

FORM-8

Date: 29-10-2019

The General Manager,
Pakistan Stock Exchange Limited.
Stock Exchange Building,
Stock Exchange Road,
Karachi

Subject: Transmission of Quarterly Report for the Period Ended September 30, 2019

Dear Sir,

We have to inform you that the Quarterly Report of the Company for the period ended September 30, 2019 has been transmitted through PUCARS and is also available on Company's website.

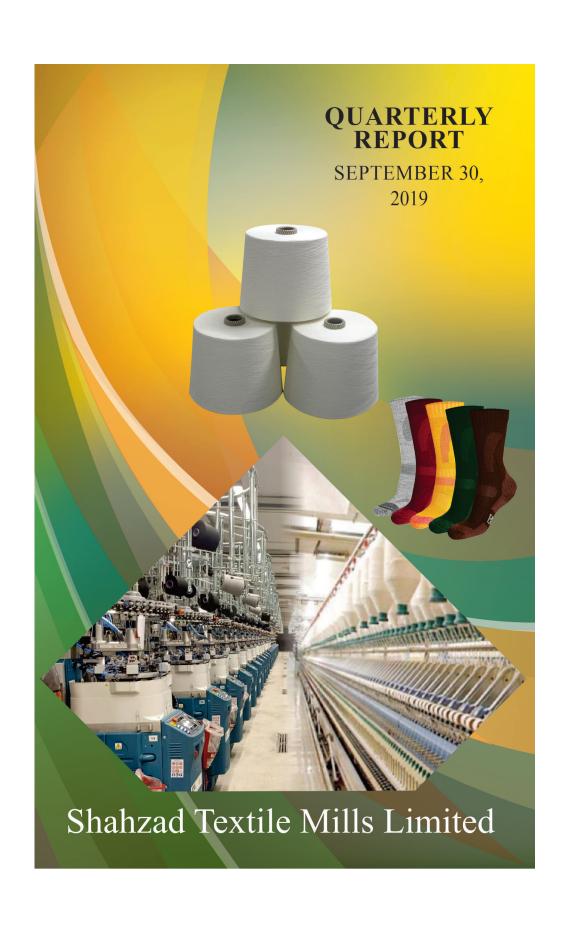
You may please inform the TRE Certificate Holders of the Exchange accordingly.

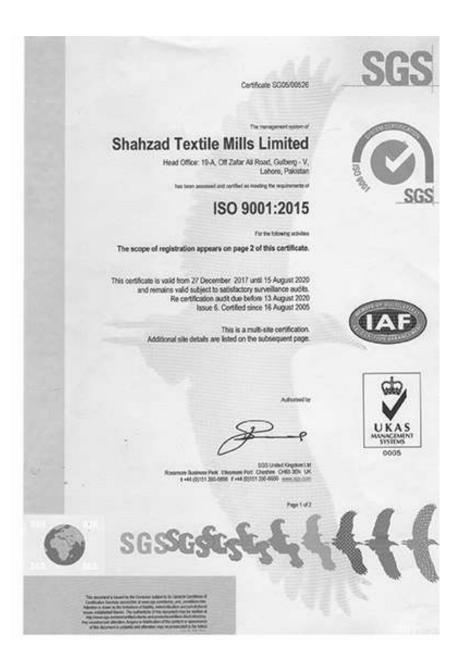
Yours Sincerely,

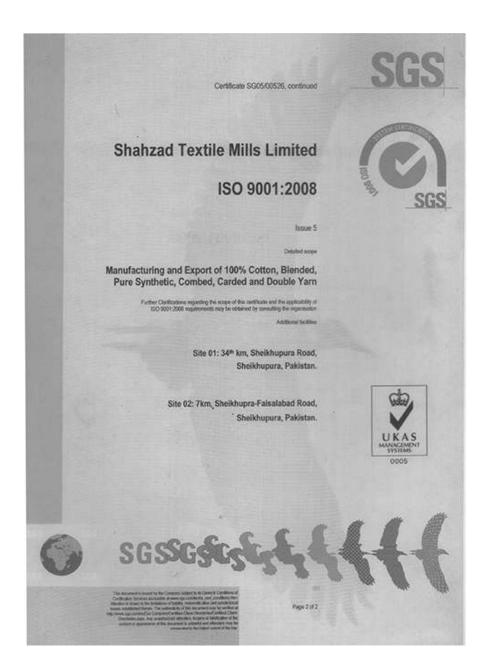
For SHAHZAD TEXTILE MILLS LIMITED

COMPANY SECRETARY

Encl: As above







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SHAHZAD TEXTILE MILLS LIMITED

