

Certificate PK05/00526

Shahzad Textile Mills Limited

Head Office: 19-A, Off Zafar Ali Road, Gulberg V, Lahore, Pakistan.

has been assessed and certified as meeting the requirements of

ISO 9001:2015

Manufacturing and Export of 100% Cotton, Blended, Pure Synthetic, Combed, carded and double yarn.

This certificate is valid from 10 October 2020 until 15 August 2023 and remains valid subject to satisfactory surveillance audits. Recertification audit due a minimum of 60 days before the expiration date.

Issue 1. Certified since 16 August 2005

The audit leading to this certificate commenced on 04 September 2020 Previous issue certificate validity date was until 15 August 2020

This is a multi-site certification. Additional site details are listed on the subsequent page.

Authorised by



HC SGS 9001 2015 0818 M2











Certificate PK05/00526, continued



Shahzad Textile Mills Limited

ISO 9001:2015

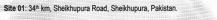


Issue 1

Detailed scope

The scope of registration appears on page 1 of this certificate.

Additional facilities





Site 02: 7km, Sheikhupura-Faisalabad Road, Sheikhupura, Pakistan.





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Company's Information

Board of Directors Bankers

Mian Parvez Aslam Chairman Habib Metropolitan Bank Ltd

Mr. Imran Aslam Chief Executive Officer JS Bank Limited

Mr. Irfan Aslam

National Bank of Pakistan

Mr. Danish Aslam

Meezan Bank Limited

Syed Raza Ali Bokhari

Dr. Ali Raza Khan Share Registrar

Mrs. Nazish Imran Hameed Majeed Associates (Pvt) Ltd

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

Chief Financial Officer

Mr. Nabeel Naveed Registered Office

19-A, Off. Zafar Ali Road,

Company Secretary Gulberg-V, Lahore.

Syed Imran Haider Ph: +92(042)35754024-27

Fax:+92(042) 35712313

Auditors E-mail:info@shahzadtex.com

Crowe Hussain Chaudhury & Co. Web:www.shahzadtex.com

Chartered Accountants

Mills

Audit Committee Unit # 1

Syed Raza Ali Bokhari Chairman 4 & Socks Hosiery Unit
Mian Parvez Aslam Member 34th KM Lahore Sheikhupura

Mr. Irfan Aslam Member Raod, Sheikhupura.

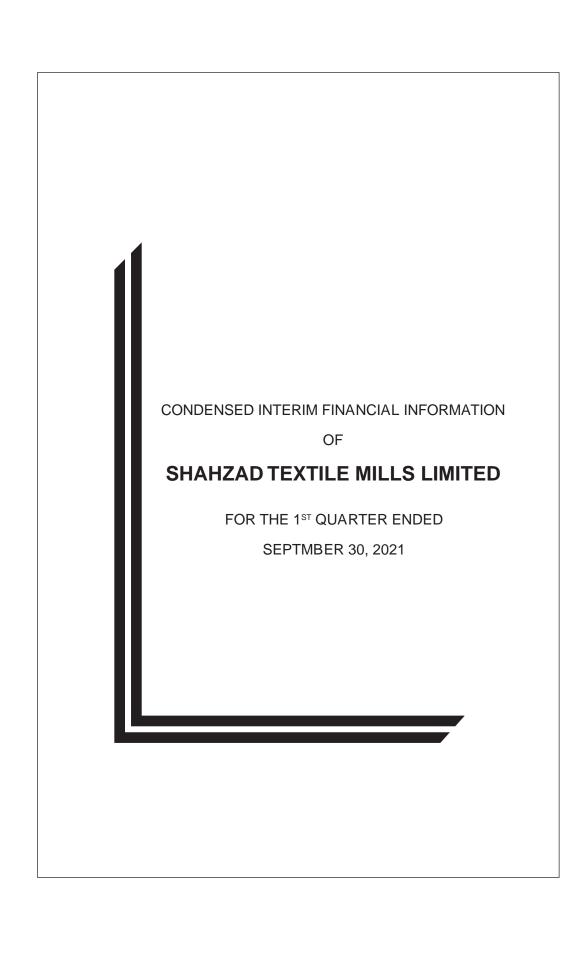
Human Resources & Unit # 2

Remuneration Committee 7th KM Sheikhupura Faisalabad

Dr. Ali Raza Khan Chairman

Mr. Danish Aslam Member

Mrs. Nazish Imran Member



Directors' Report

The directors of the company are pleased to present condensed interim un-audited financial statement for the first quarter ending September 30, 2021.

