



**SHAHZAD  
TEXTILE**

**FORM-8**

Date: 27-02-2020

**THE GENERAL MANAGER**  
Pakistan Stock Exchange Limited,  
Stock Exchange Building,  
Stock Exchange Road,  
KARACHI

**SUBJECT: TRANSMISSION OF QUARTERLY REPORT FOR THE HALF YEAR  
AND SECOND QUARTER ENDED DECEMBER 31, 2019**

Dear Sir,

We have to inform you that the Quarterly Report of the Company for the Half Year and Second Quarter Ended December 31, 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.

Thanking you.

Yours Sincerely,  
**For SHAHZAD TEXTILE MILLS LIMITED**

  
**COMPANY SECRETARY**

Encl: As above

Shahzad Textile Mills Ltd.

T: +92 42 35754024, 35754027, 35791228 • F: +92 42 35712313

E: info@shahzadtex.com • A: 19-A, Off Zafar Ali Road, Gulberg V, Lahore, Pakistan.

[www.shahzadtex.com](http://www.shahzadtex.com)

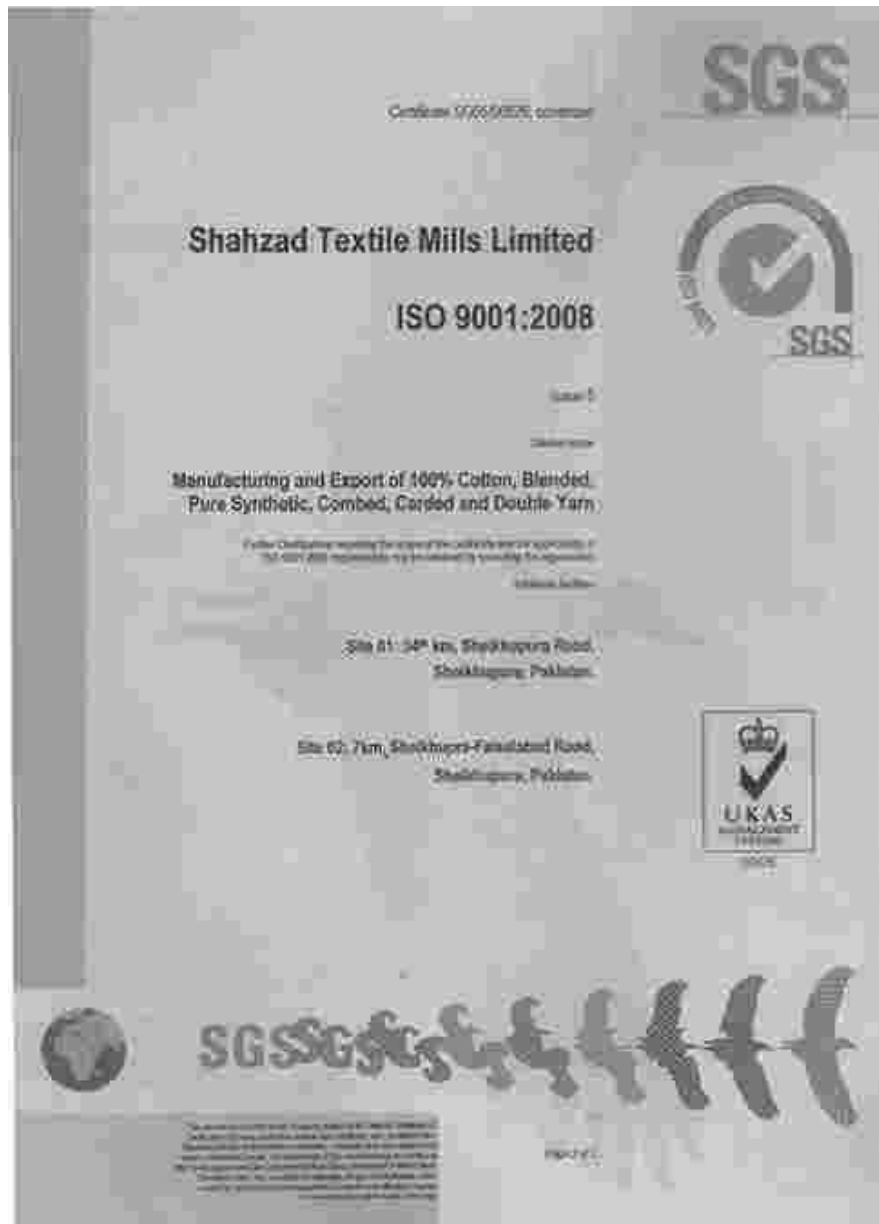
# HALF YEARLY REPORT

DECEMBER 31,  
2019



Shahzad Textile Mills Limited





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## Company's Information

### Board of Directors

Mian Parvez Aslam	Chairman
Mr. Imran Aslam	Chief Executive Officer
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

Crowe Hussain Chaudhry & Co.  
Chartered Accountants

### Audit Committee

Syed Raza Ali Bokhari	Chairman
Mian Parvez Aslam	Member
Mr. Irfan Aslam	Member

### Human Resources &

### Remuneration Committee

Dr. Ali Raza Khan	Chairman
Mr. Danish Aslam	Member
Mrs. Nazish Imran	Member

### 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 Sheikhpura  
Raod, Sheikhpura.

#### Unit # 2

7th KM Sheikhpura Faisalabad  
Road, Sheikhpura.

## Directors' Report

On behalf of the directors I am pleased to present the un-audited condensed interim financial information (reviewed by the statutory auditors) for second quarter and half year ended December 31, 2019.

The company's pretax profit in the current quarter is Rs. 64.501 million as compared to Profit of Rs.17.863/- million in corresponding period of previous year. In six monthly results the pre-tax profit is Rs. 70.187 million as compared to profit of Rs. 117.895 million in the previous corresponding period. Six monthly sales of yarn are Rs. 2,578.374/- million as compared to sales Rs. 3,326.189 million in correspondence period of previous year

As we have been discussing in our previous annual, six monthly and quarterly reports that management is shutting down spinning Unit No.3 and installing socks unit at its place. This long suspension in production due to closure of Unit No.3 and installing socks unit is the important element, for reduction in sales.

