



# FEROZE1888 MILLS LTD

*Manufacturers and Exporters of Specialized Yarn & Textile Products*

*Weaving a Better World®*

Condensed Interim Financial Statements for the Quarter Ended September 30, 2022



VERILY, WITH EVERY  
**HARDSHIP**  
THERE IS  
**EASE**

Al Quran 94:6

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## Company Information

### Board of Directors

Mr. Jonathan R. Simon	Director / Chairman
Mr. Nasim Hyder	Director / Vice Chairman
Mr. Khaleequr Rahman	Director
Mr. Shabbir Ahmed	Director
Mr. Abdul Rehman Yaqub	Director
Mr. Perwez Ahmed	Director
Mr. Anas Rahman	Director
Mr. Zain Ashraf Mukaty	Director
Ms. Huma Pasha	Director
Ms. Aminah Zahid Zaheer	Director
Mr. Rehan Rahman	Chief Executive

### Board Audit Committee

Mr. Nasim Hyder	Chairman
Mr. Khaleequr Rehman	Member
Mr. Zain Ashraf Mukaty	Member
Ms. Aminah Zahid Zaheer	Member

### Board HR & Remuneration Committee

Ms. Aminah Zahid Zaheer	Chairperson
Mr. Zain Ashraf Mukaty	Member
Mr. Nasim Hyder	Member

### Chief Financial Officer

Ms. Javeria Siddiqui

### Company Secretary

Mr. Mudassir Moten

### Bankers

Allied Bank Limited  
Bank Al Habib Limited  
Bank Alfalah Limited  
Bank Islami Pakistan Limited  
Faysal Bank Limited  
Habib Metropolitan Bank Limited  
HBL Bank Limited  
Meezan Bank Limited  
Standard Chartered Bank (Pakistan) Ltd

### External Auditors

EY Ford Rhodes Chartered Accountants  
Progressive Plaza, Beaumont Road,  
Karachi.

### Registered Office

H-23/4A, Scheme # 3, Landhi Industrial Area,  
Landhi, Karachi.

### Corporate Office

K&N Centre, 2nd and 3rd Floor, 160 Banglore Town,  
Shahrah -e-Faisal, Karachi

### Factory Addresses

#### Sindh:

Plot # H-23/4-A, H-23-/4-B & H- 23/3-II, Scheme  
# 3, Landhi Industrial Area, Landhi, Karachi.  
Plot # A-5, B-4/ A, C-3, C-31, F-125, F-342 &  
F-89, SITE, Karachi.  
Plot # 342/ A, Haroonabad, SITE, Karachi  
Plot # PL-15 & ST-03 North Karachi Industrial  
Area, Karachi.  
Survey # 81, 242, 72 to 75, 165, 166, 171, 172,  
176 to 181, 186 to 190, 156, 210, 211, 242, 243  
Deh Moachko, Tapo Gabopat, Keamari Town,  
Karachi.

#### Balochistan

Plot# D-12 to D-17, K-1 to K-3, M-34, HITE,  
all in Mauza Pathra, Tehsil Hub,  
District Lasbela, Balochistan

### Share Registrar/Transfer Agent

FAMCO Associates (Pvt.) Ltd.  
8-F, Next to Hotel Faran Nursery, Block-6,  
PECHS, Shahrah-e-Faisal, Karachi.

### Legal Advisor

Mohsin Tayebaly & Co  
1st Floor, Dime Centre Khayaban-e-Iqbal,  
Block-9, Clifton, Karachi

### Internal Auditors

A.F. Ferguson & Co. Chartered Accountants  
State Life Building No. 1-C, I.I. Chundrigar Road,  
City Railway Colony, Karachi.

### Website

<http://www.feroze1888.com>

## **DIRECTORS' REPORT**

We are pleased to present the performance review and the un-audited Financial Statements for the three months ended September 30, 2022.

## **ECONOMIC & INDUSTRY OVERVIEW**

“Uncertainty always creates doubt and doubt creates fear”. This quote perfectly encapsulates the current predicament of Pakistan. The situation has exacerbated following floods on an unprecedented scale that emerged out of record monsoon rainfall in the Country, leaving millions across the Country homeless while causing loss of lives, standing crops, infrastructure and property. Almost 15% of the Country is underwater and over 33 million people have been affected. There are many initial estimates of losses going as high as US\$40 billion which constitutes almost 10% in terms of GDP.

Moreover, the combination of elevated prices for imported commodities, depreciating local currency and tightening global financial conditions have intensified already acute levels of debt distress faced by the Country. The USD/PKR touched a new low of Rs 240/US\$ in July-22 and since then has been akin to a swinging pendulum.

As a result, growth is now expected to be around 2% and inflation is projected to rise to around 23% in FY23. For the year 2022-23, cotton production is estimated at 6.3 million bales reflecting a historic decline of 43.08% in production over the past year. Lower agriculture output is expected to negatively impact industrial and service sector activity besides aggravating the imports and decline in export primarily rice.

