



**SHAHZAD  
TEXTILE**

**FORM-8**

Date: 29-04-2020

**THE GENERAL MANAGER,**  
Pakistan Stock Exchange Limited.  
Stock Exchange Building,  
Stock Exchange Road,  
Karachi

**Subject: Transmission of Quarterly Report for the Period Ended March 31, 2020**

Dear Sir,

We have to inform you that the Quarterly Report of the Company for the period ended March 31, 2020 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**

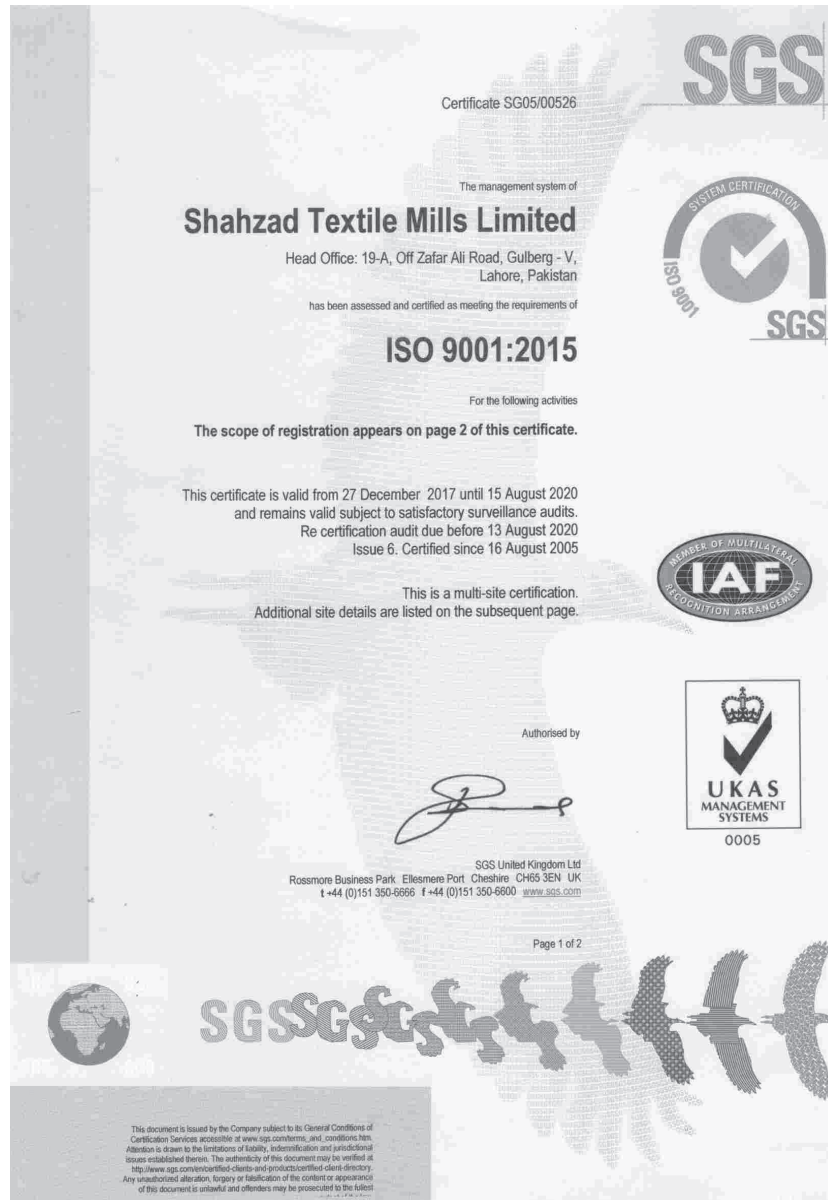
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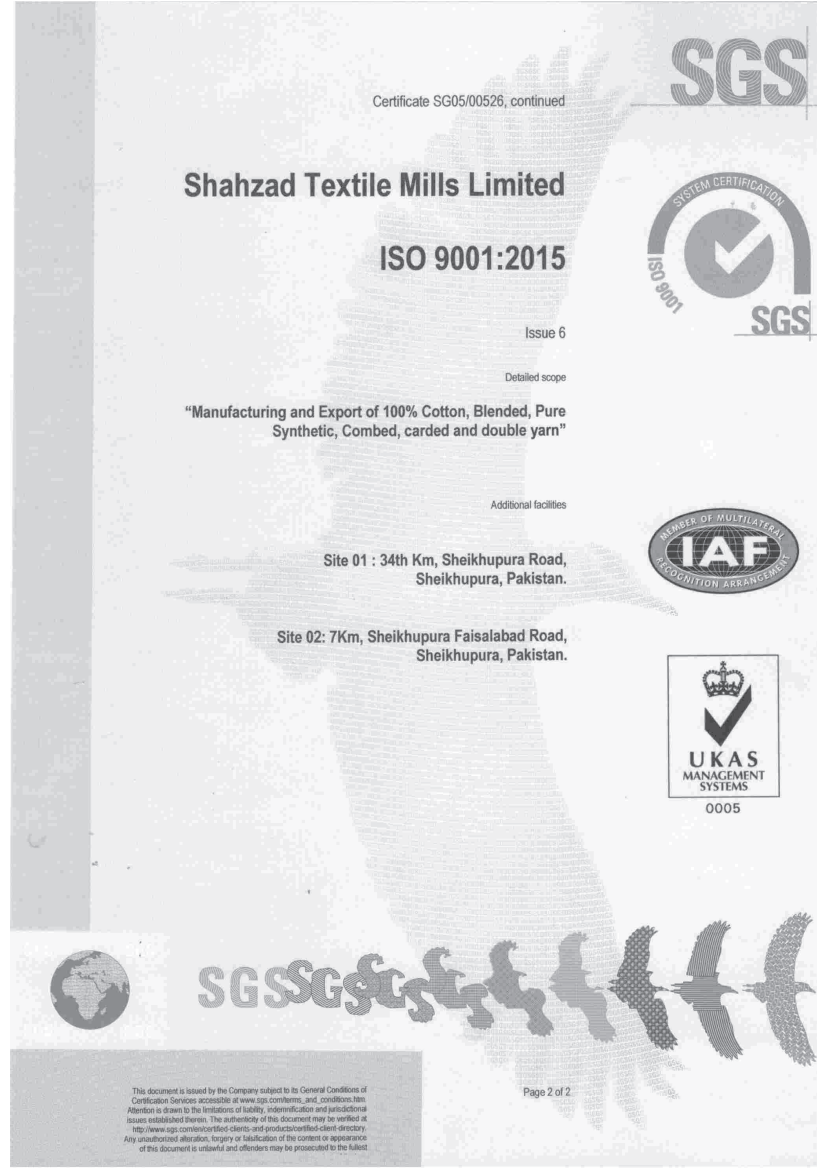
# 3rd QUARTERLY REPORT