There is also drastic decrease in yarn export sales due to various factors. The high cost of production, and government improper policies are the main reasons. In fact, currently we stand no where in the region so far as volume of export is concerned. Pakistan's exports sales which are declining every year also declined 1.42 percent to \$13.329 billion in fiscal year 2019 too in spite of 30% devaluation of rupee as per data provided by Pakistan Bureau of Statistic. On the contrary, India, Veitnam and Bangladesh are surprisingly enhancing their export business.

Presently there is no export policy in Pakistan. In fact industrialist themselves are striving hard to survive in the Global market by minimizing their profit margin and sometimes forced to sell at loss to fulfil their contract with the foreign buyers.

Raw materials which are main ingredients of yarn production have revealed higher trend during the period under discussion. Cotton rotating around Rs.9300 per maund, Viscose Rs.247 per kg and Polyester Rs.188 per kg.

### FUTURE OUTLOOK

As we have already discussed in our previous Directors' reports that management is installing socks unit and shutting down our spinning Unit No.3. With the untiring efforts of our management the Socks Unit is successfully installed in a short span of time of one year and also started production of socks. We fervently hope that socks unit will make progress by leaps and bounds and show wonderful results to its shareholder in the coming period.

Earning per share is Rs.0.89 in half year ended as compared to Rs.4.76 per share in corresponding period of previous year.

We are exceedingly grateful to our valued customers, bankers, share holders and staff members who have sincerely participated in all business activities of the company.

For and on behalf of the board

  
Irfan Aslam  
Director

  
Imran Aslam  
Chief Executive Officer

Lahore.  
Dated : 27-02-2020

## ڈائریکٹرز رپورٹ

میں تمام ڈائریکٹران کی جانب سے 31 دسمبر 2019ء کے اختتام پر کمپنی کا چھ ماہ مالیاتی خلاصہ بشمول آڈیٹرز کا محدود جائزہ پیش کرنے میں انتہائی مسرت محسوس کر رہا ہوں۔ موجودہ سہ ماہی میں کمپنی کا قبل از ٹیکس منافع -/64,501 ملین روپے ہے۔ جو کہ گذشتہ سال میں اسی مدت میں یہ منافع -/17,863 ملین روپے تھا۔ موجودہ ششماہی کے نتائج میں قبل از ٹیکس منافع -/70,187 ملین روپے ہے۔ جو کہ گذشتہ سال اسی منافع -/117,895 ملین روپے تھا۔ رواں مالی سال اس ششماہی میں دھاگے کی فروخت -/2,578,374 ملین روپے تھی جبکہ گذشتہ برس اسی مدت میں یہ فروخت -/3,326,189 ملین روپے تھی۔ موجودہ ششماہی میں کمپنی کے مالی منافع اور دھاگے کی فروخت میں شدید کمی ہوئی ہے۔