The company has earned pretax profit Rs. 199.573 millions as compared to Profit of Rs.90.168 millions in the corresponding quarter of last year. The current pretax profit is Rs.121.33% higher than corresponding period's profit. Total sales are also enhanced to Rs. 2,040.440/- millions from 1,549,999/- millions sales of corresponding quarter. This encouraging figure of sales also include sales of socks i.e.Rs.231.685/- millions which are 57.36% higher if compared to corresponding quarter's socks sales.

Our management, with their huge efforts and observing all safety measures as covid-19 has not been eradicated yet, portrayed lucrative financial data in current quarter which can be admirably analyzed from the above narrated figures. We have also started efforts to increase export sales of yarn as travelling and boarding restrictions which were the main obstacles are moderated in the international market. Our marketing staff would be definitely successful in fetching export orders of yarn sales for which they are striving for though there is global recession on textile sector. Ever increasing prices of energy and high rate levy on other relevant commodities which eventually become part of product cost has put us in inconvenient state to compete in the international market. Our Government should step forward to support the exporters to solve problems currently confronted by them.

The raw material prices are exhibiting rising trend and did not get stability. Current cotton prices are rotating around Rs.14000/- per mand- Polyester Rs. 227/- per Kg and Viscose Rs. 344/- per Kg.

FUTURE PROSPECTUS

As we had thoroughly discussed in our annual report June 2021 that we are capitalizing our profit by investing this amount in expanding our socks unit. To materialize this proposition we have established letter of credits for knitting machines which hopefully shall arrive at our mill premises in January 2022. We fervently expecting that next year's financial results shall be outstandingly encouraging.

Earnings per share is Rs. 9.79 in the first quarter ended as compared to Rs. 3.77/- per share in the corresponding period of previous year.

The directors openly acknowledge and cordially appreciate the confidence manifested by the valued customers and excellent cooperation extended by the financial institutions. The directors would not miss the opportunity to put on record the dedicated performance depicted by the officials and employees of the company.

For and on behalf of the board

Irfan Aslam

Director

Imran Aslam Chief Executive Officer

Lahore:

Dated: October 27, 2021

ڈائر یکٹرز رپورٹ

میسرز شنراد نیکٹا کل ملزلمیٹڑے ڈائر یکٹرز کی جانب سے 30 متبر 1<u>202ء</u> کے اختتام پذیر ہونے والی پہلی سے ماہی میس غیر مصدقہ مالیاتی جائزہ چیش کرنے میں مسرت محسوس کررہے ہیں۔

کمپنی کاموجوده سدادی کا قبل از نیکس منافع 199.573 ملین روپے ہے جو کہ گذشتہ سدمانی کینی متبر <u>20</u>20ء کی میں منت میں 90.168 ملین روپے تھا۔ بیر منافع کچپلی سدمانی سے 121.33 فیصد ذیادہ ہے۔

موجوده سمائی میں مجبو گافروخت میں بھی اضافہ ہوا ہے جو کہ 2040.440 ملین رویے ہے جو کہ گذشتہ سال کیاس سمائی میں 549.999 آتی۔اس حوصلدا فنزا فروخت میں جرابول کی فروخت 231.685 ملین رویے ہے جو کہ 73.3 فیصر مجیلی سمائی سے زیادہ ہے۔