Company's Information

Board of Directors Mian Parvez Aslam

Chairman

Chief Executive Officer

Mr. Imran Aslam Mr. Irfan Aslam

Mr. Danish Aslam

Syed Raza Ali Bokhari

Dr. Ali Raza Khan

Mrs. Nazish Imran

Chief Financial Officer

Mr. Humayun Bakht

Company Secretary

Mr. Hassan-ud-Din Ansari

Auditors

Horwath Hussain Chaudhry & Co.

Chartered Accountants

Audit Committee

Syed Raza Ali Bokhari Chairman Member Mian Parvez Aslam

Member Mr. Irfan Aslam

Human Resources &

Remuneration Committee

Chairman Dr. Ali Raza Khan

Member Mr. Danish Aslam

Member Mrs. Nazish Imran

Bankers

Habib Metropolitan Bank Ltd

JS Bank Limited

Meezan Bank Limited

Share Registrar

Hameed Majeed Associates (Pvt) Ltd

H.M. House, 7-Bank Square Lahore.

Registered Office

19-A, Off. Zafar Ali Road,

Gulberg-V, Lahore.

Ph: +92 (042) 35754024-27

Fax:+92 (042) 35712313

E-mail:info@shahzadtex.com

Web:www.shahzadtex.com

Mills

Unit #1, 4 & Socks Unit

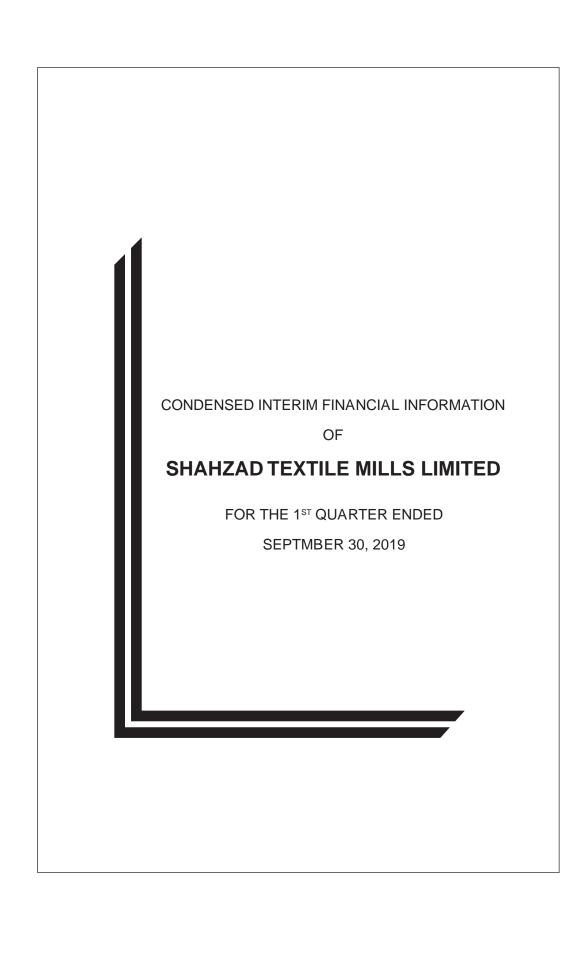
34th KM Lahore Sheikhupura

Raod, Sheikhupura.

Unit # 2

7th KM Sheikhupura Faisalabad

Road, Sheikhupura.



