First Quarter
Financial Statements
2021

The National Silk & Rayon Mills Ltd.

Manufacturer & Exporter of Quality Textile Products

Company Information

Board of Directors	Sh. Faisal Tauheed	(Executive Director)
	Sh. Kashif Tauheed	(Executive Director)
	Mrs. Samira Faisal	Non Executive Director
	Mrs. Tahira Kashif	Non Executive Director/Chairman
	Sh Mustafa Faisal Tauheed	Non Executive Director
	Mr. Muhammad Arif	Independent Director
	Mr. Shehzad Ehsan	Independent Director
Board Audit Committee	Mr. Muhammad Arif	(Chairman)
	Sh Mustafa Faisal Tauheed	
	Mrs. Tahira Kashif	
Board Human Resource and Remuneration Committee	Mr. Shehzad Ehsan	(Chairman)
	Mrs. Sumaira Faisal	
	Mrs. Tahira Kashif	
Management Team	Sh. Faisal Tauheed Puri	(Chief Executive)
	Muhammad Islam Haider	(Chief Financial Officer)
	Imran Zafar	(Company Secretary)
	Qaiser Ali Faheem	(Internal Auditor)
Auditors	Riaz Ahmad and Company Chartered Accountants	
Bankers	National Bank of Pakistan The Bank of Punjab Bank Alfalah Limited Habib Metropolitan Bank Limited Askari Bank Limited Bank Al-Habib Limited MCB Limited Meezan Bank Limited	
Registered Office	House No. 8/3, Aziz Avenue, Canal Road, Gulberg V, Lahore.	
Factory	Dhuddiwala, Jaranwala Road, Faisalabad.	
Share Registrar	Corplink (pvt.) Ltd. Share Registrar & Corporate Consultants Wings Arcade, 1-K Commercial, Model Town, Lahore. Tel: 035916714, 35916719, 035839182 Fax: 92-42-35869037	
Legal Advisor	Sahibzada Muhammad Arif Advocate High Court, Chamber No.52, District Courts, Faisalabad.	

Directors' Report

The Board Directors of your company are pleased to present Financial Statement of the company for the quarter ended September 30, 2021.

The financial performance of your Company during the first quarter ended on September 30, 2021 is as follow:

	Quarter ended September 30	
Operating Results	**2021**	**2020**
	RUPEES	
Gross profit	19,805,904	16,617,612
Selling, administrative and operating expenses	10,936,803	9,906,666
Profit for the year before taxation	7,668,994	5,925,138
Taxation	2,452,392	3,670,556
Profit / (loss) after taxation	5,216,602	2,254,582
Earning per share	0.34	0.14

The Company remains committed to deliver on its long-term objective of sustainable growth and value creation. This is being achieved through continued focus on operational excellence, product portfolio diversification, cost reduction and a strong capital structure.

The company recorded sale of Rs.308,480,341/- in its first quarter as compared to Rs.240,939,356/- during the first quarter of the last year showing increase in sale 28% .

Future Outlook and Challenges:

Economy of Pakistan is now set on the path of recovery with the threat of COVID-19 expected to reduce in the coming days. The management of the Company is working hard to optimize the cost levels and finding new avenues of revenue generation in all segments of the company to maximize benefit to the shareholders.

However, we are confident about the future prospects of your Company as the demand of cloth processing has been resilient and is expected to increase further in the years to come. We are also working internally to become more efficient by becoming more cost effective, focusing on energy conservation and expenditure reduction techniques.

Appreciation

We would like to thank all of our staff members for the way they have responded to challenges of the year. Their hard work and commitment is greatly appreciated and is reflected in these results

We are also thankful for the encouragement and support which we received from our suppliers, shareholders, bankers and financial institutions.