The value of textile exports from Pakistan, as reported by the PBS - increased by 4.18% year-on-year in dollar terms in the first two months of fiscal year 2022-23. During the period, the Country earned US\$ 3.06 billion from textile and apparel exports, compared to exports of US\$ 2.93 billion in corresponding period last year. Among textiles, cotton yarn exports decreased by 17% to US\$ 160.4 million in July-August 2022-23. Specifically, Exports of towel also decreased by 6.61% and were valued at US\$ 150 million during the two months period.

The overall textile imports in Jul-Aug, FY2022 decreased by 12.27% to US\$ 678.91 million (US\$ 773.9 million last year). Raw cotton imports went up by 23.29% year-on-year to US\$ 255.38 million. Meanwhile, the value of textile machinery imports by Pakistan decreased significantly by 35.38% year-on-year to US\$ 93.32 million during the two-month period.

## **REVIEW OF OPERATING RESULTS**

A brief overview of the performance of your Company for the three months ended September 30, 2022 is stated below:

### **Statement of Profit or Loss for the three months ended:**

	September 2022	September 2021
	----- (Rupees in '000) -----	
Sales- net	9,013,750	11,356,102
Gross profit	2,005,786	1,710,429
Profit before taxation	1,963,423	563,170
Profit after taxation	1,767,294	436,477
EPS (Rs/Share)	4.42	1.14

The net sales in value term during the period has decreased by Rs.2,342 million, i.e. by 21% in comparison with the corresponding period. This change is attributable to volumetric decrease by 51 % amounting to Rs. 5,572 million and devaluation of PKR having a positive impact of Rs. 2,248 million.

In spite of increase in raw material prices, the Company's gross profit margin has increased by 17.27% whereas profit after tax for the period has increased by Rs.1.3 billion in comparison with the corresponding period, mainly on account of net exchange gain.

## **FUTURE OUTLOOK**

The Country is already in an International Monetary Fund (IMF) program owing to mounting debt burden and falling foreign exchange reserves. Whereas, the emergence of an economic crisis, coupled with rising inflation and shortage of raw material due to torrential rains and floods have further intensified the situation.

It is apparent that economic direction is set to change as the Government has expressed its intentions lower both the interest rate and inflation – an uphill task, and is gearing up to take on the bulging dollar head-on. The rupee dollar parity can only be brought to a certain level if the elementary forces of supply and demand kick in while the state of foreign investment in the Country is abysmal, to say the least, which continues to only intensify the uncertainty.

In current scenario, perseverance and prudence is the need of the hour. The Company remains vigilant and closely monitoring the situation in order to act proactively in these challenging times.

## **ACKNOWLEDGEMENT**

We would like to take this opportunity to express our deep sense of gratitude to the shareholders, employees, customers and business partners for their cooperation, confidence and faith they have always reposed in the Company.

For and on behalf of the Board of Directors

**Rehan Rahman**  
Chief Executive Officer

**Aminah Zahid Zaheer**  
Director

**Karachi**  
**Date: October 28, 2022**

## ڈائریکٹر رپورٹ

ہم (فیروز ۱۸۸۸ ملز لمیٹڈ) ۳۰ ستمبر ۲۰۲۲ء کو ختم ہونے والی سہ ماہی کی کارکردگی کا جائزہ اور غیر محاسب شدہ گوشوارے پیش کرتے ہوئے مسرور ہیں۔

## اقتصادی و صنعتی منظر نامہ

"بے یقینی ہمیشہ شک پیدا کرتی ہے اور شک خوف پیدا کرتا ہے" یہ اقتباس پاکستان کی موجودہ صورتحال کا مکمل احاطہ کرتا ہے۔ ملک میں مومن سون کی ریکارڈ بارشوں کے باعث آنے والے غیر معمولی سیلاب کے بعد صورتحال مزید خراب ہو گئی۔ جس کی وجہ سے ملک بھر میں لاکھوں افراد بے گھر ہو گئے ہیں جبکہ جانوروں، کھڑی فصلوں، انفراسٹرکچر اور املاک کو بھاری نقصان ہوا ہے۔ ملک کا تقریباً ۱۵ فیصد حصہ زیر آب ہے اور ۳۳ ملین سے زیادہ لوگ متاثر ہوئے ہیں۔ ابتدائی طور پر متعدد تخمینوں کے مطابق نقصانات ۴۰ ملین امریکی ڈالر تک کی سطح تک پہنچ گئے ہیں جو کہ خام ملکی پیداوار کا تقریباً ۱۰ فیصد ہے۔

