27.2800%
Saeed Ahmad Khan	Key management personnel	Director	0.0028%
Muhammad Mehboob	Key management personnel	Director	0.0006%
Omer Aziz Mian	Key management personnel	Director (retired)	0.0000%
Shahnaz Umer	Key management personnel	Director	6.6135%
Sadiya Umair	Key management personnel	Director	6.5120%
Umair Umer	Close family member of director	Son of Director	0.0000%
Umaira Umer	Close family member of director	Daughter of Director	9.9400%

Transactions with key management personnel are limited to payment of short term employee benefits and office rent. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an orderly transaction between market participants at the date of transaction. Detail of transactions and balances with related parties is as follows:

		Six month ended	
		31-Dec-21	31-Dec-20
		Rupees	Rupees
		(Un-Audited)	(Un-Audited)
13.1 Transactions with related parties			
Nature of relationship	Nature of transaction		
Associated companies	Sales	8,963,545	74,803,351
	Rental Income	28,366,848	26,265,600
Sponsors	Interest on borrowings charged	-	21,306,375
	Interest on borrowings waived	-	21,306,375
Provident fund trust	Contribution for the period	1,121,504	1,080,335
Key management personnel	Remuneration and other benefits	2,328,480	2,328,480
		31-Dec-21	30-Jun-21
		Rupees	Rupees
		(Un-Audited)	(Audited)
13.2 Balances with related parties			
Nature of relationship	Nature of balance		
Associated company	Advance against rent	103,647,819	134,387,152
	Trade receivables	39,443,664	49,837,129
Sponsors	Borrowings	481,500,000	481,500,000
	Current account	56,039,028	56,039,028
Provident fund trust	Payable to provident fund trust	3,521,968	1,278,960
Key management personnel	Short term employee benefits payable	6,765,550	1,756,948

Notes to the Condensed Interim Financial Statements (Un-audited) For the six months period ended 31 December 2021

14 FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial instruments by class and category are as follows:

	31-Dec-21	30-Jun-21
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>
14.1 Financial assets		
<i>Cash in hand</i>	639,845	5,402,004
<i>Financial assets at amortized cost</i>		
Long term deposits	49,672,044	49,672,044
Trade receivables	86,231,982	93,665,169
Advances to employees	5,088,778	6,573,285
Cash at bank	636,168	2,438,522
	141,628,972	152,349,020
	142,268,817	157,751,024
	31-Dec-21	30-Jun-21
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>
14.2 Financial liabilities		
<i>Financial liabilities at amortized cost</i>		
Long term finances	1,247,181,671	1,251,263,338
Lease liability	4,044,190	5,016,220
Deferred Interest	44,019,291	44,019,291
Short term borrowings	713,162,339	713,162,339
Accrued interest	455,984,756	385,832,537
Trade creditors	284,020,012	252,828,164
Accrued liabilities	69,320,171	69,993,150
Other payables	57,439,015	56,039,028
Unclaimed dividend	2,757,216	2,757,216
	2,877,928,661	2,780,911,283

15 FAIR VALUE MEASUREMENTS

15.1 Financial Instruments

15.1.1 Financial instruments measured at fair value

The Company measures some of its financial assets at fair value. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.

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

The fair value hierarchy of assets measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:



Notes to the Condensed Interim Financial Statements (Un-audited)

For the six months period ended 31 December 2021

(a) Recurring fair value measurements

There are no recurring fair value measurements as at the reporting date.

(b) Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

15.2 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value to approximate their carrying values.

15.3 Assets and liabilities other than financial instruments.

15.3.1 Recurring fair value measurements

For recurring fair value measurements, the fair value hierarchy and information about how the fair values are determined is as follows:

	Level 1	Level 2	Level 3	31-Dec-21	30-Jun-21
				<i>Rupees</i>	<i>Rupees</i>
				<i>(Un-Audited)</i>	<i>(Audited)</i>
Freehold land	-	649,825,000	-	649,825,000	649,825,000
Building on free hold land	-	354,889,090	-	354,889,090	363,988,810
Plant and machinery	-	1,912,165,595	-	1,912,165,595	1,935,500,000

For fair value measurements categorised into Level 2 the following information is relevant:

	Valuation technique	Significant inputs	Sensitivity
Freehold land	Market comparable approach that reflects recent transaction prices for similar properties	Estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.	A 5% increase in estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition would result in a significant increase in fair value of buildings by Rs. 32.491 million (30 June 2021: Rs. 32.491 million).
Buildings	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in an increase in fair value of buildings by Rs. 17.744 million (30 June 2021: Rs. 18.199 million).
Plant and machinery	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would result in an increase in fair value of plant and machinery by Rs. 95.608 million (30 June 2021: Rs. 96.775 million).



Notes to the Condensed Interim Financial Statements (Un-audited) For the six months period ended 31 December 2021

Reconciliation of fair value measurements categorized in Level 2 is presented in note .

There were no transfers between fair value hierarchies during the year.

15.3.1.2 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

16 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period that may require adjustment of and/or disclosure in these interim financial statements.

17 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these interim financial statements.

18 GENERAL

18.1 There are no other significant activities since 30 June 2021 affecting the interim financial statements.

18.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.


Chief Executive


Chief Financial Officer


Chairperson



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