Directors' Report

On behalf of the directors of Shahzad Textile Mills Limited it is my great pleasure to present condensed interim un-audited financial statement for the first quarter ending September 30, 2019

The company's pretax profit for the quarter is Rs. 5.686/- million in three month period as compared to Profit of Rs. 100.032/- million in corresponding period of previous year. Current quarter's sales are decreased to Rs.1,238.226/- million as compared to 3 months Sales of yarn Rs.1,684.890/- million of previous year's correspondence period.

The main reason of above stated decline in Sale of yarn is linked to closure of Unit No.3 where we have installed a socks manufacturing unit. The current Loss Rs.10.675 million is the result of adjustment of heavy initial expenses of socks unit which, in the period under discussion was not in production. These preliminary expenses Rs.12.656 million turned profit of yarn into loss of Rs.10,675 million.

The raw material prices did not show stability in the period under discussion . The Cotton prices exhibited higher trend and rotating around Rs.8900/- per maund, polyester Rs.191 per kg and viscose at Rs.277 per kg. The production of cotton is decreasing rapidly every year which is putting extreme stress on the Textile Industry.

Textile Industry in the present circumstances facing strenuous situation .The exporter of textile sector could not exploit the favorable opportunity and could not fetch export orders despite drastic decrease in Pak rupee against dollar with an excuse that comparative production cost like labor, electricity, financial cost and heavy taxes as compared with the other exporter countries of the region are excessively high and cannot compete with them in the Global market.

FUTURE PROSPECT

As we have extensively discussed in our previous directors reports regarding installation of socks unit. The Unit is successfully completed and production started on 7th October, 2019. In next quarter it will contribute its full share in earning revenue for the company.

Loss per share is Rs.(0.59) as compared to earning per share Rs.4.02 in corresponding period of previous year.

We thankfully appreciate our valued customers, bankers and share holders who have actively participated in smooth functioning of company's routine work. We also appreciate the vigorous efforts of our employees who have maintained peaceful working atmosphere in the mills.

For and on behalf of the board

Irfan Aslam Director

Imran Aslam Chief Executive Officer

Lahore.

Dated: 29-10-2019

ڈائر یکٹرز رپورٹ

میں تمام ڈائر یکٹران کی جانب ہے 30 ستبر 2019ء کے اختتا م پر کینی کا مالیاتی جائزہ پیش کرنے میں دلی مسرت محسوں کر رہا ہوں۔
موجودہ سہ مابی میں کمپنی کا قبل از ٹیکس منافع -/5.686 ملین روپے ہے۔ جبلہ گذشتہ مالی سال میں ای مدت کا منافع -/100.032 ملین روپے تھا۔
موجودہ سہ مابی میں کمپنی کے دھاگے کی فروخت -/5.238 بلین روپے ہے۔ جبلہ گذشتہ سال ای مدت میں دھاگے بیفروخت -/684.890 ملین روپے تھی ۔دھاگے کی فروخت میں کی کو یونٹ نمبر 3 کی بندش ہے منصوب کیا جا سکتا ہے۔ جس کی جگہ ہم نے بین الاقوامی معیار کی جراہیں بنانے کا
لیمن روپے تھی ۔دھاگے کی فروخت میں کی کو یونٹ نمبر 3 کی بندش ہے موجود خسارے میں جراہیں بنانے والے یونٹ کے تمام تر ابتدائی اخراجات ہے موجود خسارے میں جراہیں بنانے والے یونٹ کے تمام تر ابتدائی اخراجات ہے دھاگے کی منافع بخش فروخت کونقصان میں بدل دیا ہے کیونکہ جراہیں بنانے والے لونٹ کی یہ داوار ابھی شروع نہیں ہوئی۔

خام مال کی قیمتیں

موجوٰدہ سہ ماہی میں خام مال کی قیمتیں مشحکم نہیں ہوسکیں اور بلندی کی طرف گا مزن رہی ہیں جن میں کاٹن کی قیمت 8900 روپے فی من، پولیسٹر 191روپے فی کلواوروسکوں کی قیمت 277روپے فی کلویر منڈ لاتی رہی ہیں۔