MARCH 31<sup>st</sup>  
2020



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

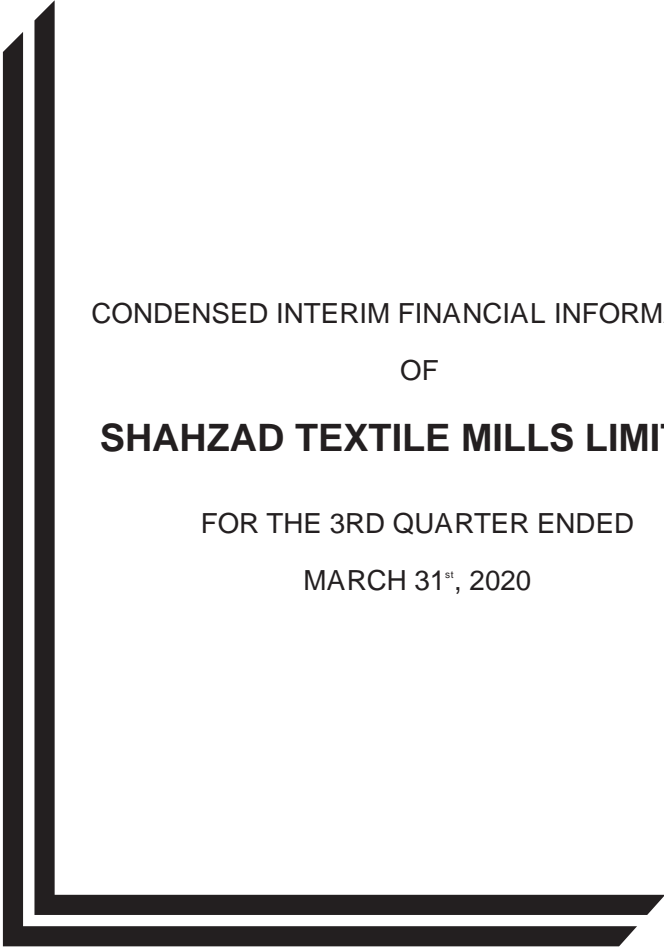
### Mills

#### Unit # 1, 4 & Socks Unit

34th KM Lahore Sheikhpura  
Raod, Sheikhpura.

#### Unit # 2

7th KM Sheikhpura Faisalabad  
Road, Sheikhpura.



CONDENSED INTERIM FINANCIAL INFORMATION  
OF

**SHAHZAD TEXTILE MILLS LIMITED**

FOR THE 3RD QUARTER ENDED  
MARCH 31<sup>st</sup>, 2020

## Directors' Report

On behalf of the directors of Shahzad Textile Mills Limited I am pleased to present condensed interim un-audited financial statement for the third quarter and nine month ending March 31, 2020.

The company's pretax profit is Rs. 122.276 million in nine month period as compared to Profit of Rs.131.026 million in corresponding period of previous year. Current quarter's pretax profit is Rs.52.089 million as compared to profit of Rs. 13.131million in corresponding quarter of previous year. Nine months' sales are decreased to Rs.3,731.477 million as compared to sales of Rs.4,677.083 million in the corresponding period of last year. Current Quarters' sales are also decreased to Rs.1,153.103 million from 1,350.894 million in the corresponding period of previous year.