On behalf of the Board

LAHORE:
October 29, 2021

Sh. Faisal Tauheed Puri
Chief Executive

Sh. Kashif Tauheed
Director

Condensed Interim Statement of Financial Position

AS AT SEPTEMBER 30, 2021

EQUITY AND LIABILITIES	Note	September 30, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
SHARE CAPITAL AND RESERVES			
Authorised share capital	4	204,000,000	204,000,000
Issued, subscribed and paid-up share capital	5	155,531,740	155,531,740
Capital reserve			
Revaluation surplus on land		561,529,091	561,529,091
Revenue reserve			
Unappropriated profit		139,644,816	134,428,214
		856,705,647	851,489,045
NON CURRENT LIABILITIES			
Long term liabilities		1,271,309	1,271,309
Deferred liabilities	6	40,594	1,431,700
		1,311,903	2,703,009
CURRENT LIABILITIES			
Trade and other payables		219,721,713	212,299,627
Payable to provident fund		672,320	713,876
Deposits, accrued liabilities and advances		78,890,105	86,935,741
Unclaimed dividend		594,836	594,836
Accrued interest and mark up		1,534,308	1,414,138
Loan from banking companies	7	57,407,905	57,588,364
Loan from related parties	8	75,350,706	75,350,706
		434,171,893	434,897,288
CONTINGENCIES AND COMMITMENTS	9	-	-
TOTAL EQUITY AND LIABILITIES		1,292,189,444	1,289,089,342

ASSETS	Note	September 30, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
NON CURRENT ASSETS			
Property, plant and equipment	10	824,465,160	831,599,418
Intangible asset		6,927,615	6,927,615
Long term deposits and prepayments		26,217,046	22,956,046
Long term advances		2,564,102	2,564,102
		860,173,923	864,047,181
CURRENT ASSETS			
Stores, spares and loose tools		18,713,208	73,450,320
Stock in trade		63,011,980	66,015,703
Trade debts-unsecured but considered good		265,591,357	225,447,951
Loans and advances		529,672	7,287,774
Trade deposits, short term prepayments and current account balances with statutory authorities		38,132,715	28,048,950
Accrued interest		3,890	217
Due from government		15,805,480	15,525,876
Cash and bank balances		30,227,219	9,265,370
		432,015,521	425,042,161
TOTAL ASSETS		1,292,189,444	1,289,089,342

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE **DIRECTOR** **CHIEF FINANCIAL OFFICER**

Condensed Interim
Profit and Loss Account (un-audited)

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

	Note	QUARTER ENDED	
		September 30, 2021	**September 30, 2020**
		Rupees	
Sales- net	**11**	308,480,341	240,939,356
Cost of sales		288,674,437	224,321,744
Gross profit		19,805,904	16,617,612
Distribution costs		305,625	135,000
Administrative expenses		10,227,547	9,459,817
Other operating expenses		403,631	311,849
		10,936,803	9,906,666
		8,869,101	6,710,946
Other income	**12**	378,446	306,601
		9,247,546	7,017,547
Finance costs		1,578,552	1,092,409
Profit before taxation		7,668,994	5,925,138
Taxation:			
Current		3,843,498	2,770,803
Deferred	**6.1**	(1,391,106)	899,753
		2,452,392	3,670,556
Profit for the period		5,216,602	2,254,582
		--------------R u p	e e s-------------
Earnings per share- Basic and Diluted		0.34	0.14

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE **DIRECTOR** **CHIEF FINANCIAL OFFICER**

Condensed Interim Statement of Comprehensive Income (un-audited)

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

	NINE MONTH ENDED	
	September 30, 2021	September 30, 2020
	Rupees	
Profit for the period	5,216,602	2,254,582
Other comprehensive income	-	-
Total comprehensive income for the period	5,216,602	2,254,582

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

Condensed Interim
Cash Flow Statement (un-audited)

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

	Note	NINE MONTH ENDED	
		September 30, 2021	**September 30, 2020**
	Note	**--------------Rupees------------**	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Generated from Operations	**A**	29,921,436	1,931,285
Taxes Paid		(4,054,746)	(5,100,539)
Finance cost paid		(1,458,382)	(1,425,849)
Gratuity paid		(100,000)	(731,031)
Net cash used in operating activities		24,308,308	(5,326,134)
CASH FLOWS FROM INVESTING ACTIVITIES			
Long term deposits and prepayments		(3,261,000)	(4,365,012)
Sale proceeds from fixed assets		95,000	-
Net cash used in investing activities		(3,166,000)	(4,365,012)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash (used in) / generated from financing activities		-	-
Net increase in cash and cash equivalents		21,142,308	(9,691,145)
Cash and Cash Equivalents at the Beginning of the Period		(48,322,994)	(17,717,552)
Cash and Cash Equivalents at the End of the Period	**B**	(27,180,686)	(27,408,697)

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE | **DIRECTOR** | **CHIEF FINANCIAL OFFICER**

Notes to the Condensed Interim Cash Flow Statement (un-audited)