موجودہ سمائی میں جبکہ کروناکا عالمگیرہ بادا فتتا م پذیر نہیں ہوئی ہماری انتظامیہ نے تمام ترجا فلق تذابیر ملحوظ فاطرر کھتے ہوئے مندرجہ بالشائدار نمائی ٹیش کے ہیں جس کا تعریفی الفرائد میں تجربہ پیش کیاجا سکتا ہے۔ ہم نے دھا گے اور جرایوں کی برآمد گی فروخت بڑھانے کے لیے اپنی کاوشیں شروع کردی ہیں ۔
کیونکہ شراور رہائش پر عائد شدہ پابندیوں میں شخفیف ہوگئ ہے۔ اور ہمارا مارکیئنگ شاف بیٹی طور پردھا گے اور جرایوں کی فروخت کے لئے آر ڈر لینے میں
کامیاب ہوجائے گا۔ بےشک ٹیکشائل سیٹر پر بین الا قوامی منڈی میں شدید مندی ہے۔ ہماری روز پر وزیڑ ھتی ہوگی توانائی کی قیشیں اور بھاری کہیں جو ہماری مصنوعات کا حصد بن جاتے ہیں۔ بین الا قوامی منڈی میں مقابلے کے لئے شدید مشکلات بیدا کرتے ہیں۔ ہماری حکومت کوچا ہے کہ کارو باری حضرات کو در بیش مسائل کو حل کرنے کے لئے شب قدم اٹھائے

موجودہ سدمائی کے دوران خام مال کی قیمتوں میں اضافے کار بھان دیکھا گیاہے کیا س کی قیمتیں 14000 روپے فی من پرمنڈ الار بی ہے۔جبکہ یو لیسٹر کی قیمتیں -227/روپے فی کلواور دسکوس-344/ روپے فی کلوہے بیاکتان میں کیا س کی فصل کامعیار اور پیداوار ہتدرتے کم ہور بی ہے جسکی وجہ سے ٹیکٹا کس کی صعنت شدید د باؤ میں ہے

مستقبل کی پیش نظری

جیںاکہ ہم نے پی سالاندر پورٹ جون 2021 میں تفصیلاً دکر کیا تھاکہ ہم منافع کی رقم سے فائدہ اٹھانے کے لئے اس کو جرابوں کے یونٹ میں نئی مشینیں لگانے میں استعال کر ناچاہہ ہم نئی مشینیں ہماری بل میں میں ستعال کر ناچاہہ ہم نئی مشینیں ہماری بل میں پہنچ جائیں گی

اں سماہی میں ممپنی کافی شمیر منافع 9.79 روپے فی شمیر ہے جو کہ چھیلے سال بیر منافع 3.77 روپے تھا۔

استریس ہما ہے قابلِ قدر گا کوں مالی ادار وں اور حصہ داران کے شکر گذار ہیں۔ جنہوں نے کمپنی کی تمام تر کاروباری سرگر میوں میں بھر پور حصہ لیا۔ ہما ہے شاف ممبر ان کے بھی مشکور ہیں کہ جنہوں نے بنی بھر پورصلاعیتوں ہے ملوں میں خوشکو ارماحول بنائے رکھا۔