This decrease in sales can be attributed to suspension of production of Unit-3 where socks unit was under construction. A small portion of decrease in sales can also be linked to discontinuation of business activities and suspension of operation of units from 24th to 31st March 2020 due to lock down through out the country to stay safe from deadly Pandemic Corona Virus.

The raw material prices presented shaky trend in the period under discussion. Cotton prices rotating around Rs.9,267/- per maund although no hectic buying was observed in the field. Polyester Fiber is moving around Rs. 167/- and Viscose Rs.225/- per kg accordingly. Cotton crop is receding every year and with the same ratio burden increasing on the economy of the country.

### FUTURE PROSPECTUS

It is predicted by the expert analysts that the current year is a difficult time for the economy and particularly for textile industry and can adversely effect its financial condition. Though we have timely completed construction of our socks unit and also spiritly initiated production and export sales of our products but abruptly enormous hinderances blocked the way. The operation of the Socks Unit was suspended which later on, after pause of one week, reinstated under observance of very strict SOPs. But operation of Spinning Units of Textile Industry are still non operative and textile market is also closed due to Corona virus pandemic. All countries have banned the entry of foreigners with the fear of Corona Virus, therefore, marketing staff cannot travel internationally to market our products.

In this unmanageable situation the State Bank of Pakistan stepped down to support the businesses by offering many concessional loan package to the industry. It includes deferment of long term loans for one year and grant of refinance on affordable terms and conditions for payment of wages and salaries to employees.

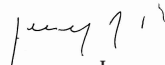
We fervently hope that black clouds of Corona virus shall soon be scattered and our management, with their untiring efforts, shall overcome this critical situation.

Earning per share is Rs.2.62 as compared to earnings per share Rs.4.85 in corresponding period of previous year.

We thankfully appreciate our valued customers, bankers, share holders who have actively participated in smooth functioning of company's routine work.

For and on behalf of the board

  
Irfan Aslam  
Director

  
Imran Aslam  
Chief Executive Officer

Lahore.  
Dated : 28-04-2020



## ڈائریکٹرز رپورٹ

میں تمام ڈائریکٹرز کی طرف سے 31 مارچ 2020 کے اختتام پر کمپنی کا نو ماہ کا مختصر کیا ہوا مالیاتی جائزہ پیش کرنے میں انتہائی مسرت محسوس کر رہا ہوں۔ موجودہ نو ماہ کی مدت میں کمپنی کا قبل از ٹیکس منافع 122.276 ملین روپے ہے جو کہ گزشتہ سال اسی مدت میں کمپنی کا قبل از ٹیکس منافع 131.026 ملین روپے تھا۔ موجودہ نو ماہ میں دھاگے کی فروخت کم ہو کر 3,731.477 ملین روپے رہ گئی ہے جبکہ پچھلے سال کی نو ماہ کی مدت میں یہ فروخت 4,677.083 ملین روپے تھی۔ دھاگے کی فروخت میں موجودہ کی کا سبب یونٹ نمبر 3 کا بند ہونا ہے۔ جس کی جگہ پر ہم جراثیم بنانے والا لگا رہے تھے دھاگے کی فروخت میں کمی کا کچھ حصہ ہم کرونا وائرس کی وجہ سے ملکی لاک ڈاؤن سے بھی مربوط کر سکتے ہیں۔ جو کہ عالمی جان لیوا باء کرونا وائرس سے بچنے کے لئے کیا گیا ہے۔

## خام مال کی قیمتیں

موجودہ نو ماہ میں خام مال کی قیمتیں مستحکم نہیں ہو سکیں، کیا اس کی قیمت -/9267 روپے من پر گردش کر رہی ہے جبکہ پولیٹر کی قیمت -/167 روپے فی کلو اور وٹکس کی قیمت 225/ بندرتی فی کلو ہے پاکستان میں کیا اس کی پیداوار بڑی تیزی سے کم ہو رہی ہے اور اسی تناسب سے معیشت پر بوجھ بڑھتا جا رہا ہے۔

## مستقبل کی پیش نظری

ماہر معاشیات اور تجربہ نگاروں نے پیشن گوئی کی ہے، کہ موجودہ سال معیشت کے لئے خاص کر ٹیکسٹائل انڈسٹری کے لئے مشکل ترین وقت ہے۔ جو کہ معیشت اپنے دوراست منفی اثرات پر چھوڑ جائے گا اور انڈسٹری کے مالی حالات پر بھی نا پسندیدہ اثر ڈالے گا۔ اور یہ ناموافق حالات دیر تک جاری رہنے کا خدشہ ہے۔