مزید برآں، درآمدی اشیاء کی قیمتوں میں اضافے، مقامی کرنسی کی قدر میں کمی اور عالمی مالیاتی حالات کی سختی نے ملک کو درپیش قرض کی پریشانی کو پہلے سے مزید شدت سے دوچار کر دیا ہے۔ ڈالر کے مقابلے میں پاکستانی روپیہ جولائی ۲۰۲۲ء میں نئی کم ترین سطح ۲۴۰/۱\$ کو چھو گیا اور تب سے یہ ایک جھولتے پینڈولم کے مترادف ہے۔

نتیجتاً، اب شرح نمو تقریباً ۲ فیصد رہنے کی توقع ہے اور مالی سال ۲۰۲۳ء میں افراط زر تقریباً ۲۳ فیصد تک بڑھنے کا امکان ہے۔ سال ۲۰۲۲-۲۳ء کے لیے، کپاس کی پیداوار کا تخمینہ ۶.۳ ملین گانٹھوں پر لگایا گیا ہے جو گزشتہ سال کے دوران پیداوار میں ۳۳.۰۸ فیصد کی تاریخی کمی کو ظاہر کرتا ہے۔ توقع ہے کہ زرعی پیداوار میں کمی صنعتی اور سروس سیکٹر کی سرگرمیوں پر منفی اثر ڈالنے کے علاوہ درآمدات میں اضافہ اور بنیادی طور پر چاول کی درآمد میں کمی کی توقع ہے۔

پاکستان سے ٹیکسٹائل کی برآمدات کی قدر، جیسا کہ پی بی ایس نے رپورٹ کیا ہے۔ مالی سال ۲۰۲۲-۲۳ء کے پہلے دو مہینوں میں ڈالر کے لحاظ سے سال بہ سال ۱۸.۱۸ فیصد اضافہ ہوا۔ اس عرصے کے دوران ملک نے ٹیکسٹائل اور ملبوسات کی برآمدات سے ۳.۰۶ ملین امریکی ڈالر کمائے، جبکہ گزشتہ سال کی اسی مدت میں ۲.۹۳ ملین امریکی ڈالر کی برآمدات تھیں۔ ٹیکسٹائل میں، سوئی دھاگے کی برآمدات جولائی-اگست ۲۰۲۲-۲۳ء میں ۱۷ فیصد کم ہو کر ۱۶۰.۴ ملین امریکی ڈالر رہ گئیں۔ خاص طور پر تولیہ کی برآمدات میں بھی ۶.۶۱ فیصد کمی واقع ہوئی اور دو ماہ کی مدت کے دوران اس کی مالیت ۱۵۰ ملین امریکی ڈالر تھی۔

جولائی-اگست، مالی سال ۲۰۲۲ء میں ٹیکسٹائل کی مجموعی درآمدات ۱۲.۲۷ فیصد کم ہو کر ۸.۹۱ ملین امریکی ڈالر (گزشتہ سال ۳.۹ ملین امریکی ڈالر) ہو گئیں۔ خام کپاس کی درآمدات سال بہ سال ۲۳.۲۹ فیصد بڑھ کر ۲۵۵.۳۸ ملین امریکی ڈالر تک پہنچ گئیں۔ دریں اثنا، پاکستان کی طرف سے ٹیکسٹائل مشینری کی درآمدات کی مالیت دو ماہ کی مدت کے دوران ۳۵.۳۸ فیصد سال بہ سال نمایاں طور پر کم ہو کر ۹۳.۳۲ ملین امریکی ڈالر رہ گئی۔

## آپریٹنگ نتائج کا جائزہ

۳۰ ستمبر ۲۰۲۲ء کو ختم ہونے والے تین ماہ کے لیے آپ کی کمپنی کی کارکردگی کا ایک مختصر جائزہ ذیل میں بیان کیا گیا ہے:

### Statement of Profit or Loss for the three months ended:

	September 2022	September 2021
	----- (Rupees in '000) -----	
Sales- net	9,013,750	11,356,102
Gross profit	2,005,786	1,710,429
Profit before taxation	1,963,423	563,170
Profit after taxation	1,767,294	436,477
EPS (Rs/Share)	4.42	1.14

زیر نظر مدت کے دوران خالص فروخت میں ۳۴۲ ملین روپے کی کمی واقع ہوئی ہے جو کہ پچھلے سال کہ اسی عرصہ وقت کے مقابلے میں ۲۱ فیصد کم ہے۔ یہ کمی فروخت کے حجم میں ۵۱ فیصد کم ہے جو کہ ۵۷۲ ملین روپے جبکہ ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی کا مثبت اثر ۲۳۸ ملین روپے کا آئینہ دار ہیں۔

خام مال کی قیمتوں میں اضافے کے باوجود کمپنی کے مجموعی منافع کے مارجن میں ۱۷.۲ فیصد کا اضافہ ہوا ہے جبکہ اس مدت کے لئے ٹیکس منہا کرنے کے بعد منافع میں اسی مدت کے مقابلے میں ۱.۳ بلین روپے کا اضافہ ہوا ہے۔ بنیادی طور پر منافع کی وجہ زر مبادلہ کی قدر میں اضافہ ہے۔