جیسا کہ ہم اپنی گذشتہ سالانہ ششماہی اور سہ ماہی ڈائریکٹرز رپورٹس اس بات کا تذکرہ کرتے رہے ہیں کہ ہماری انتظامیہ دھاگے بنانے کا یونٹ نمبر 3 کو بند کر کے اس کی جگہ جراثیم بنانے کا جدید یونٹ لگا رہی ہے۔ صنعتی پیداوار میں اتنا طویل قسط بھی دھاگے کی فروخت میں کمی کا سبب بنا ہے۔

گراں قدر پیداواری لاگت اور حکومت کی ناموافق حکمت عملی کی وجہ سے پاکستان برآمدات میں 1.249 فیصد کمی واقع ہوئی ہے جو کہ 13.329 بلین ڈالرنہی ہے۔ اس کے برعکس انڈیا، ویت نام اور بنگلہ دیش کا برآمدی کاروبار میں متعصبانہ اضافہ ہوا ہے۔

پاکستان میں فی الحال کوئی بھی برآمدی پالیسی نہیں ہے۔ درحقیقت کارخانہ دار اور کاروباری حضرات اپنے طور پر بین الاقوامی مارکیٹ میں منافع کی شرح کم کر کے اپنی بقا کی جنگ لڑ رہے ہیں۔ بعض برآمد کنندگان اپنے معاہدے پورے کرنے کے لئے اپنی مصنوعات نقصان پر بیچنے پر مجبور ہیں۔

## خام مال کی قیمتیں

موجودہ ششماہی میں خام مال کی قیمتوں میں بلندی کا رجحان ہے۔ جس میں کپاس کی قیمت -/9300 روپے فی من پر گردش کر رہی ہے، پولیسٹر -/188 روپے کلو اور ولسکوس کی قیمت -/247 روپے فی کلو بندرتیج فروخت ہو رہی ہیں۔

## مستقبل کا نقطہ نظر

جیسا کہ ہم اپنی گذشتہ رپورٹس میں تذکرہ کیا تھا کہ انتظامیہ یونٹ نمبر 3 کی جگہ جراثیم بنانے کا جدید یونٹ لگا رہی ہے۔ ہماری انتظامیہ کی انتھک محنت اور کوششوں سے یہ یونٹ ایک سال کے قلیل عرصہ میں مکمل ہو گیا ہے۔ اور جراثیم کی پیداوار بھی شروع ہو گئی ہے۔ امید واسق ہے کہ جراثیم کا یونٹ دن دو گنی اور رات چکنی ترقی کرے گا اور آنے والے وقت میں حصہ داروں کو بہت اچھے نتائج پیش کرے گا۔

## فی حصہ آمدنی

اس ششماہی میں کمپنی کا فی شیئر آمدنی 0.89 روپے ہے جبکہ گذشتہ ششماہی میں یہ منافع 4.76 روپے فی شیئر تھا۔

ہم اپنے قابل قدر صارفین، بینکار اور مالی اداروں، بشیر ہولڈرز اور عملے کا جو کمپنی کی تمام سرگرمیوں میں مخلصانہ حصہ لے رہے ہیں بے حد مشکور ہیں

برائے اور بحکم بورڈ

عمران اسلم  
چیف ایگزیکٹو آفیسر

عرفان اسلم  
ڈائریکٹر

لاہور: مورخہ 27 فروری 2020ء



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL STATEMENTS

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of SHAHZAD TEXTILE MILLS LIMITED ("the Company") as at December 31, 2019, the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the 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 financial statements based on our review.