ہمارے ملک میں کاٹن کی ہیداوار بندرت کے کم ہوتی جارہی ہے جس کی وجہ سے ٹیکشائل کی صنعت شدید دباؤ کاشکار ہے اوراس صنعت کو مشکل حالات کا سامنا ہے۔ ٹیکشائل برآمدکنندگان اس نادر موقع سے جب کہ روپے کی قدر ڈالر کے مقابلے میں انتہائی گراوٹ کاشکار ہے برآمدات میں کوئی خاطرخواہ اضافہ نہیں کر سکی ۔ اُن کا موقف ہے کہ دوسرے برآمدی مما لک کے مقابلے میں ہماری مصنوعات بہت مہتی ہیں جس کا سبب مہتی بجلی مہبتی لیبر، مالیاتی خراجات اور بھاری ٹیکسسر ہیں ۔

مستقبل کی پیش نظری

ہم نے سابقہ ڈائر یکٹرزر پورٹ میں جرابوں کے یونٹ کے متعلق بری تفصیل ہے بیان کیاتھا کہ اب اللہ کے فضل وکرم ہے جرابوں کا یہ یونٹ پایا تھیل کو پہنچ چکا ہے اور 7 اکتو بر 2019ء کوا پنا پیداوار عمل شروع کر چکا ہے ۔ہمیں اُمیدِ واسق کہ اگلے ششما ہی میں پیداواری محاصل میں اپنا حصہ ڈالے گا۔اور سمپنی کی ترقی میں بھر بوراضا فیکر کے گ

اس سەماى مىں كمپنى كافى شيئر نقصان (0.59) روپ ہے جبكہ گذشته سال اى مدت ميں بيرمنافع 4.02 روپے تفا۔

آخر میں ہم اپنے قابل احترام صارفین، بینکاروں، مال اداروں، حصہ داروں کاشکرگز ار ہیں جنہوں نے کمپنی کی تمام تر کاروباری سرگرمیوں میں بھر پورحصہ لیاہے اور ہم اپنے شاف ممبران کے بھی مشکور ہیں جنہوں نے اپنی بھرپورصلاحیتوں اورکوششوں سے ملوں میں خوشگورااور پڑامن ماحول بنائے رکھا۔

برائے اور بحکم بور ڈ

عرفان اسلم عرفان اسلم دائر يكثر لا بودمورند 29 اكتوبر 2019 ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2019

		September 30, 2019	June 30, 2019
		(Un-Audited)	(Audited)
CADITIAL AND LIADIUMING	Note	Rupees in tho	usands
CAPITAL AND LIABILITIES Share Capital and Reserves			
Authorized capital: 40,000,000 (June 2019: 40,000,000) ordinary shares of Rs. 10 each		400,000	400,000
Issued, subscribed and paid up capital 17,971,372 (June 2019: 17,971,372)			
ordinary shares of Rs. 10 each		179,714	179,714
Reserves Surplus on Revaluation of property, plant and equipment		1,278,940 754,528	1,286,783 757,360
		2,213,182	2,223,857
Non Current Liabilities			
Long term financing Staff retirement benefits	4	316,374 109,728	323,871 104,978
Deferred tax liability		168,239	170,498
Deterred tax hability		594,341	599,347
Current Liabilities		F07 400	401 114
Trade and other payables Unclaimed dividend		567,496	431,114
Unpaid dividend		163 199	163 199
Accrued mark up		14,287	12,126
Short term borrowings		139,519	285,295
Current portion of long term financing		37,852	33,815
Provision for taxation		92,597	73,977
Continue of a series of Constitution of	5	852,113	836,689
Contingencies and Commitments	5	3,659,636	3,659,893
ASSETS			
Non Current Assets Property, plant and equipment	6	2,305,943	2,252,623
Long term investment in associate	O	370,337	370,110
Long term deposits		3,847	3,847
8		2,680,127	2,626,580
Current Assets		00.700	
Stores and spares		96,526	93,964
Stock in trade Trade debts		268,202 148,963	512,371 73,328
Advances, trade deposits, prepayments and other receival	hles	210,175	150,699
Short term investments	DICS	47,417	47,416
Tax refunds due from the Government		102,138	64,957
Cash and bank balances		106,088	90,578
		979,509	1,033,313
		3,659,636	3,659,893