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

	NINE MONTH ENDED	
	September 30, 2021	September 30, 2020
	Rupees	
A - CASH GENERATED FROM OPERATIONS		
Profit before taxation	7,668,994	5,925,138
Adjustments of non cash and other items:		
Depreciation	7,095,963	7,279,460
Gain on disposal of fixed assets	(56,706)	-
Finance cost	1,578,552	1,092,409
	8,617,809	8,371,869
Cash Flows Before Working Capital Changes	16,286,803	14,297,007
EFFECT ON CASH FLOW OF WORKING CAPITAL CHANGES		
(Increase)/Decrease in current assets		
Stores, spares and loose tools	54,737,112	6,326,438
Stocks in trade	3,003,723	21,980,804
Trade debts	(40,143,406)	(15,717,541)
Loan and advances	6,758,102	(2,381,353)
Trade deposit and short term prepayments	(9,536,357)	(7,177,333)
Due from government	(279,604)	(1,473,330)
Accrued interest	(3,673)	5,516
Increase/(Decrease) in current liabilities		
Trade and other payables	7,422,086	(14,566,678)
Payable to provident fund	(41,556)	(212,990)
Deposits, accrued liabilities and advances	(8,281,796)	850,745
	13,634,631	(12,365,722)
CASH USED IN OPERATIONS	29,921,436	1,931,285
B - CASH AND CASH EQUIVALENTS		
Cash and bank balances	30,227,219	8,158,023
Loan from banking companies	(57,407,905)	(35,566,720)
	(27,180,686)	(27,408,697)

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

	SHARE CAPITAL	REVENUE RESERVE UNAPPROPRIATED PROFIT	SUB TOTAL	REVALUATION SURPLUS ON LAND	TOTAL
	----------------	---------------R	u p e e	s----------------	
Balance as at June 30, 2020- Audited	155,531,740	89,340,841	244,872,581	561,529,091	806,401,672
Profit for the three months ended September 30, 2020	-	2,254,582	2,254,582	-	2,254,582
Other comprehensive income for the period-net of deferred tax	-	-	- -	-	-
Total comprehensive income	-	2,254,582	2,254,582	-	2,254,582
Balance as at September 30, 2020- Un-audited	155,531,740	91,595,423	247,127,163	561,529,091	808,656,254
Balance as at June 30, 2021- Audited	155,531,740	134,428,214	289,959,954	561,529,091	851,489,045
Profit for the three months ended September 30, 2021	-	5,216,602	5,216,602	-	5,216,602
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income	-	5,216,602	5,216,602	-	5,216,602
Balance as at September 30, 2021- Un-audited	155,531,740	139,644,816	295,176,556	561,529,091	856,705,647

cial statements.

CHIEF EXECUTIVE **DIRECTOR** **CHIEF FINANCIAL OFFICER**

Notes to the Condensed Interim Financial Information (un-audited)

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

1 THE COMPANY AND NATURE OF ITS BUSINESS

The Company is a Public Limited Company, incorporated in Pakistan on June 27, 1950 under the Companies Act, 1913 (Now Companies Act, 2017). The Company is quoted on Pakistan Stock Exchange Limited. The registered office of the Company is situated at House No. H-8-3, Aziz Avenue, Canal road, Gulberg V, Lahore. The factory is located at Dhuddiwala, Jaranwala Road, Faisalabad in the province of Punjab. The principal activity of the company is dyeing, bleaching, finishing and embroidery of fabrics.

2 BASIS OF PREPARATION

2.1 Statement Of Compliance

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

2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with Company's annual audited financial statements for the year ended June 30, 2021.

2.3 Critical Accounting Estimates And Judgments

Judgments and estimates made by the management in the preparation of the condensed interim financial statements were the same as those applied to the financial statements as at and for the year ended June 30, 2021.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the financial statements for the year ended June 30, 2021 except those stated in note 3.2 (a) below.