آپ اس بات سے بخوبی آگاہ ہونگے کہ ہم نے جراثیموں کے یونٹ کی تکمیل و تنصیب مقررہ مدت سے بہت پہلے کر لی تھی۔ اسی جوش و ولولے سے جراثیموں کی ایکسپورٹ سہل بھی شروع کر دی تھی۔ کہ اچانک بڑی رکاوٹ کرونا وائرس کی صورت میں نمودار ہو گئی۔ ہمارے تمام سپلائنگ یونٹس بشمول جراثیموں کے یونٹ بند کر دیئے گئے۔ جراثیموں کے یونٹ کو ایکسپورٹ آرڈر ہونے کی وجہ سے بعد میں سخت شرائط پر (SOPs) چلانے کی اجازت مل گئی جبکہ دھاگہ بنانے کے یونٹ ابھی تک بند پڑے ہیں۔ تمام ممالک نے دوسرے ممالک کے شہریوں کا اپنے ملک میں داخلہ بند کر دیا ہے جس کی وجہ سے ہمارا مارکیٹنگ ٹاف اپنی مصنوعات کو بیچنے کے لئے آزادی سے سفر نہیں کر سکتا ان مشکل حالات میں ٹیلیٹ بنک آف پاکستان نے انڈسٹری کو مدد فراہم کرنے کی ٹھانی ہے اور بہت سے آرڈر اس شرح سود والے قرضے فراہم کرنے کا اعدادہ کیا ہے۔ جن میں لمبی مدت کے قرضوں کی ادائیگی 1 سال کے لیے مؤخر کی جاسکتی ہے۔ ملازمین کی تنخواہوں کے لئے آسان شرح سود کے قرضے بھی فراہم کرنے کا نوٹیفیکیشن بھی جاری کیا ہے۔

ہمیں امید واثق ہے کہ بہت جلد کرونا وائرس کے سیاہ بادل چھٹ جائیں گے اور ہماری انتظامیہ اپنی انتھک محنتوں سے ان تشویش ناک حالات پر قابو پالے گی۔

## فی شیئر منافع

موجودہ نو ماہ کی مدت میں فی شیئر منافع 2.62 روپے ہے۔ جبکہ گزشتہ سال اسی مدت میں یہ منافع 4.85 روپے فی شیئر تھا۔

ہم اپنی قابل قدر صارفین، بینکاروں، مالی اداروں اور حصہ داروں کا تہہ دل سے مشکور و ممنون ہیں۔ جنہوں نے کاروباری سرگرمیوں میں مخلصانہ حصہ لیا۔ ہم اپنے ملازمین کے بھی مشکور ہیں جنہوں نے اپنی انتھک محنتوں سے کمپنی کی مصنوعات کو بہترین کوالٹی سے ہم کنار کیا اور کمپنی کے اندر ایک خوشگوار ماحول بنائے رکھا۔

برائے اور شکرم بورڈ

— سید  
عرفان اسلم  
ڈائریکٹر

لاہور مورخہ 28 اپریل 2020ء

— سید  
عمران اسلم  
چیف ایگزیکٹو آفیسر

## CONDENSED INTERIM FINANCIAL POSITION

| AS AT MARCH 31, 2020   |      | March 31,<br>2020<br>(Un-Audited) | June 30,<br>2019<br>(Audited) |
|--|------|-----------------------------------|-------------------------------|
|  | Note | Rupees in thousands               |                               |
| CAPITAL AND LIABILITIES  |      |                                   |                               |
| Share Capital and Reserves   |      |                                   |                               |
| Authorized capital:  |      |                                   |                               |
| 40,000,000 (June 2019: 40,000,000)<br>ordinary shares of Rs. 10 each |      | 400,000                           | 400,000                       |
| Issued, subscribed and paid up capital                               |      |                                   |                               |
| 17,971,372 (June 2019: 17,971,372)<br>ordinary shares of Rs. 10 each |      | 179,714                           | 179,714                       |
| Reserves   |      | 1,346,131                         | 1,286,783                     |
| Surplus on Revaluation of property,<br>plant and equipment           |      | 744,429                           | 757,360                       |
|  |      | 2,270,274                         | 2,223,857                     |
| Non Current Liabilities  |      |                                   |                               |
| Long term financing  |      | 285,441                           | 323,871                       |
| Staff retirement benefits  |      | 111,945                           | 104,978                       |
| Deferred tax liability   |      | 202,419                           | 170,498                       |
|  |      | 599,805                           | 599,347                       |
| Current Liabilities  |      |                                   |                               |
| Trade and other payables   |      | 426,772                           | 431,114                       |
| Unclaimed dividend   |      | 163                               | 163                           |
| Unpaid dividend  |      | 199                               | 199                           |
| Accrued mark up  |      | 22,123                            | 12,126                        |
| Short term borrowings  | 5    | 544,930                           | 285,295                       |
| Current portion of long term financing                               |      | 41,889                            | 33,815                        |
| Provision for taxation   |      | 56,138                            | 73,977                        |
|  |      | 1,092,214                         | 836,689                       |
| Contingencies and Commitments  | 6    | -                                 | -                             |
|  |      | 3,962,293                         | 3,659,893                     |
| ASSETS   |      |                                   |                               |
| Non Current Assets   |      |                                   |                               |
| Property, plant and equipment  | 7    | 2,259,505                         | 2,252,623                     |
| Investment property  |      | 87,550                            | -                             |
| Long term investment in associate                                    |      | 385,337                           | 370,110                       |
| Long term deposits   |      | 3,847                             | 3,847                         |
|  |      | 2,736,239                         | 2,626,580                     |
| Current Assets   |      |                                   |                               |
| Stores and spares  |      | 86,162                            | 93,964                        |
| Stock in trade   |      | 762,548                           | 512,371                       |
| Trade debts  |      | 116,844                           | 73,328                        |
| Advances, trade deposits, prepayments and other receivables          |      | 165,375                           | 150,699                       |
| Short term investments   |      | 20,313                            | 47,416                        |
| Tax refunds due from the Government                                  |      | 44,299                            | 64,957                        |
| Cash and bank balances   |      | 30,513                            | 90,578                        |
|  |      | 1,226,054                         | 1,033,313                     |
|  |      | 3,962,293                         | 3,659,893                     |