The figures of the quarter ended December 31, 2019 and December 31, 2018 in the condensed interim statement of profit or loss account, condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

### 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 the 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.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Nasir Muneer.



LAHORE  
Dated: February 27, 2020

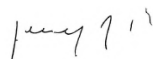
CROWE HUSSAIN CHAUDHURY & CO.  
Chartered Accountants

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

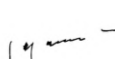
AS AT DECEMBER 31, 2019

		December 31, 2019 (Un-Audited)	June 30, 2019 (Audited)
	Note	----(Rupees in thousand)----	
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized capital:			
40,000,000 (June 30, 2019: 40,000,000)			
ordinary shares of Rs. 10 each		400,000	400,000
Issued, subscribed and paid up capital			
17,971,372 (June 30, 2019: 17,971,372)			
ordinary shares of Rs. 10 each		179,714	179,714
Reserves		1,282,625	1,286,783
Surplus on revaluation of property, plant and equipment		746,922	757,360
		2,209,261	2,223,857
Non Current Liabilities			
Long term financing		295,427	323,871
Staff retirement benefits		110,208	104,978
Deferred tax liability - net		188,538	170,498
		594,173	599,347
Current Liabilities			
Trade and other payables		523,190	431,114
Unclaimed dividends		163	163
Unpaid dividends		199	199
Accrued mark up		14,001	12,126
Current portion of long term financing		41,889	33,815
Short term borrowings	5	525,885	285,295
Provision for taxation		114,888	73,977
		1,220,215	836,689
Contingencies and Commitments	6	-	-
		4,023,649	3,659,893
ASSETS			
Non Current Assets			
Property, plant and equipment	7	2,321,285	2,252,623
Long term investment		374,661	370,110
Long term deposits		3,847	3,847
		2,699,793	2,626,580
Current Assets			
Stores and spares		106,499	93,964
Stock in trade		688,503	512,370
Trade debts		100,157	73,328
Advances, trade deposits, prepayments and other receivables		223,841	150,699
Short term investments		20,522	47,416
Tax refunds due from the Government		60,315	64,957
Cash and bank balances		124,019	90,579
		1,323,856	1,033,313
		4,023,649	3,659,893

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements (un-audited).



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

## CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UN-AUDITED)

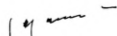
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019

	Note	Half Year Ended		Quarter Ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		----(Rupees in thousand)----		----(Rupees in thousand)----	
Sales		2,578,374	3,326,189	1,340,148	1,641,299
Cost of sales	8	(2,390,632)	(3,091,837)	(1,215,299)	(1,570,093)
Gross Profit		187,742	234,352	124,849	71,206
Operating expenses:					
- Selling and distribution		(5,855)	(10,873)	(3,397)	(2,532)
- Administrative expenses		(80,406)	(70,803)	(42,044)	(38,545)
		(86,261)	(81,676)	(45,441)	(41,077)
Operating Profit		101,481	152,676	79,408	30,129
Finance cost		(29,652)	(25,457)	(13,132)	(16,384)
Other operating expenses		(5,599)	(24,471)	(5,216)	(8,807)
Other income		532	5,177	243	4,347
Share of net profit of associate		3,425	9,970	3,198	8,578
		(31,294)	(34,781)	(14,907)	(12,266)
Profit before Taxation		70,187	117,895	64,501	17,863
Taxation		(54,152)	(32,338)	(37,791)	(4,530)
Net Profit for the Period		16,035	85,557	26,710	13,333
Earnings per Share - Basic and Diluted		0.89	4.76	1.49	0.74

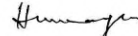
The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements (un-audited).



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

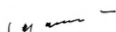
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019

	Half Year Ended		Quarter Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	----(Rupees in thousand)----		----(Rupees in thousand)----	
Net Profit for the Period	16,035	85,557	26,710	13,333
Other Comprehensive Income for the Period				
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Total Comprehensive Income for the Period	16,035	85,557	26,710	13,333


The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements (un-audited).