3.2 Change in accounting standards, interpretations and amendments to published accounting and reporting standards

a) Standards and amendments to published accounting and reporting standards which were effective during the three months ended September 30, 2021

There were certain amendments to accounting and reporting standards which became mandatory for the Company's annual accounting period which began on July 1, 2021. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

b) Standards and amendments to approved accounting and reporting standards that are not yet effective

There is a new standard an interpretation and certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2021. However, these will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

	Note	September 30, 2021 Rupees (Un-audited)	June 30, 2021 Rupees (Audited)
4 AUTHORIZED SHARE CAPITAL			
20,000,000 (June 30, 2020: 20,000,000) A - Class Ordinary shares of Rs. 10 each		200,000,000	200,000,000
400,000 (June 30, 2020: 400,000) B - Class Ordinary shares of Rs. 10 each		4,000,000	4,000,000
		204,000,000	204,000,000
5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
Issued for Cash			
15,051,267 (June 30, 2020: 15,051,267) A - Class Ordinary Shares of Rs.10 each		150,512,670	150,512,670
320,100 (June 30, 2020: 320,100) B - Class Ordinary Shares of Rs.10 each		3,201,000	3,201,000
		153,713,670	153,713,670
Issued as Bonus Shares			
181,807 (June 30, 2020: 181,807) Ordinary Shares of Rs.10 each		1,818,070	1,818,070
		155,531,740	155,531,740

	Note	September 30, 2021 Rupees (Un-audited)	June 30, 2021 Rupees (Audited)
6 DEFERRED LIABILITIES			
Deferred taxation	6.1	40,594	1,431,700

6.1 Deferred Taxation

	September 30, 2021 Rupees (Un-audited)	June 30, 2021 Rupees (Audited)
This is composed of the following:		
Deferred tax liability on taxable temporary differences arising in respect of:		
Accelerated tax depreciation	5,699,298	8,199,537
	5,699,298	8,199,537
Deferred tax asset on deductible temporary differences arising in respect of:		
Deferred debits arising in respect of staff gratuity	(48,140)	(75,222)
Deferred debits arising in respect of provision for doubtful debts	-	(347,414)
Minimum tax available for carry forward	(5,610,564)	(6,345,201)
	(5,658,704)	(6,767,837)
	40,594	1,431,700
Balance as at July 01,	1,431,700	2,581,331
Add: Reversal for the period/ year to		
Statement of profit or loss	(1,391,106)	(1,149,631)
Statement of comprehensive income	-	-
	40,594	1,431,700

7 LOAN FROM BANKING COMPANIES

	September 30, 2021 Rupees (Un-audited)	June 30, 2021 Rupees (Audited)
Secured		
Cash finance	49,434,035	49,612,319
Running finance	7,973,870	7,976,045
	57,407,905	57,588,364

7.1 There is no major change in the terms and conditions of the loan from banking companies as disclosed in the annual audited financial statements of the company as at and for the year ended June 30, 2020.

	September 30, 2021 Rupees (Un-audited)	June 30, 2021 Rupees (Audited)
8 LOAN FROM RELATED PARTIES		
This represents loan received from following related parties:		
Mr. Faisal Tauheed (Chief Executive)	23,370,000	23,370,000
Mr. Sheikh Kashif Tauheed (Director)	29,857,054	29,857,054
Ms. Tahira Kashif (Director)	22,123,652	22,123,652
	75,350,706	75,350,706

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

- There is no change in status of contingencies as disclosed in note 14 to the audited annual financial statements of the Company for the year ended June 30, 2021.

9.2 Commitments

- Commitments in respect of letters of credit for capital expenditures were amounting Rs. nil (June 30, 2021: Rs.nil).
- Commitments in respect of letters of credit other than for capital expenditures were amounting Rs.59.64 million (June 30, 2021:Rs.61.92 million).

		Note	September 30, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
10	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating fixed assets	**10.1**	824,465,160	831,599,418
10.1	**OPERATING FIXED ASSETS**			
	Opening book value		831,599,417	784,172,342
	Add: Additions during the period / year-cost		-	76,212,080
	Less: Disposal during the period / year-book value		(38,294)	(3,649,870)
			831,561,123	856,734,552
	Less: Depreciation charged for the period / year		7,095,963	25,135,134
			824,465,160	831,599,418

		QUARTER ENDED	
11	**SALES**	September 30, 2021	September 30, 2020
		------------Rupees---------	
	Processing receipts	360,921,999	281,899,047
	Less: Sales tax	(52,441,658)	(40,959,691)
		308,480,341	240,939,356
12	**OTHER INCOME**		
	Income from financial assets		
	Profit on bank deposits	25,740	11,601
	Income from non financial assets		
	Gain on disposal of fixed assets	-	-
	Sale of scrap	346,320	345,150
	Less: Sales tax	(50,320)	(50,150)
		296,000	295,000
		378,446	306,601

13 TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties have been disclosed in the relevant notes to the financial statements, except that:

Loan received from Chief Executive- Mr. Faisal Tauheed	-	-
Loan received from Director- Mr. Sheikh Kashif Tauheed	-	-
Remuneration to Chief Executive- Mr. Faisal Tauheed	1,500,000	1,500,000
Remuneration to Director- Mr. Sheikh Kashif Tauheed	1,500,000	1,500,000

14 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2021.