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

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

## CONDENSED INTERIM PROFIT OR LOSS ACCOUNT (UN-AUDITED)

FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2020

|                                  | Note | Nine Months Ended            |                   | Quarter Ended     |                   |
|----------------------------------|------|------------------------------|-------------------|-------------------|-------------------|
|                                  |      | March 31,<br>2020            | March 31,<br>2019 | March 31,<br>2020 | March 31,<br>2019 |
|                                  |      | -----Rupees in thousand----- |                   |                   |                   |
| Sales                            |      | 3,731,477                    | 4,677,083         | 1,153,103         | 1,350,894         |
| Cost of sales                    | 8    | (3,433,108)                  | (4,348,156)       | (1,042,476)       | (1,256,319)       |
| Gross Profit                     |      | 298,369                      | 328,927           | 110,627           | 94,575            |
| Operating expenses:              |      |                              |                   |                   |                   |
| - Selling and distribution       |      | (9,310)                      | (16,436)          | (3,455)           | (5,563)           |
| - Administrative expenses        |      | (120,716)                    | (104,208)         | (40,310)          | (33,405)          |
|                                  |      | (130,026)                    | (120,644)         | (43,765)          | (38,968)          |
| Operating Profit                 |      | 168,343                      | 208,283           | 66,862            | 55,607            |
| Finance cost                     |      | (53,053)                     | (41,241)          | (23,401)          | (15,784)          |
| Other operating expenses         |      | (9,280)                      | (58,129)          | (3,681)           | (33,658)          |
| Other income                     |      | 2,728                        | 5,619             | 2,196             | 442               |
| Share of net profit of associate |      | 13,538                       | 16,494            | 10,113            | 6,524             |
|                                  |      | (46,067)                     | (77,257)          | (14,773)          | (42,476)          |
| Profit before Taxation           |      | 122,276                      | 131,026           | 52,089            | 13,131            |
| Taxation                         |      | (75,200)                     | (43,940)          | (21,048)          | (11,602)          |
| Net Profit for the Period        |      | 47,076                       | 87,086            | 31,041            | 1,529             |
| Earnings per Share - Basic       |      | 2.62                         | 4.85              | 1.73              | 0.09              |

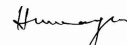
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CHIEF EXECUTIVE OFFICER



DIRECTOR

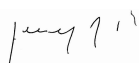


CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2020**

|   | Nine Months Ended          |                   | Quarter Ended     |                   |
|---|----------------------------|-------------------|-------------------|-------------------|
|   | March 31,<br>2020          | March 31,<br>2019 | March 31,<br>2020 | March 31,<br>2019 |
|   | ----Rupees in thousand---- |                   |                   |                   |
| Net Profit for the Period   | 47,076                     | 87,086            | 31,041            | 1,529             |
| Other Comprehensive Income<br>for the Period                                  |                            |                   |                   |                   |
| <i>Items that will not be reclassified<br/>subsequently to profit or loss</i> | 29,392                     | -                 | 29,392            | -                 |
| <i>Items that may be reclassified<br/>subsequently to profit and (loss)</i>   | -                          | -                 | -                 | -                 |
| Total Comprehensive Income<br>for the Period                                  | 76,468                     | 87,086            | 60,433            | 1,529             |

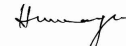
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CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR NINE MONTHS PERIOD ENDED MARCH 31, 2020