## مستقبل پر نظر

قرضوں کے بڑھتے ہوئے بوجھ اور گرتے ہوئے زر مبادلہ کے ذخائر کی وجہ سے ملک پچھلے ہی بین الاقوامی مالیاتی فنڈ (IMF) پروگرام میں شامل ہے۔ جبکہ موسلا دھار بارشوں اور سیلاب کی وجہ سے بڑھتی ہوئی مہنگائی اور خام مال کی قلت کے ساتھ معاشی بحران کے نمودار ہونے نے صورت حال کو مزید گھمبیر کر دیا ہے۔

موجودہ حالات میں معاشی صورت حال میں تبدیلی متوقع ہے کیونکہ حکومت نے شرح سود اور افراط زر دونوں کو کم کرنے کے لئے اپنے ارادوں کا اظہار کیا ہے۔ حکومت ڈالر کی بڑھتی ہوئی قیمت سے نمٹنے کے لئے کمر بستہ ہے مگر یہ ایک مشکل کام ہے۔ روپے کی ڈالر کی برابری کو ایک خاص سطح پر لانا صرف سپلائی اور ڈیمانڈ کی قوتوں پر منحصر ہے جبکہ ملک میں غیر ملکی سرمایہ کاری کی حالت انتہائی ناگفتہ بہ ہے جو غیر یقینی صورت حال کو مزید بڑھا رہی ہے۔

موجودہ حالات میں ثابت قدمی اور تدریجی وقت کی اہم ضرورت ہے۔ کمپنی اس مشکل وقت میں فعال طور پر کام کرنے کے لئے صورت حال پر گہری نظر رکھی ہوئی ہے۔

## اظہار تشکر

ہم اپنے تمام حصص یافتگان، گاہکوں، شرکاء داروں کے انتہائی مشکور ہیں جنہوں نے ہمیشہ کمپنی سے تعاون و اعتماد کا رشتہ استوار رکھا۔

برائے اور منجانب بورڈ آف ڈائریکٹرز

آمنہ زاہد ظہیر  
ڈائریکٹر

ریحان رحمان  
چیف ایگزیکٹو آفیسر

کراچی: ۲۸ اکتوبر ۲۰۲۲ء



**Feroze1888 Mills Limited**  
**Condensed Interim Statement of Financial Position**  
**As at September 30, 2022**

		<b>Un-audited</b>	<b>Audited</b>
		<b>September</b>	<b>June 30,</b>
		<b>30, 2022</b>	<b>2022</b>
		<b>———— (Rupees in '000) ————</b>	
<b>Note</b>			
<b>ASSETS</b>			
<b>Non-current assets</b>			
	4	29,336,031	27,798,524
Property, plant and equipment		16,130	17,722
Intangible assets		72,231	72,144
Long term deposits		<b>29,424,392</b>	<b>27,888,390</b>
<b>Current assets</b>			
		1,818,973	1,856,132
Store and spares		13,662,801	9,896,667
Stock-in-trade	5	5,574,404	8,766,599
Trade debts	6	6,012,319	3,938,956
Advances, deposits, prepayments and other receivables		282,015	250,197
Taxation - net		7,814,517	8,165,334
Short-term investments	7	1,785,247	1,529,044
Cash and bank balances		<b>36,950,276</b>	<b>34,402,929</b>
<b>Total assets</b>		<b>66,374,668</b>	<b>62,291,319</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital		4,000,000	4,000,000
400,000,000 (June 30, 2022: 400,000,000) ordinary shares of Rs.10 each		<b>3,994,090</b>	<b>3,994,090</b>
Issued, subscribed and paid-up capital		2,115,146	2,115,146
Capital reserves		3,010,172	3,010,172
Revaluation surplus on property, plant and equipment		22,581,210	20,813,916
Revenue reserve		<b>31,700,618</b>	<b>29,933,324</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
		933,267	699,462
Deferred liability		8,242,239	7,949,533
Long term financing	8	1,334,357	1,334,357
Provision for GIDC		283,753	417,640
Lease liabilities		<b>10,793,616</b>	<b>10,400,992</b>
<b>Current liabilities</b>			
		6,743,518	5,796,268
Trade and other payables	9	15,323,997	14,400,000
Short term borrowings	10	188,404	148,777
Accrued mark-up		271,986	271,986
Current portion of lease liabilities		1,350,533	1,337,976
Current portion of long term financing	8	1,996	1,996
Unclaimed dividend		<b>23,880,434</b>	<b>21,957,003</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	11		
<b>Total equity and liabilities</b>		<b>66,374,668</b>	<b>62,291,319</b>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