15 DATE OF AUTHORISATION

The condensed interim financial statements were authorised for issued on October 29, 2021 by the Board of Directors of the Company.

16 FIGURES

Figures in these condensed interim financial statements have been rounded off to the nearest of rupee.

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

ڈائریکٹرز کی جائزہ رپورٹ

آپ کی کمپنی کے بورڈ ڈائریکٹرز 30 ستمبر 2021 کو ختم ہونے والی سہ ماہی کے لیے کمپنی کا مالی بیان پیش کرنے پر خوش ہیں۔

30 ستمبر 2021 کو ختم ہونے والی پہلی سہ ماہی کے دوران آپ کی کمپنی کی مالی کارکردگی درج ذیل ہے:

سہ ماہی 30 ستمبر کو ختم ہوا

آپریٹنگ نتائج

مالیاتی کارکردگی	کوارٹر 30 ستمبر کو ختم ہوا 2021	 2020
	RUPEES	
خالص نفع	19,805,904	16,617,612
فروخت، انتظامی اور آپریٹنگ اخراجات	10,936,803	9,906,666
منافع قبل از ٹیکس	7,668,994	5,925,138
ٹیکسیشن	2,452,392	3,670,556
منافع/(نقصان) بعد از ٹیکس	5,216,602	2,254,582
فی آمدنی حصص	0.34	0.14

کمپنی پائیدار ترقی اور قدر کی تخلیق کے اپنے طویل مدتی مقصد کو پورا کرنے کے لیے پرعزم ہے۔ یہ آپریشنل ایکسی لینس، پروڈکٹ پورٹ فولیو تنوع، لاگت میں کمی اور مضبوط سرمایہ دارانہ ڈھانچے پر مسلسل توجہ کے ذریعے حاصل کیا جا رہا ہے۔

کمپنی نے اپنی پہلی سہ ماہی میں 341،480،308 /- روپے کی فروخت ریکارڈ کی جبکہ پچھلے سال کی پہلی سہ ماہی کے دوران اس کی فروخت میں 28 فیصد اضافہ ہوا۔

مستقبل کا نقطہ نظر اور چیلنجز:

پاکستان کی معیشت اب بحالی کی راہ پر گامزن ہے اور آنے والے دنوں میں کووڈ 19 کے خطرے کے کم ہونے کی توقع ہے۔ کمپنی کا انتظام لاگت کی سطح کو بہتر بنانے اور کمپنی کے تمام حصوں میں آمدنی کی نئی راہیں تلاش کرنے کے لیے سخت محنت کر رہا ہے تاکہ حصص یافتگان کو زیادہ سے زیادہ فائدہ پہنچ سکے۔

تاہم، ہم آپ کی کمپنی کے مستقبل کے امکانات کے بارے میں پراعتماد ہیں کیونکہ کلاتھ پروسیسنگ کی مانگ لچکدار رہی ہے اور آنے والے سالوں میں اس میں مزید اضافہ متوقع ہے۔ ہم توانائی کے تحفظ اور اخراجات میں کمی کی تکنیک پر توجہ مرکوز کرتے ہوئے زیادہ لاگت سے موثر بننے کے لیے اندرونی طور پر کام کر رہے ہیں۔

تعریف

ہم اپنے تمام عملے کے ممبران کا شکریہ ادا کرنا چاہتے ہیں جس طرح انہوں نے سال کے چیلنجز کا جواب دیا ہے۔ ان کی محنت اور عزم کو بہت سراہا جاتا ہے اور ان نتائج سے ظاہر ہوتا ہے۔

ہم اپنے سپلائرز، شیئر ہولڈرز، بینکرز اور مالیاتی اداروں کی طرف سے موصول ہونے والی حوصلہ افزائی اور مدد کے بھی شکر گزار ہیں۔

شیخ فیصل توحید
چیف ایگزیکٹو

شیخ کاشف توحید
ڈائریکٹر

لاہور:
29 اکتوبر، 2021

The National Silk & Rayon Mills Ltd.

Manufacturer & Exporter of Quality Textile Products

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