|  | March 31,<br>2020 | March 31,<br>2019 |
|--|-------------------|-------------------|
| Rupees in thousand   |                   |                   |
| CASH FLOW FROM OPERATING ACTIVITIES                            |                   |                   |
| Profit before taxation   | 122,276           | 131,026           |
| Adjustments for:   |                   |                   |
| - Depreciation   | 84,571            | 79,512            |
| - Share of net profit of associate                             | (13,538)          | (16,494)          |
| - Loss on disposal of property, plant and equipment - Net      | 59                | 25,204            |
| - Provision for gratuity                                       | 24,550            | 34,700            |
| - Exchange gain  | 104               | (1,482)           |
| - Provision for workers' profit participation fund             | 6,570             | 8,185             |
| - Provision for workers' welfare fund                          | 2,448             | 2,373             |
| - Finance cost   | 50,352            | 33,982            |
|  | 155,116           | 165,980           |
| Operating Profit before Working Capital Changes                | 277,392           | 297,006           |
| (Increase) / Decrease in current assets                        |                   |                   |
| - Stores and spares  | 7,802             | (14,378)          |
| - Stock in trade   | (250,178)         | (123,897)         |
| - Trade debts  | (43,620)          | 36,588            |
| - Advances, trade deposits, prepayments, and other receivables | (44,680)          | (42,533)          |
| - Short term investment  | 27,104            | (25,156)          |
| - Tax refunds due from the Government                          | 13,207            | (27,136)          |
| Increase in current liabilities                                |                   |                   |
| - Trade and other payables                                     | (2,556)           | 67,214            |
|  | (292,921)         | (129,298)         |
| Net Cash (used) in / generated from Operations                 | (15,529)          | 167,708           |
| Income tax paid  | (38,449)          | (44,969)          |
| Gratuity paid  | (17,582)          | (41,171)          |
| Workers' (profit) participation fund paid                      | (10,804)          | (6,378)           |
| Finance cost paid  | (40,354)          | (33,211)          |
| Net Cash (used) in / generated from Operating Activities       | (122,718)         | 41,979            |
| CASH FLOW FROM INVESTING ACTIVITIES                            |                   |                   |
| Property, plant and equipment purchased                        | (572,032)         | (47,326)          |
| Proceeds from disposal of property, plant and equipment        | 1,539             | 30,378            |
| Long term deposits   | -                 | 10,223            |
| Capital work in progress                                       | 430,823           | (497)             |
| Net Cash used in Investing Activities                          | (139,670)         | (7,222)           |
| CASH FLOW FROM FINANCING ACTIVITIES                            |                   |                   |
| LTF - Loan repaid  | (30,355)          | (30,555)          |
| Dividend paid  | (26,957)          | (17,971)          |
| Short term borrowings  | 259,635           | (4,257)           |
| Net Cash generated from / (used) in Financing Activities       | 202,323           | (52,783)          |
| Net decrease in Cash and Cash Equivalents                      | (60,065)          | (18,026)          |
| Cash and cash equivalents at the beginning of the period       | 90,578            | 104,794           |
| Cash and Cash Equivalents at the End of the period             | 30,513            | 86,768            |

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



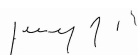
CHIEF FINANCIAL OFFICER

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

FOR NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2020

| Particulars  | Share Capital | Share Premium Reserve | Unappropriated Profit | Re-valuation Surplus | Total Equity |
|--|---------------|-----------------------|-----------------------|----------------------|--------------|
| -----Rupees in thousand-----   |               |                       |                       |                      |              |
| Balance as at June 30, 2018  | 179,714       | 5,796                 | 1,144,009             | 783,790              | 2,113,308    |
| Total comprehensive Income for the period ended  | -             | -                     | 87,086                | -                    | 87,086       |
| Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period (net of deferred tax) | -             | -                     | 9,583                 | (9,583)              | -            |
| Surplus realized on disposal of revalued property, plant and equipment (net of deferred tax) transferred to retained earnings                        | -             | -                     | 10,985                | (10,985)             | -            |
| Surplus on revaluation of property, plant and equipment related to export  | -             | -                     | -                     | (1,772)              | (1,772)      |
| Surplus on revaluation of property, plant and equipment related to rate change   | -             | -                     | -                     | 2,357                | 2,357        |
| Share in realized surplus on revaluation of property, plant and equipment of associate (net of deferred tax)   | -             | -                     | 2,145                 | -                    | 2,145        |
| Transaction with owners  |               |                       |                       |                      |              |
| Dividend paid during the period  | -             | -                     | (17,971)              | -                    | (17,971)     |
| Balance as at March 31, 2019   | 179,714       | 5,796                 | 1,235,837             | 763,806              | 2,185,153    |
| Balance as at June 30, 2019  | 179,714       | 5,796                 | 1,280,987             | 757,360              | 2,223,857    |
| Total comprehensive Income for the period ended  | -             | -                     | 76,468                | -                    | 76,468       |
| Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period (net of deferred tax) | -             | -                     | 8,286                 | (8,286)              | -            |
| Surplus realized on disposal of revalued property, plant and equipment (net of deferred tax) transferred to retained earnings                        | -             | -                     | 116                   | (116)                | -            |
| Surplus on revaluation of property, plant and equipment related to export  | -             | -                     | -                     | (4,529)              | (4,529)      |
| 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)   | -             | -                     | 1,435                 | -                    | 1,435        |
| Transaction with owners  |               |                       |                       |                      |              |
| Dividend paid during the period  | -             | -                     | (26,957)              | -                    | (26,957)     |
| Balance as at March 31, 2020   | 179,714       | 5,796                 | 1,340,335             | 744,429              | 2,270,274    |

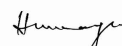
The annexed notes form an integral part of these condensed interim financial statements (un-audited).



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

## NOTES TO AND FORMING PART OF CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

### 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
- Unit 1, 4 & Socks is situated at 34th Km, Lahore Sheikhpura Road, Sheikhpura
- Unit 2 is situated at 7th 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 & Exchange Commission of Pakistan (SECP) and is 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 nine months period ended March 31, 2019.