**Javeria Siddiqui**  
Chief Financial Officer

**Rehan Rahman**  
Chief Executive Officer

**Aminah Zahid Zaheer**  
Director



**Feroze1888 Mills Limited**  
**Condensed Interim Statement of Profit or Loss (Un-audited)**  
**For the Quarter ended September 30, 2022**

		Quarter Ended	
		September 30, 2022	September 30, 2021
Note		(Rupees in '000)	
Sales - net		9,013,750	11,356,102
Cost of sales	12	(7,007,964)	(9,645,674)
<b>Gross profit</b>		<b>2,005,786</b>	<b>1,710,429</b>
Administrative cost		(218,208)	(193,933)
Distribution cost		(766,496)	(896,542)
Other expenses	13	(105,372)	(41,013)
		(1,090,076)	(1,131,487)
		915,710	578,941
Other income	14	1,338,391	131,215
<b>Operating profit</b>		<b>2,254,101</b>	<b>710,157</b>
Finance cost		(290,678)	(146,987)
<b>Profit before taxation</b>		<b>1,963,423</b>	<b>563,170</b>
Taxation		(196,129)	(126,692)
<b>Profit after taxation</b>		<b>1,767,294</b>	<b>436,477</b>
		<b>(Restated)</b>	
<b>Earning per share basic &amp; diluted (Rupees)</b>		<b>4.42</b>	<b>1.14</b>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

**Javeria Siddiqui**  
Chief Financial Officer

**Rehan Rahman**  
Chief Executive Officer

**Aminah Zahid Zaheer**  
Director

**Feroze1888 Mills Limited**  
**Condensed Interim Statement of Comprehensive Income (Un-audited)**  
**For the Quarter ended September 30, 2022**

	Quarter Ended	
	September 30, 2022	September 30, 2021
	(Rupees in '000)	
Profit after taxation	1,767,294	436,477
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>1,767,294</b>	<b>436,477</b>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

**Javeria Siddiqui**  
Chief Financial Officer

**Rehan Rahman**  
Chief Executive Officer

**Aminah Zahid Zaheer**  
Director

**Feroze1888 Mills Limited**  
**Condensed Interim Statement of Changes in Equity (Un-audited)**  
**For the Quarter ended September 30, 2022**

Share capital	Capital reserve		Revaluation surplus on property, plant and equipment	Revenue reserve	Total	
	Amalgamation reserve	Share premium		Accumulated profit		
(Rupees '000)						
Balance as at June 30, 2021 (Audited)	3,768,009	543,413	215,250	1,486,262	18,439,942	24,452,876
Net profit for the period	-	-	-	-	436,477	436,477
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period September 30, 2021	-	-	-	-	436,477	436,477
Balance as at September 30, 2021	3,768,009	543,413	215,250	1,486,262	18,876,419	24,889,353
Balance as at June 30, 2022 (Audited)	3,994,090	543,413	1,571,733	3,010,172	20,813,916	29,933,324
Net profit for the period	-	-	-	-	1,767,294	1,767,294
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period September 30, 2022	-	-	-	-	1,767,294	1,767,294
Balance as at September 30, 2022	3,994,090	543,413	1,571,733	3,010,172	22,581,210	31,700,618

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

**Javeria Siddiqui**  
Chief Financial Officer

**Rehan Rahman**  
Chief Executive Officer

**Aminah Zahid Zaheer**  
Director

**Feroze1888 Mills Limited**  
**Condensed Interim Statement of Cash Flows (Un-audited)**  
**For the Quarter ended September 30, 2022**

		<b>Quarter Ended</b>	
		<b>September 30,</b>	<b>September 30,</b>
		<b>2022</b>	<b>2021</b>
		<b>(Rupees in '000)</b>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>Note</b>		
Profit before taxation		1,963,423	563,170
<i>Adjustment for:</i>			
Depreciation on operating fixed assets		520,162	394,992
Depreciation on right-of-use assets		55,477	56,366
Amortization		1,592	1,647
Finance cost		290,678	146,987
Provision for gratuity		62,353	72,768
Allowance for expected credit loss		3,507	1,852
Reversal of provision against doubtful advances		-	(21,158)
Interest on bank deposit		(15,248)	(3,987)
Dividend income on open ended mutual fund units		(293,157)	(90,872)
(Gain) / loss on disposal of property, plant and equipment - net		(544)	2,567
		624,820	561,162
<b>(Increase) / decrease in current asset</b>			
Stores and spares		37,159	(49,303)
Stock in trade		(3,766,134)	(3,732,364)
Trade debt		3,188,688	(416,684)
Advances, deposits, prepayments and other receivables		(2,073,363)	(941,682)
		(2,613,650)	(5,140,033)
<b>Increase in current liability</b>			
Trade and other payables		947,250	1,498,084
<b>Net cash generated / (used) in operations</b>		921,843	(2,517,617)
Finance cost paid		(251,051)	(162,363)
Income tax paid		(227,947)	(136,485)
Gratuity paid		(19,015)	(26,521)
Government grant received		190,467	-
Long term deposit		(87)	(17,721)
<b>Net cash generated / (used) in operating activities</b>		614,210	(2,860,707)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(2,115,320)	(1,454,184)
Proceeds from disposal of operating fixed assets		2,718	4,848
Short-term investments encashed		643,974	3,672,759
Interest income received		15,248	4,347
<b>Net cash (used in) / generated from investing activities</b>		(1,453,380)	2,227,770
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend paid		-	(11)
Principal portion of lease liabilities paid		(133,887)	(82,938)
Short term borrowings		923,997	1,050,000
Long term finance - net		305,263	90,107
<b>Net cash generated from financing activities</b>		1,095,373	1,057,158
<b>Net increase in cash and cash equivalent</b>		256,203	424,221
Cash and cash equivalent at beginning of the period		1,529,044	1,625,126
<b>Cash and cash equivalent at end of the period</b>	15	1,785,247	2,049,347