برائے از بحکم بورڈ

______ مرات مست م م عرفان اسلم ڈائریکٹر لاہورمور ند,20 کو پر 2021 ا کر ہے۔۔۔ عمران اسلم چیف ایگزیکٹو آفیسر

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2021

| | 021 | September 30, 2021 | June 30, 2021 |
|---|------|-----------------------|----------------------|
| | | (Un-Audited) | (Audited) |
| EQUITY AND LIABILITIES Share Capital and Reserves | Note | Rupees in tho | usands |
| Authorized capital: 40,000,000 (June 2021: 40,000,000) ordinary shares of Rs. 10 each | | 400,000 | 400,000 |
| Issued, subscribed and paid up capital 17,971,372 (June 2021: 17,971,372) | | | |
| ordinary shares of Rs. 10 each Reserves Surplus on Revaluation of property, plant and equipment | | 179,714 1,910,762 | 179,714 1,730,238 |
| Non Current Liabilities | | 874,750 2,965,226 | 2,790,450 |
| Long term financing Staff retirement benefits | 5 | 249,022 129,211 | 267,150 124,171 |
| Deferred tax liability | 6 | 290,695 668,928 | 297,952 |
| Current Liabilities Trade and other payables | | 484,789 | 470,573 |
| Unclaimed dividend Unpaid dividend | | 146 199 | 146 199 |
| Accrued mark up Current portion of non-current liabilities | 7 | 12,547 227,562 | 19,911 227,952 |
| Short term borrowings Provision for taxation | 8 | 492,870 124,357 | 350,863 99,590 |
| Contingencies and Commitments | 9 | 1,342,470 | 1,169,234 |
| ASSETS Non Current Assets | | 4,976,624 | 4,648,957 |
| Non Current Assets Property, plant and equipment Investment property | 10 | 2,391,109 90,125 | 2,415,859 90,125 |
| Long term investment in associate Long term deposits | | 616,923 | 592,205 3,847 |
| Current Assets | | 3,102,004 | 3,102,036 |
| Stores and spares Stock in trade | | 116,600 983,319 | 132,402 700,724 |
| Trade debts Advances, trade deposits, prepayments and other receivables | | 291,583 248,801 | 229,538 208,963 |
| Short term investments Tax refunds due from the Government | | 26,264 84,673 | 25,213 102,332 |
| Cash and bank balances | | 123,380 1,874,620 | 147,749 |
| | | 4,976,624 | 4,648,957 |
| The approved notes 1 to 16, form an integral part of these condensed int | | | |

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements (un-audited). $\frac{1}{2}$

CHIEF EXECUTIVE CHIEF FINANCIAL OFFICER

DIRECTOR

CONDENSED INTERIM PROFIT OR LOSS (UN-AUDITED)

FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2021

| | | September 30, 2021 | September 30, 2020 |
|---|------|-----------------------|-----------------------|
| | Note | Rupees | in thousand |
| | | | |
| Sales | | 2,040,440 | 1,549,999 |
| Cost of sales | 11 | (1,758,889) | (1,391,865) |
| Gross Profit | | 281,551 | 158,134 |
| Operating expenses: | | | |
| - Selling and distribution | | (35,330) | (21,017) |
| - Administrative expenses | | (46,357) | (44,883) |
| | | (81,687) | (65,900) |
| Operating Profit | | 199,864 | 92,234 |
| Finance cost | | (15,642) | (7,105) |
| Other operating expenses | | (14,705) | (6,644) |
| Other income | | 5,338 | 2,776 |
| Share of net profit/(loss) of associate | | 24,718 | 8,907 |
| | | (291) | (2,066) |
| Profit before Taxation | | 199,573 | 90,168 |
| Taxation | | (23,682) | (22,439) |
| Net Profit for the Period | | 175,891 | 67,729 |
| Earnings per Share - Basic | | 9.79 | 3.77 |

 $The \ annexed \ notes \ 1 \ to \ 16 \ \ form \ an \ integral \ part \ of \ these \ condensed \ interim \ financial \ statements \ (un-audited).$

1my 11-CHIEF EXECUTIVE

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2021

| | September 30, 2021 | September 30, 2020 |
|--|-----------------------|-----------------------|
| | Rupees in | thousand |
| Net Profit for the Period | 175,891 | 67,729 |
| Other Comprehensive Incom for the Period | | |
| Items that will not be reclassified subsequently to profit or (loss) | - | - |
| Items that may be reclassified subsequently to profit and (loss) | - | - |
| Total Comprehensive Income for the Period | 175,891 | 67,729 |

The annexed notes 1 to 16 $\,$ form an integral part of these condensed interim financial statements (un-audited).