 $The \ annexed \ notes \ form \ an \ integral \ part \ of \ these \ condensed \ interim \ financial \ statements \ (un-audited).$

CHIEF EXECUTIVE CHIEF FINANCIAL OFFICER DIRECTOR

CONDENSED INTERIM PROFIT OR LOSS (UN-AUDITED)

FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2019

		September 30, 2019	September 30, 2018
	Note	Rupees	in thousand
Sales		1,238,226	1,684,890
Cost of sales	7	(1,175,333)	(1,521,744)
Gross Profit		62,893	163,146
Operating expenses:			
- Selling and distribution		(2,458)	(8,341)
- Administrative expenses		(38,362)	(32,258)
		(40,820)	(40,599)
Operating Profit		22,073	122,547
Finance cost		(16,520)	(9,073)
Other operating expenses		(383)	(15,664)
Other income		289	830
Share of net profit of associate		227	1,392
		(16,387)	(22,515)
Profit before Taxation		5,686	100,032
Taxation		(16,361)	(27,808)
Net (Loss) / profit for the Period		(10,675)	72,224
Earnings per Share - Basic		(0.59)	4.02

 $The \ annexed \ notes \ form \ an \ integral \ part \ of \ these \ condensed \ interim \ financial \ statements \ (un-audited).$

CHIEF EXECUTIVE

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2019

	September 30, 2019	September 30, 2018
	Rupees in thousand	
Net (Loss) / profit for the Period	(10,675)	72,224
Other Comprehensive Incom for the Period		
Items that may be reclassified subsequently to profit and (loss)		
Total Comprehensive (Loss)/Income for the Period	(10,675)	72,224

The annexed notes form an integral part of these condensed interim financial statements (un-audited).

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2019

	September 30, 2019	September 30 2018
CASH FLOW FROM OPERATING ACTIVITIES	Rupees i	n thousand
Profit before taxation	5,686	100,032
Adjustments for:		
- Depreciation	23,997	26,438
- Share of net profit of associate	(227)	(1,392)
- Loss on disposal of property, plant and equipment - Net	-	14
- Surplus on revaluation of short term investments at fair		
value through profit or loss	-	(7)
- Provision for gratuity	8,550	11,500
- Exchange gain	79	(538)
- Provision for workers' profit participation fund	303	5,782
- Provision for workers' welfare fund	-	2,267
- Finance cost	15,678	7,440
	48,380	51,504
	54,066	151,536
Operating Profit before Working Capital Changes		
Increase) / Decrease in current assets		
- Stores and spares	(2,562)	(2,979)
- Stock in trade	244,168	138,720
- Trade debts	(75,714)	(11,723)
 Advances, trade deposits, prepayments, 		
and other receivables	(26,168)	(60,692)
 Tax refunds due from the Government 	(37,181)	(8,987)
ncrease in current liabilities		
- Trade and other payables	136,079	104,663
	238,622	159,002
Net Cash generated from Operations	292,688	310,538
Income tax paid	(33,307)	(11,002)
Gratuity paid	(3,800)	(5,658)
Finance cost paid	(13,517)	(13,577)
Net Cash generated from Operating Activities	242,064	280,301
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(129)	(9,920)
Proceeds from disposal of property, plant and equipment	- '	4,139
Long term deposits	-	(108)
Capital work in progress	(77,189)	-
Net Cash used in Investing Activities	(77,318)	(5,889)
CASH FLOW FROM FINANCING ACTIVITIES		
LTF - Loan repaid	(3,460)	(10,185)
Short term borrowings	(145,776)	(314,874)
Net Cash used in Financing Activities	(149,236)	(325,059)
Net increase from/ (decrease) in Cash and Cash Equivalents	15,510	(50,647)
,		
Cash and cash equivalents at the beginning of the period	90,578	104,794