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 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, except the changes mentioned below:

The management has decided to rent out one of its property previously classified in property, plant and equipment and hence classified the relevant property to investment property at fair value measured by an independent valuer. As per IAS-40 "Investment Property", the Company remeasure the property to fair value and recognized initial gain in Statement of Comprehensive Income and any subsequent change in fair value would be recognized in Statement of Profit or Loss.

### 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>March 31,<br/>2020</b><br>(Un-audited) | <b>June 30,<br/>2019</b><br>(Audited) |
|---|---|---------------------------------------|
|   | Rupees in thousand                        |                                       |
| <b>From banking companies - Secured</b> |   |                                       |
| Cash / packing finances                 | 544,930                                   | 285,295                               |

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. 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>March 31,<br/>2020</b><br>(Un-audited) | <b>June 30,<br/>2019</b><br>(Audited) |
|---|---|---------------------------------------|
|   | Rupees in million                         |                                       |
| <b>Contingencies</b>  |   |                                       |
| - The Company has provided bank guarantees in favour of following parties:  |   |                                       |
| - Sui Northern Gas Pipeline Limited   | 74.37                                     | 72.89                                 |
| - The Company is contingently liable for Rs. 25.262 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:

|                   | <b>March 31,<br/>2020</b><br>(Un-audited) | <b>June 30,<br/>2019</b><br>(Audited) |
|-------------------|---|---------------------------------------|
|                   | Rupees in million                         |                                       |
| Letters of credit | 39.99                                     | 29.36                                 |

Note 7

**Property, Plant and Equipment**

|   | <b>March 31,<br/>2020</b><br>(Un-audited) | <b>June 30,<br/>2019</b><br>(Audited) |
|---|---|---------------------------------------|
|   | Rupees in thousand                        |                                       |
| Operating fixed assets                                  | 2,237,370                                 | 1,799,664                             |
| Capital work in progress                                | 22,135                                    | 452,959                               |
|   | <u>2,259,505</u>                          | <u>2,252,623</u>                      |
| <b>7.1 Operating fixed assets</b>                       |   |                                       |
| Opening written down value                              | 1,799,664                                 | 1,907,741                             |
| Additions during the period/year (at cost)              | 572,032                                   | 57,778                                |
|   | <u>2,371,696</u>                          | <u>1,965,519</u>                      |
| Disposal during the period/year (at written down value) | (1,598)                                   | (59,587)                              |
| Transfer to investment property                         | (48,157)                                  | -                                     |
|   | <u>2,321,941</u>                          | <u>1,905,932</u>                      |
| Depreciation charged for the period/year                | (84,571)                                  | (106,268)                             |
|   | <u>2,237,370</u>                          | <u>1,799,664</u>                      |



| Note 8<br>Cost of Sales            | Nine Months Ended            |                   | Quarter Ended     |                   |
|------------------------------------|------------------------------|-------------------|-------------------|-------------------|
|                                    | March 31,<br>2020            | March 31,<br>2019 | March 31,<br>2020 | March 31,<br>2019 |
|                                    | Un-audited                   | Un-audited        | Un-audited        | Un-audited        |
|                                    | -----Rupees in thousand----- |                   |                   |                   |
| Raw materials consumed             | 2,570,896                    | 3,232,411         | 797,194           | 901,858           |
| Stores and spares consumed         | 89,182                       | 72,893            | 41,465            | 22,942            |
| Packing materials consumed         | 68,536                       | 84,007            | 21,849            | 23,766            |
| Salaries, wages and other benefits | 383,371                      | 388,030           | 151,274           | 112,619           |
| Fuel and power                     | 399,432                      | 445,006           | 124,279           | 124,953           |
| Insurance                          | 5,679                        | 6,749             | 2,354             | 2,084             |
| Repairs and maintenance            | 9,266                        | 10,001            | 3,353             | 2,535             |
| Other manufacturing expenses       | 8,076                        | 7,960             | 1,994             | 2,800             |
| Depreciation                       | 78,532                       | 72,239            | 28,606            | 23,940            |
|                                    | 3,612,970                    | 4,319,296         | 1,172,368         | 1,217,497         |
| Opening work in process            | 31,905                       | 37,451            | 41,146            | 45,038            |
| Closing work in process            | (39,945)                     | (33,663)          | (39,945)          | (33,663)          |
|                                    | (8,040)                      | 3,788             | 1,201             | 11,375            |
| Cost of goods manufactured         | 3,604,930                    | 4,323,084         | 1,173,569         | 1,228,872         |
| Opening finished goods             | 33,927                       | 65,590            | 74,656            | 67,965            |
| Closing finished goods             | (205,749)                    | (40,518)          | (205,749)         | (40,518)          |
|                                    | (171,822)                    | 25,072            | (131,093)         | 27,447            |
|                                    | 3,433,108                    | 4,348,156         | 1,042,476         | 1,256,319         |