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

**Javeria Siddiqui**  
Chief Financial Officer

**Rehan Rahman**  
Chief Executive Officer

**Aminah Zahid Zaheer**  
Director

**Feroze1888 Mills Limited**  
**Notes to the Condensed Interim Financial Statements (Un-audited)**  
**For the Quarter ended September 30, 2022**

**1 THE COMPANY AND ITS OPERATIONS**

Feroze1888 Mills Limited (the Company) was incorporated in Pakistan as a Public Limited Company in October 1972 under the Companies Act, VII of 1913 (repealed with the enactment of the Companies Act, 2017). The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in the production and export of towels. The registered office of the Company is situated at H-23/4-A Scheme # 3, Landhi Industrial Area, Karachi.

**2 BASIS OF PREPARATION**

**2.1** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2022.

**2.2 ACCOUNTING POLICIES**

The accounting policies and the methods of computation used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the Company's annual audited financial statements for the year ended June 30, 2022.

**2.3 Adoption of amendments to accounting standards and framework for financial reporting effective during the period.**

The Company has adopted the following amendments of IFRSs and the framework for financial reporting which became effective for the current period:

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform (Amendments)  
IFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments)

The adoption of the above amendments to accounting standards and framework did not have any effect on these condensed interim financial statements.

**3 ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of condensed interim financial statements is in conformity with the approved accounting standards as applicable in Pakistan requires the management to make estimates, assumptions and use judgements that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

Estimates and judgements made by management in the preparation of these condensed interim financial statements are the same as those that were applied to the annual financial statements of the Company for the year ended June 30, 2022.

The Company follows the practice to conduct actuarial valuation as at year end. Hence, the impact of re-measurement of staff retirement benefit fund has not been incorporated in these condensed interim financial statements.

		(Un-audited)	(Audited)
		September 30,	June 30,
		2022	2022
		Rupees in '000	
4	PROPERTY, PLANT AND EQUIPMENT	Note	
	Operating fixed assets	4.1	20,549,586
	Capital work-in-progress	4.2	8,345,131
	Right of use asset		441,314
			29,336,031
4.1	Operating fixed assets		
	Balance at the beginning of the period / year		19,830,208
	Addition during the period / year	4.1.1	1,241,714
			21,071,922
	Disposals during the period / year - net book value (NBV)	4.1.1	(2,174)
	Depreciation charged during the period / year		(520,162)
			(522,336)
	Balance at the end of the period / year		20,549,586

**4.1.1 Details of addition and disposal are as follows:**

	Additions (Cost)		Disposal (NBV)	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	September 30, 2022	June 30, 2022	September 30, 2022	June 30, 2022
Rupees in '000				
Land - Freehold	-	106,921	-	-
Land - Leasehold	-	1,458,589	-	-
Building on leasehold land	911,025	549,284	-	-
Plant and machinery	144,792	2,696,052	(644)	(9,423)
Electric fittings / equipments	126,793	26,433	-	(1,200)
Office equipments	41,694	32,968	(22)	(487)
Computers	17,314	19,875	-	(208)
Furniture and fixtures	96	40,538	-	(57)
Vehicles	-	27,493	(1,508)	(12,840)
	<u>1,241,714</u>	<u>4,958,153</u>	<u>(2,174)</u>	<u>(24,215)</u>

**4.1.2 Depreciation on operating fixed assets for the period amounted to Rs.520.16 million (September 30, 2021: Rs.395.08 million).**

		(Un-audited)	(Audited)
		September 30,	June 30,
		2022	2022
		Rupees in '000	
4.2	Capital work-in-progress	Note	
	Balance at the beginning of the period / year	7,366,331	1,950,177
	Addition during the period / year	1,706,257	8,571,359
		9,072,588	10,521,536
	Transferred to operating fixed assets / expenses	(1,149,333)	(3,155,205)
		7,923,255	7,366,331
	Advance given against purchase of fixed assets	421,876	88,619
	Stand-by equipments	-	16,574
	Balance at the end of the period / year	8,345,131	7,471,524