CHIEF EXECUTIVE OFFICER



DIRECTOR

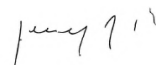


CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

Particulars	Share Capital	Share Premium	Un appropriated Profit	Revaluation Surplus	Total
---(Rupees in thousand)---					
Balance as at June 30, 2018	179,714	5,796	1,144,009	783,790	2,113,308
Net profit for the half year ended December 31, 2018	-	-	85,557	-	85,557
Other comprehensive income for the half year ended December 31, 2018	-	-	-	-	-
Total comprehensive income for the half year ended December 31, 2018	-	-	85,557	-	85,557
Final dividend paid for the year ended June 30, 2018	-	-	(17,971)	-	(17,971)
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period (net of deferred tax)	-	-	6,494	(6,494)	-
Share in realized surplus on revaluation of property, plant and equipment of associate (net of deferred tax)	-	-	297	(297)	-
Deferred tax relating to export	-	-	-	(530)	(530)
Deferred tax due to applicable tax rate change	-	-	-	2,357	2,357
Share in realized surplus on revaluation of property, plant and equipment of associate - net of deferred tax	-	-	1,467	-	1,467
Balance as at Dec 31, 2018	179,714	5,796	1,219,853	778,826	2,184,188
Balance as at June 30, 2019	179,714	5,796	1,280,987	757,360	2,223,857
Net profit for the half year ended December 31, 2019	-	-	16,035	-	16,035
Other comprehensive income for the half year ended December 31, 2019	-	-	-	-	-
Total comprehensive income for the half year ended December 31, 2019	-	-	16,035	-	16,035
Final dividend paid for the year ended June 30, 2019	-	-	(26,958)	-	(26,958)
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period (net of deferred tax)	-	-	5,523	(5,523)	-
Surplus on revaluation of property, plant and equipment realized on disposal	-	-	116	(116)	-
Surplus on revaluation of property, plant and equipment related to export sales	-	-	-	(4,799)	(4,799)
Share in incremental depreciation of revalued property, plant and equipment of associate (net of deferred tax)	-	-	1,126	-	1,126
Balance as at December 31, 2019	179,714	5,796	1,276,829	746,922	2,209,261

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements (un-audited).



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	December 31, 2019	December 31, 2018
	----(Rupees in thousand)----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	70,187	117,895
Adjustments for:		
- Depreciation	55,288	53,043
- Share of net profit of associate	(3,425)	(9,970)
- Loss on disposal of property, plant and equipment - net	59	14
- Provision for gratuity	17,100	23,004
- Exchange loss / (gain)	104	(1,565)
- Provision for Workers' (Profit) Participation Fund	3,892	7,113
- Provision for Workers' Welfare Fund	1,445	2,374
- Interest on Workers' (Profit) Participation Fund	-	200
- Provision for further sales tax	-	14,871
- Finance cost	27,873	19,451
	<u>102,336</u>	<u>108,535</u>
Operating Profit before Working Capital Changes	172,523	226,430
Decrease / (increase) in current assets:		
- Stores and spares	(12,535)	(4,707)
- Stock in trade	(176,133)	(236,027)
- Trade debts	(26,933)	16,583
- Advances, trade deposits, prepayments and other receivables	(36,668)	7,019
- Tax refunds due from the Government	4,642	(18,137)
Increase in current liabilities:		
- Trade and other payables	86,737	71,064
	<u>(160,890)</u>	<u>(164,205)</u>
Cash Generated from Operations	11,633	62,225
Income tax paid	(36,592)	(32,394)
Gratuity paid	(11,869)	(16,869)
Finance cost paid	(25,997)	(21,568)
Workers' welfare fund	-	(6,578)
	<u>(74,458)</u>	<u>(77,409)</u>
Net Cash Used in Operating Activities	(62,825)	(15,184)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment purchased	(125,548)	(8,764)
Short term investments - net	26,894	(10,156)
Long term deposits	-	(207)
Proceeds from disposal of property, plant and equipment	1,657	-
Net Cash Used in Investing Activities	(96,997)	(19,127)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term financing paid	(20,370)	(20,370)
Dividends paid to shareholders	(26,958)	(17,971)
Short term borrowings acquired	240,590	79,013
Net Cash Generated from Financing Activities	193,262	40,672
Net Increase in Cash and Cash Equivalents	33,440	6,361
Cash and cash equivalents at the beginning of the period	90,579	104,794
Cash and Cash Equivalents at the End of the period	<u>124,019</u>	<u>111,155</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements (un-audited).