 $The \ annexed \ notes \ form \ an \ integral \ part \ of \ these \ condensed \ interim \ financial \ statements \ (un-audited).$

DIRECTOR CHIEF FINANCIAL OFFICER CHIEF EXECUTIVE

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2019

Particulars	Share Capidal	Share Premium Reserve	Unapro- priated Profit upees in thousa	Re- valuation Surplus	Total Equity
Balance as at June 30, 2018	179,714	5,796	1,144,009	783,790	2,113,308
Total comprehensive Income for the first quarter	-	-	72,224		72,224
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period (net of deferred tax)	-	-	3,238	3 (3,238)	-
Surplus realized on disposal of revalued property, plant and equipment (net of deferred tax) transferred to retained earnings	-	-	331	(331)	-
Surplus on revaluation of property, plant and equipment related to export	-	-	-	(1,122)	(1,122)
Surplus on revaluation of property, plant and equipment related to rate change	-	-	-	2,357	2,357
Transaction with owners					
Dividend paid during the period Balance as at September 30, 2018	179,714	5,796	1,219,802	781,456	2,186,767
Balance as at June 30, 2019	179,714	5,796	1,280,987	757,360	2,223,857
Total comprehensive Loss for the first quarter	-	-	(10,675)	-	(10,675)
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period (net of deferred tax)	-	-	2,832	2 (2,832)	-
Surplus realized on disposal of revalued property, plant and equipment (net of deferred tax) transferred to retained earnings	-	-	-	-	-
Surplus on revaluation of property, plant and equipment related to export	-	-	-	-	-
Surplus on revaluation of property, plant and equipment related to rate change	-	-	-	-	-
Share in realized surplus on revaluation of property, plant and equipment of associate (net of deferred tax)	-	-	-	-	-
Transaction with owners					
Dividend paid during the period Balance as at September 30, 2019	179,714	5,796	1,273,144	754,528	2,213,182

 $The \ annexed \ notes \ form \ an \ integral \ part \ of \ these \ condensed \ interim \ financial \ statements \ (un-audited).$

CHIEF EXECUTIVE

Humayan CHIEF FINANCIAL OFFICER

DIRECTOR

NOTES TO AND FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2019

Note 1 The Company and its Operations

Shahzad Textile Mills Limited (the Company) was incorporated in Pakistan on October 24, 1978 as a Public Limited Company under the Companies Act, 1913 (now the Companies Act, 2017). The shares of the Company are quoted on Pakistan Stock Exchange. The Company is domiciled in Pakistan and principle business of the Company is to manufacture and deal in all types of yarn.

The information on geographical location and addresses of the Company's business units including plants is as under:

- The Company's registered office is situated at 19-A, Off Zafar Ali Road, Gulberg V, Lahore
- Unit 1,4 & Socks is situated at 34th Km, Lahore Sheikhupura Road, Sheikhupura
- Unit 2 is situated at 7th Km, Sheikupura Faisalabad Road, Sheikupura

Note 2 Basis of Preparation

- 2.1 These condensed interim financial statements have been prepared in accordance with the directives issued by the Securities & Exchange Commission of Pakistan (SECP) and is in compliance with the International Accounting Standard - 34 (Interim Financial Reporting).
- 2.2 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:
 - International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017
 - Provisions of and directives issued under the Companies Act, 2017

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.3 These condensed interim financial information is presented in Pak rupees, which is the Company's functional and presentational currency. Figures have been rounded off to nearest thousand rupees, unless stated otherwise. This condensed financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements for the year ended June 30, 2019.

Note 3 Accounting Policies

The accounting policies and methods of computation of this condensed interim financial information is the same as those followed in the preparation of annual financial statements for the preceding financial year ended on June 30, 2019.