**5 STOCK-IN-TRADE**

Raw material in				
-hand			6,316,845	4,461,886
-transit			1,028,490	178,638
			<u>7,345,335</u>	<u>4,640,524</u>
Work-in-progress			3,392,878	2,511,302
Finished goods			2,924,588	2,744,841
			<u>13,662,801</u>	<u>9,896,667</u>

		(Un-audited)	(Audited)	
		September 30,	June 30,	
		2022	2022	
		----- Rupees in '000 -----		
6	TRADE DEBTS			
		Note		
	Exports			
	Considered good	6.1	5,490,380	8,682,495
	Considered doubtful		33,598	30,092
			5,523,978	8,712,587
	Allowance for expected credit loss	6.2	(33,598)	(30,092)
			5,490,380	8,682,495
	Local			
	Considered good		84,024	84,104
		5,574,404	8,766,599	

6.1 This includes an amount of Rs. 1,019.28 million (June 30, 2022: Rs. 830.96 million) due from 1888 Mills LLC.

6.2

Movement of allowance for expected credit loss is as follows:

	(Un-audited)	(Audited)
	September 30,	June 30,
	2022	2022
	Rupees in '000	
Balance at the beginning of the period / year	30,092	16,944
Charge for the period / year	3,506	13,148
Balance at the end of the period / year	33,598	30,092

## 7 SHORT TERM INVESTMENTS

During the period, the Company disposed off 30 million units (June 30, 2022: 330 million Units) and purchased 19.88 million units (June 30, 2022: 241.88 million units) of Open Ended Shariah Compliant mutual funds. As of reporting date, the Company holds 236.86 million units (June 30, 2022: 185.01 million units) of various Open Ended Shariah Compliant mutual funds.

## 8 LONG TERM FINANCING

During the period, the Company made further drawdown on its existing Temporary Economic Refinance Facility (TERF), Long Term Finance Facility (LTFF) and SBP Financing Scheme for Renewable Energy, obtained from various commercial banks for import of plant and machinery. These disbursement carry mark-up at the rates ranging from SBP base rate plus 0.5% to 1% (June 30, 2022: 0.45% to 1%) per annum. These facilities are secured against specific charge on plant and machinery of the Company. The principal portion of the loan is repayable in five, six and eight years through semi-annually and quarterly installments after grace period of one to two years. The unutilized portion of LTFF and SBP Financing Scheme for Renewable Energy are Rs.4,958 million and Rs.567 million respectively (June 30, 2022: Rs.5,210 million and nil respectively). The undisbursed portion of TERF is Rs. 794 million (June 30, 2022: Rs.1.326 million).

		(Un-audited)	(Audited)
		September 30,	June 30,
		2022	2022
		----- Rupees in '000 -----	
9	TRADE AND OTHER PAYABLES		
	Creditors	2,755,308	2,040,467
	Accrued liabilities	3,476,214	3,158,358
	Workers' profits participation fund	88,720	172,383
	Workers' welfare fund	49,813	42,710
	Contract liabilities	45,210	50,778
	Payable to provident fund	33,606	24,646
	Derivative financial instruments	-	39,755
	Current portion of GIDC	190,622	190,622
	Current portion of government grant	45,372	45,372
	Others	58,653	31,177
		6,743,518	5,796,268

## 10 SHORT TERM BORROWINGS

Export re-finance	10.1	14,900,000	14,400,000
FE-25 Import Loan	10.2	307,637	-
Export Bills Discounting		116,360	-
		15,323,997	14,400,000

10.1 These carry mark-up at the rates ranging from SBP Export refinance rate plus 0.25% to 1% (June 30, 2022: 0.25% to 1%) per annum. These are secured against first pari passu charge over stock-in-trade, receivables and other current assets of the Company.

10.2 These carry mark-up at the rates flat 3% (June 30, 2022: Nil) per annum. These are secured against first pari passu charge over stock-in-trade, receivables and other current assets of the Company



## 11 CONTINGENCIES AND COMMITMENTS

### 11.1 Contingencies

No contingencies exist as at the reporting date.