  
 CHIEF EXECUTIVE OFFICER

  
 DIRECTOR

  
 CHIEF FINANCIAL OFFICER

**NOTES TO AND FORMING PART OF CONDENSED INTERIM FINANCIAL  
STATEMENTS (UN-AUDITED)**

**FOR THE HALF YEAR ENDED DECEMBER 31, 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 principal business of the Company is to manufacture and deal in all types of yarn and socks.

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
- Units 1, 4 & socks unit are situated at 34 KM, Lahore Sheikhpura Road, Sheikhpura
- Unit 2 is situated at 7 KM, Sheikhpura Faisalabad Road, Sheikhpura

**Note 2**

**Basis of Preparation**

- 2.1 These condensed interim financial statements have been prepared in accordance with the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and are in compliance with the International Accounting Standard - 34 (Interim Financial Reporting).
- 2.2 These condensed interim financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2019. Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2019 whereas comparative statement of profit or loss account, comparative statement of comprehensive income and comparative statement of cash flows are extracted from unaudited condensed interim financial statements for the half year ended December 31, 2018.  
  
Where 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.
- 2.3 These condensed interim financial statements are unaudited and have been subjected to limited scope review by the auditors as required by Section 237 of the Companies Act, 2017. The figures for the quarters ended on December 31, 2018 and 2019 presented in the condensed interim financial statements have not been reviewed by the external auditors.
- 2.4 These condensed interim financial statements are presented in Pak Rupees, which is the Company's functional and presentational currency. All the figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

**Note 3**

**Significant Accounting Policies**

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

## Note 4

## Accounting Estimates and Judgment

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2019.

## Note 5

## Short Term Borrowings

		<b>December 31, 2019</b>	<b>June 30, 2019</b>
	Note	(Un-audited)	(Audited)
		----(Rupees in thousand)----	
From banking companies - Secured			
Cash / packing finances	5.1	<u>525,885</u>	<u>285,295</u>

- 5.1 The Company has obtained various funded and unfunded financial facilities from various banks for a total sanctioned limit of Rs. 2,194 million (June 30, 2019: Rs. 2,194 million) towards working capital requirements, retirement of local and foreign LCs, discounting local bills / receivables. These facilities shall expire on various dates latest by January 31, 2020. Mark up on these facilities is charged from 1 to 3 months KIBOR plus a spread of 1% to 1.25% (June 30, 2019: 1 to 3 months KIBOR plus a spread of 1% to 1.25%) payable quarterly. The aggregate short term finances are secured by ranking and hypothecation charge on property, plant and equipment, stocks and receivables of the Company; lien over export and import documents and personal guarantees of sponsoring directors of the Company.

## Note 6

## Contingencies and Commitments

	<b>December 31, 2019</b>	<b>June 30, 2019</b>
	(Un-audited)	(Audited)
	----(Rupees in thousand)----	
Contingencies		
- The Company has provided bank guarantees in favour of the following parties :		
Custom Authorities	19.40	-
Lahore Electric Supply Company (LESCO)	10.43	-
Sui Northern Gas Pipeline Limited	72.89	72.89
- The Company is contingently liable for Rs. 24.175 million (June 30, 2019: Rs. 23.102 million) on account of electricity duty on self generation. The company has obtained stay order by filing petition on August 10, 2010 in Lahore High Court, Lahore. However the Company has not admitted the said duty and case is pending before the Supreme Court of Pakistan.		
- The Company has filed writ petition in Lahore High Court against retrospective charging of various surcharges by LESCO from January 2019 to December 2019. LESCO has claimed Rs. 71 million on account of these surcharges. However, the Company has not admitted said charges and the case is pending adjudication before the Lahore High Court.		