Note 4 Long Term Financing	September 30, 2019 (Un-audited)	June 30, 2019 (Audited)
	Rupees in	thousand
LTF loan - Secured	354,226	357,686
Current portion of LTF loan	(37,852)	(33,815)
	316,374	323,871

4.1 These represent long term loans from Habib Metropolitan Bank Limited and JS Bank Limited for enhancement / replacement of power generation facilities to the tune of Rs 58.036 million and long term loans from Habib Metropolitan Bank Limited for machinery of socks unit for Rs 299.650 million, under State Bank of Pakistan's (SBP) LTFF scheme. These loans are secured against specific and exclusive charge on relevant power generators and machinery of the Company and are repayable in 3 to 8 years starting from February 2017 and ending in May 2027. Mark up on these facilities is charged at SBP rate which is 5% payable on calender quarter basis.

Note 5 Contingencies and Commitments	September 30, 2019 (Un-audited)	June 30, 2019 (Audited)
Contingencies	` ,	n million
 The Company has provided bank guarantees in favour of following parties: 		
- Sui Northern Gas Pipeline Limited	72.89	72.89

The Company is contingently liable for Rs. 23.356 million (June 2019: Rs. 23.102 million) on account of electricity duty on self generation. However the company has not admitted the said duty and case is pending before the Supreme Court of Pakistan.

Commitments

The Company's outstanding commitments / contracts as at the balance sheet date are as under:

	as under	September 30, 2019 (Un-audited)	June 30, 2019 (Audited)
		Rupees	in million
	Letters of credit	33.34	29.36
Note 6 Proper	rty, Plant and Equipment	September 30, 2019 (Un-audited)	June 30, 2019 (Audited)
		Rupees in	thousand
Opera	ting fixed assets	1,775,796	1,799,664
Capita	nl work in progress	530,147	452,959
6.1	Operating fixed assets	2,305,943	2,252,623
	Opening written down value	1,799,664	1,907,741
	Additions during the period/year (at cost)	129	57,778
	3 1 J , , ,	1,799,793	1,965,519
	Disposals during the period/year (at written down value)	-	(59,587)
		1,799,793	1,905,932
	Depreciation charged for the period/year	(23,997)	(106,268)
		1,775,796	1,799,664

	1st Qua	rtely Report Septem	ber 30, 2019	
Note 7		Three Months Ended		
Cost of Sales		September 30, 2019	September 30, 2018	
		Un-audited	Un-audited	
		Rupees in	thousand	
Raw materials consumed		885,230	1,134,105	
Stores and spares consumed		22,373	25,135	
Packing materials consumed		22,542	30,049	
Salaries, wages and other benefits		129,817	140,645	
Fuel and power		145,485	162,799	
Insurance		1,355	2,533	
Repairs and maintenance		2,719	3,090	
Other manufacturing expenses		2,470	2,470	
Depreciation		21,447	24,141	
		1,233,438	1,524,967	
Opening work in process		31,905	37,451	
Closing work in process		(32,493)	(43,250)	
		(588)	(5,799)	
Cost of goods manufactured		1,232,850	1,519,168	
Opening finished goods		33,927	65,590	
Closing finished goods		(91,444)	(63,014)	
-		(57,517)	2,576	
		1,175,333	1,521,744	
Note 8 Transactions with Related Parties				
transactions with Related Parties				

Related parties comprise related group companies, associated companies, directors and key management personnel. Transactions with related parties and associated companies, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

Transaction during	the period		2019	2018
			(Un-audited)	(Un-audited)
			Rupees in	thousand
Related party	Relationship	Nature of Transaction		
Sargodha Jute Mills Limited	Associate 24.94%	Purchase of materials, goods and services	111	76
		Sale of materials, goods and services	165	82
		Rental income	120	120
Note 9				

Authorization of Interim Financial Information

This condensed interim financial information (un-audited) is authorized for issue on October 29, 2019 by the Board of Directors of the Company.

Note 10 General

Comparative figures have been re-arranged, wherever necessary, to facilitate comparison. No significant re-arrangements have been made in this condensed interim financial information (un-audited).

CHIEF EXECUTIVE CHIEF FINANCIAL OFFICER DIRECTOR
SHAHZAD TEXTILE MILLS LIMITED 11