		(Un-audited) September 30, 2022	(Audited) June 30, 2022
		Rupees in '000	
<b>11.2 Commitments</b>	<b>Note</b>		
Outstanding letter of credit		7,778,762	4,595,923
Outstanding letter of guarantee		1,407,583	1,390,025
Capital expenditure		2,249,299	4,184,280
Post dated cheques	11.2.1	4,799,998	4,781,418

**11.2.1** These represent the postdated cheques issued to Custom Authorities in respect of duties on imported items.

		Quarter Ended	
		September 30, 2022	September 30, 2021
		Rupees in '000	
<b>12 COST OF SALES</b>	<b>Note</b>		
Opening stock of finished goods		2,744,841	2,542,945
Add: Cost of goods manufactured	12.1	7,187,711	9,994,807
		9,932,552	12,537,752
Less: Closing stock of finished goods		(2,924,588)	(2,892,078)
		7,007,964	9,645,674
<b>12.1 Cost of goods manufactured</b>			
Raw material consumed	12.1.1	4,324,412	6,776,943
Stores and spares consumed		1,021,426	1,014,560
Salaries, wages and other benefits	12.1.2	1,405,350	1,465,154
Fuel, power and water		676,080	723,129
Insurance expense		24,408	17,148
Repair and maintenance		19,293	16,674
Communication and transportation		28,425	26,939
Rent		425	3,184
Depreciation		551,595	428,120
Amortization		1,592	1,558
Quality control and inspection		14,764	16,114
Other manufacturing expenses		1,517	6,910
		8,069,287	10,496,432
Opening work-in-process		2,511,302	3,136,835
Closing work-in-process		(3,392,878)	(3,638,459)
		7,187,711	9,994,807
<b>12.1.1 Raw material consumed</b>			
Opening stock		4,640,524	2,757,422
Purchases during the period		7,029,223	9,614,756
		11,669,747	12,372,178
Less: Closing stock		(7,345,335)	(5,595,235)
		4,324,412	6,776,943

**12.1.2** This includes an amount of Rs.38.22 million (September 30, 2021: Rs.32.77 million) in respect of staff provident fund and Rs.62.35 million in respect of staff gratuity fund (September 30, 2021: Rs.72.77 million).

		Quarter Ended	
		September 30, 2022	September 30, 2021
		Rupees in '000	
<b>13 OTHER EXPENSES</b>			
Loss on disposal of operating fixed asset - net		-	2,567
Workers' profit participation fund		88,720	22,272
Workers' welfare fund		7,104	8,973
Allowance for expected credit loss		3,507	1,852
Donations		4,565	4,000
Auditors' remuneration		1,476	1,347
		105,372	41,013
<b>14 OTHER INCOME</b>			
Gain on disposal of operating fixed asset - net		544	-
Interest on bank deposit		15,248	3,987
Dividend income on shariah compliant open ended mutual fund units		293,157	90,872
Exchange differences on export receivables, trade payables and derivative financial instruments		1,029,442	15,198
Reversal of provision against doubtful advances		-	21,158
		1,338,391	131,215

**15 CASH AND CASH EQUIVALENTS**

Cash and bank balances  
Term Deposit Receipt

Quarter Ended	
September 30, 2022	September 30, 2021
Rupees in '000	
1,785,247	549,347
-	1,500,000
<b>1,785,247</b>	<b>2,049,347</b>

**16 TRANSACTIONS WITH RELATED PARTIES**

Related parties of the Company comprise associates, directors, major shareholders of the Company, key management personnel and employees' retirement funds. Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these condensed interim financial statements are as follows:

Nature of transaction	Quarter ended	
	September 30, 2022	September 30, 2021
Rupees in '000		
<i>Transactions with associates</i>		
Sale of goods	687,869	799,512
Purchases	76	28,079
Marketing fee	289,899	409,007
Lease rental paid	113,322	70,520
Rent expense	637	3,175
Donation	-	-
<i>Transaction with directors</i>		
Meeting fee	3,140	4,600
<i>Transaction with key management personnel</i>		
Remuneration paid	21,903	16,127
Post-employment benefits	1,177	895
<i>Transaction with other related party</i>		
Contribution to staff provident fund	38,215	32,767
Contribution to staff gratuity fund	62,353	72,768

**17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's activities expose it to a variety of financial risks. These condensed interim financial statements do not include all financial risk management information and disclosures which are 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, 2022. There have been no change in any risk management policies since June 30, 2022.

**18 FAIR VALUE OF ASSETS AND LIABILITIES**

There were no transfers amongst level of fair value analysis of financial assets and liabilities during the period.

**19 OPERATING SEGMENTS**

- These condensed interim financial statements have been prepared on the basis of a single reportable segment.
- Revenue from export sales represents 98% (September 30, 2021: 99%) of the total gross revenue of the Company.
- All non-current assets of the Company as at September 30, 2022 and 2021 are located in Pakistan.
- Sales made by the Company to its two major customers during the period constituted 48% (September 30, 2021: 55%) of total sales.

**20 DATE OF AUTHORISATION**

These condensed interim financial statements were authorised for issue on October 28, 2022 by the Board of Directors of the Company.

**21 GENERAL**

**21.1** Corresponding figures have been reclassified / rearranged wherever necessary for better presentation.

**21.2** All figures have been rounded-off to the nearest thousand rupees, unless otherwise stated.

**Javeria Siddiqui**  
Chief Financial Officer

**Rehan Rahman**  
Chief Executive Officer

**Aminah Zahid Zaheer**  
Director