## Commitments

- The Company's outstanding commitments as at the reporting date are as under:	<b>December 31, 2019</b>	<b>June 30, 2019</b>
	(Un-audited)	(Audited)
	----(Rupees in thousand)----	
Letters of credit	22.78	29.36



Note 7		<b>December</b>	<b>June</b>
Property, Plant and Equipment		<b>31, 2019</b>	<b>30, 2019</b>
		(Un-audited)	(Audited)
		----(Rupees in thousand)----	
Operating fixed assets		2,297,978	1,799,664
Capital work in progress		23,307	452,959
		<u>2,321,285</u>	<u>2,252,623</u>
7.1 Operating fixed assets			
Opening written down value		1,799,664	1,907,741
Additions during the period / year		555,200	57,778
		<u>2,354,864</u>	<u>1,965,519</u>
Disposals during the period / year (at written down value)		(1,598)	(59,587)
		<u>2,353,266</u>	<u>1,905,932</u>
Depreciation charge for the period / year		(55,288)	(106,268)
		<u>2,297,978</u>	<u>1,799,664</u>
7.2 Detail of additions during the period / year in property, plant and equipment is as under:			
Land - freehold		-	2,270
Buildings on freehold land		106,683	1,983
Plant and machinery		424,866	7,937
Solar panel equipment		-	26,639
Furniture and fixtures		4,737	-
Vehicles		-	15,161
Computer and equipment		2,920	3,594
Electric installation		15,994	194
		<u>555,200</u>	<u>57,778</u>

Note 8	Half Year Ended		Quarter Ended	
	December 31,	December 31,	December 31,	December 31,
	2019	2018	2019	2018
Cost of Sales	(Un-audited)			
	----(Rupees in thousand)----			
Raw materials consumed	1,773,702	2,330,553	888,472	1,196,448
Stores and spares consumed	47,717	49,951	25,344	24,816
Packing materials consumed	46,687	60,241	24,145	30,192
Salaries, wages and other benefits	232,097	275,411	102,280	134,766
Fuel and power	275,153	320,053	129,668	157,254
Insurance	3,325	4,665	1,970	2,132
Repairs and maintenance	5,913	7,466	3,194	4,376
Other manufacturing expenses	6,083	5,160	3,613	2,690
Depreciation	49,926	48,299	28,479	24,158
	<u>2,440,603</u>	<u>3,101,799</u>	<u>1,207,165</u>	<u>1,576,832</u>
Opening work in process	31,905	37,451	32,493	43,250
Closing work in process	(41,146)	(45,038)	(41,146)	(45,038)
	<u>(9,241)</u>	<u>(7,587)</u>	<u>(8,653)</u>	<u>(1,788)</u>
Cost of goods manufactured	<u>2,431,362</u>	<u>3,094,212</u>	<u>1,198,512</u>	<u>1,575,044</u>
Opening finished goods	33,927	65,590	91,444	63,014
Closing finished goods	(74,656)	(67,965)	(74,656)	(67,965)
	<u>(40,729)</u>	<u>(2,375)</u>	<u>16,788</u>	<u>(4,951)</u>
	<u>2,390,632</u>	<u>3,091,837</u>	<u>1,215,299</u>	<u>1,570,093</u>

Note 9 Taxation	Half Year Ended		Quarter Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Un-audited)		(Un-audited)	
	(Rupees in thousand)		(Rupees in thousand)	
Current:				
- Current period	38,797	42,547	20,177	22,318
- Prior years	2,114	(10,824)	2,114	(10,824)
	40,911	31,723	22,291	11,494
Deferred tax	13,241	615	15,500	(6,964)
	54,152	32,338	37,791	4,530

## Note 10

## Transactions with Related Parties

Related parties comprise related 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

Related party	Relationship	Aggregate shareholding	Nature of Transaction	December 31, 2019 (Un-audited) (Rupees in thousand)	December 31, 2018 (Un-audited) (Rupees in thousand)
Sargodha Jute Mills Limited	Associate	24.94%	Dividends paid	27	-
			Rental received of building	240	240
			Purchase of materials, goods and services	241	326
			Sale of materials, goods and services	230	158
Directors	Associate Person		Dividends paid	14,961	9,719

## Note 11

## Financial Risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in preceding audited annual financial statements for the year ended June 30, 2019.