## Note 9

## 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 |                     |   | March 31,<br>2020<br>(Un-audited) | March 31,<br>2019<br>(Un-audited) |
|-------------------------------|---------------------|---|-----------------------------------|-----------------------------------|
|                               |                     |   | Rupees in thousand                |                                   |
| Related party                 | Relationship        | Nature of Transaction                     |                                   |                                   |
| Sargodha Jute Mills Limited   | Associate<br>24.94% | Purchase of materials, goods and services | 290                               | 78                                |
|                               |                     | Sale of materials, goods and services     | 296                               | 131                               |
|                               |                     | Rental income                             | 360                               | 360                               |
|                               |                     | Dividend paid                             | 32                                | 21                                |

## Note 10

## 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 11

## 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:

|   | Yarn               | Socks    | Total     |
|---|--------------------|----------|-----------|
|   | Rupees in thousand |          |           |
| 11.1  |                    |          |           |
| Segment Results for the period ended March 31, 2020         |                    |          |           |
| Revenue   | 3,698,264          | 51,721   | 3,749,985 |
| Segment results   | 187,904            | (19,561) | 168,343   |
| Other operating expense                                     |                    |          | (9,280)   |
| Finance cost  |                    |          | (53,053)  |
| Other income  |                    |          | 2,728     |
| Share of net profit from associate                          |                    |          | 13,538    |
| Profit before taxation                                      |                    |          | 122,276   |
| Segment Results for the period ended March 31, 2019         |                    |          |           |
| Revenue   | 4,700,148          | -        | 4,700,148 |
| Segment results   | 208,283            | -        | 208,283   |
| Other operating expense                                     |                    |          | (58,129)  |
| Finance cost  |                    |          | (41,241)  |
| Other income  |                    |          | 5,619     |
| Share of net profit from associate                          |                    |          | 16,494    |
| Profit before taxation                                      |                    |          | 131,026   |
| 11.2  |                    |          |           |
| Segment Results for the period ended March 31, 2020         |                    |          |           |
| Assets  |                    |          |           |
| Property plant and equipment                                | 1,687,473          | 572,032  | 2,259,505 |
| Store and spares  | 53,394             | 32,768   | 86,162    |
| Stock in trade  | 688,499            | 74,049   | 762,548   |
| Trade Debts   | 115,445            | 1,399    | 116,844   |
| Advances to suppliers                                       | 19,915             | 33,070   | 52,985    |
|   | 2,564,726          | 713,318  | 3,278,044 |
| Unallocated Assets  |                    |          |           |
| Investment property   |                    |          | 87,550    |
| Long term Investments                                       |                    |          | 385,337   |
| Long term deposits  |                    |          | 3,847     |
| Advances, trade deposits, prepayments and other receivables |                    |          | 112,390   |
| Short term investments                                      |                    |          | 20,313    |
| Tax refunds due from the Government                         |                    |          | 44,299    |
| Cash and bank balances                                      |                    |          | 30,513    |
|   |                    |          | 3,962,293 |

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|  | Yarn               | Socks   | Total     |
|--|--------------------|---------|-----------|
|  | Rupees in thousand |         |           |
| Liabilities                              |                    |         |           |
| Long term financing                      | 27,680             | 299,650 | 327,330   |
| Creditors                                | 42,718             | 14,072  | 56,790    |
|  | 70,398             | 313,722 | 384,120   |
| Unallocated liabilities                  |                    |         |           |
| Short term borrowings                    |                    |         | 544,930   |
| Deferred tax liability - net             |                    |         | 202,419   |
| Staff retirement benefit                 |                    |         | 111,945   |
| Trade and other payables                 |                    |         | 369,982   |
| Unclaimed dividends                      |                    |         | 163       |
| Unpaid dividends                         |                    |         | 199       |
| Accrued mark up on short term borrowings |                    |         | 22,123    |
| Provision for taxation - net             |                    |         | 56,138    |
|  |                    |         | 1,692,019 |

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  | 511,380   | 991     | 512,371   |
| Advances to supplier  | 42,131    | 193     | 42,324    |
|   | 2,799,641 | 7,677   | 2,807,318 |
| 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                                      |           |         | 90,578    |
|   |           |         | 3,659,893 |
| Liabilities   |           |         |           |
| Long term financing   | 58,036    | 299,650 | 357,686   |
| Creditors   | 50,729    | 2,543   | 53,272    |
|   | 108,765   | 302,193 | 410,958   |
| 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                                |           |         | 73,977    |
|   |           |         | 1,436,036 |

## 11.3 Geographical Information:

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

|                                  | March 31,<br>2020<br>(Un-audited) | June 30,<br>2019<br>(Audited) |
|----------------------------------|-----------------------------------|-------------------------------|
|                                  | Rupees in million                 |                               |
| Pakistan                         | 3,689,592                         | 5,169,859                     |
| Abroad                           | 60,393                            | 935,371                       |
|                                  | <u>3,749,985</u>                  | <u>6,105,230</u>              |
| 11.4 Major customers:            |                                   |                               |
| 31 customers (2019: 4 customers) | 54.65%                            | 54.83%                        |

## Note 12

## Authorization of Interim Financial Information

This condensed interim financial information (un-audited) is authorized for issue on April 28, 2020 by the Board of Directors of the Company.

## Note 13

## 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 OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



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