## Note 12

## Segment Information

For management purposes, the activities of the Company are recognized into two operating segment, i.e. manufacturing and sales of yarn and socks. The Company operates in the said reportable operating segments based on the nature of the product, risk and return, organizational and management structure and internal financial reporting systems. Accordingly, the figures reported in these financial statements relate to the Company's reportable segments. Entity-wide disclosures regarding reportable segments are as follows:

12.1	Yarn	Socks	Total
<i>Segment Results for the half year ended December 31, 2019</i>	<i>----(Rupees in thousand)----</i>		
Revenue	2,586,712	4,759	2,591,471
Segment results	106,307	(4,826)	101,481
Other operating expense			(5,599)
Finance cost			(29,652)
Other income			532
Share of net profit from associate			3,425
Profit before taxation			70,187

	Yarn	Socks	Total
----(Rupees in thousand)----			
<i>Segment Results for the half year ended December 31, 2018</i>			
Revenue	3,326,189	-	3,326,189
Segment results	152,676	-	152,676
Other operating expense			(24,471)
Finance cost			(25,457)
Other income			5,177
Share of net profit from associate			9,970
Profit before taxation			117,895

Yarn	Socks	Total
------	-------	-------

## 12.2

----(Rupees in thousand)----

*Segment financial position for the half year ended December 31, 2019*

Assets			
Property plant and equipment	1,766,085	555,200	2,321,285
Store and spares	72,588	33,911	106,499
Stock in trade	678,806	9,697	688,503
Trade Debts	98,758	1,399	100,157
Advances to suppliers	27,599	29,967	57,566
	2,643,836	630,174	3,274,010
Unallocated Assets			
Long term Investments			374,661
Long term deposits			3,847
Advances, trade deposits, prepayments and other receivables			166,275
Short term investments			20,522
Tax refunds due from the Government			60,315
Cash and bank balances			124,019
			4,023,649

Yarn	Socks	Total
------	-------	-------

----(Rupees in thousand)----

Liabilities			
Long term financing	37,666	299,650	337,316
Creditors	62,622	13,470	76,092
	100,288	313,120	413,408
Unallocated liabilities			
Short term borrowings			525,885
Deferred tax liability - net			188,538
Staff retirement benefit			110,208
Trade and other payables			447,098
Unclaimed dividends			163
Unpaid dividends			199
Accrued mark up on short term borrowings			14,001
Provision for taxation - net			114,888
			1,814,388

*Segment financial position for the year ended June 30, 2019*

Assets			
Property plant and equipment	2,246,130	6,493	2,252,623
Stock in trade	511,379	991	512,370
Advances to supplier	42,131	193	42,324
	2,799,640	7,677	2,807,317

	Yarn	Socks	Total
----(Rupees in thousand)----			
Segment financial position for the year ended June 30, 2019			
Unallocated Assets			
Long term investments			370,110
Long term deposits			3,847
Store and spares			93,964
Trade Debts			73,328
Advances, trade deposits, prepayments and other receivables			108,375
Short term investments			47,416
Tax refunds due from the Government			64,957
Cash and bank balances			90,579
			<u>3,659,893</u>
Liabilities			
Long term financing	58,036	299,650	357,686
Creditors	<u>50,729</u>	<u>2,543</u>	<u>53,272</u>
	<u>108,765</u>	<u>302,193</u>	<u>410,958</u>
Unallocated liabilities			
Short term borrowings			285,295
Deferred tax liability - net			170,498
Staff retirement benefit			104,978
Trade and other payables			377,842
Unclaimed dividends			163
Unpaid dividends			199
Accrued mark up on short term borrowings			12,126
Provision for taxation - net			<u>73,977</u>
			<u>1,436,036</u>

## 12.3 Geographical Information:

Company's revenue from external customers on the basis of geographical location is given as under:

	December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
----(Rupees in thousand)----		
Pakistan	2,576,407	5,169,859
Abroad	<u>15,064</u>	<u>935,371</u>
	<u>2,591,471</u>	<u>6,105,230</u>

## 12.4 Major customers:

19 customers (June 30, 2019: 4 customers) 54.18% 54.83%

## Note 13

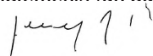
## Authorization of Condensed Interim Financial Statements

These condensed interim financial statements (un-audited) were authorized for issue on February 27, 2020 by the Board of Directors of the Company.

## Note 14

## General

Corresponding figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. No material rearrangement / reclassifications have been made in these condensed interim financial statements (un-audited).

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER



19-A, OFF, ZAFAR ALI ROAD  
GULBERG-V, LAHORE - PAKISTAN