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2021

| Particulars | Share Capidal | Share Premium Reserve | Unapro- priated Profit upees in thou | Surplus on Re- valuation | Total Equity |
|--|------------------|-----------------------------|---|--------------------------------|-----------------|
| | | | • | | |
| Balance as at June 30, 2020 | 179,714 | 5,796 | 1,390,516 | 771,823 | 2,347,849 |
| Net profit for the period Other comprehensive income | - | - | 67,729 | - | 67,729 |
| Total comprehensive income for the period | - | - | 67,729 | - | 67,729 |
| Transferred from surplus on revaluation of property, plant and equipment on increment depreciation charged in current period (net of deferred tax) | | - | _ | - | - |
| 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 | = | - | - | - | - |
| Share in incremental depreciation of revalued property, plant and equipment of associate (net of deferred tax) | - | - | - | - | = |
| Dividend paid during the period | - | - | - | - | - |
| Balance as at September 30, 2020 | 179,714 | 5,796 | 1,458,245 | 771,823 | 2,415,578 |
| Balance as at June 30, 2021 | 179,714 | 5,796 | 1,724,442 | 880,499 | 2,790,451 |
| Net profit for the period Other comprehensive income | - | | 175,891 | - - | 175,891 |
| Total comprehensive income for the period | - | - | 175,891 | - | 175,891 |
| Transferred from surplus on revaluation of property, plant and equipment on increment depreciation charged in current period (net of deferred tax) | | - | 4,633 | (4,633) | - |
| Surplus on revaluation of property, plant and equipment related to export | - | - | - | (1,116) | (1,116) |
| Share in incremental depreciation of revalue | d - | - | - | - | - |
| property, plant and equipment of associate (net of deferred tax) | - | - | - | - | - |
| Balance as at September 30, 2021 | 179,714 | 5,796 | 1,904,966 | 874,750 | 2,965,226 |

The annexed notes 1 to $16\,$ form an integral part of these condensed interim financial statements (un-audited).

Juny 11-CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2021

| | September 30, 2021 | September 30, 2020 |
|---|-----------------------|---|
| CASH FLOW FROM OPERATING ACTIVITIES | Rupees i | n thousand |
| Profit before taxation | 199,573 | 90,168 |
| Adjustments for: | | |
| - Depreciation | 30,943 | 28,945 |
| - Share of net profit of associate | (24,718) | (8,907) |
| - Provision for gratuity | 17,800 | 9,450 |
| - Exchange loss | (744) | - |
| Provision for workers' profit participation fund | 10,714 | 4,841 |
| Provision for workers' welfare fund | 3,991 | 1,803 |
| - Amortization of deferred grant | (718) | - |
| - Finance cost | 15,642 | 6,496 |
| | 52,910 | 42,628 |
| Operating Profit before Working Capital Changes (Increase) / Decrease in current assets | 252,483 | 132,796 |
| - Stores and spares | 15,802 | 12,103 |
| - Stock in trade | (282,596) | 284,811 |
| - Trade debts | (61,301) | (62,721) |
| - Advances, trade deposits, prepayments, | (3,733,7 | (, , , |
| and other receivables | (13,004) | (26,304) |
| - Short term investment | (1,050) | (8,062) |
| - Tax refunds due from the Government | 17,659 | 606 |
| Increase in current liabilities | | |
| - Trade and other payables | (489) | 155,957 |
| | (324,979) | 356,390 |
| Net Cash generated / (used) in Operations | (72,496) | 489,186 |
| Income tax paid | (26,832) | (3,208) |
| Gratuity paid | (12,760) | (10,758) |
| Repayment of GIDC | (6,567) | - |
| Finance cost paid | (20,689) | (19,424) |
| Net Cash Used in Operating Activities | (139,344) | 455,796 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Property, plant and equipment purchased | (6,193) | (1,866) |
| | - (0.100) | (11,173) |
| Net Cash used in Investing Activities | (6,193) | (13,039) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Long term financing received | - | 34,374 |
| Repayment of long term financing | | - |
| Short term borrowings | | (317,361) |
| Net Cash Generated from Financing Activities | 121,168 | (282,987) |
| Net increase / (decrease) in Cash and Cash Equivalents | (24,369) | 159,770 |
| Cash and cash equivalents at the beginning of the period | 147,749 | 100,248 |
| Cash and Cash Equivalents at the End of the period | 123,380 | 260,018 |
| Property, plant and equipment purchased Capital work in progress Net Cash used in Investing Activities CASH FLOW FROM FINANCING ACTIVITIES Long term financing received Repayment of long term financing Short term borrowings Net Cash Generated from Financing Activities Net increase / (decrease) in Cash and Cash Equivalents Cash and cash equivalents at the beginning of the period | 147,749 123,380 | (11,173 (13,033) 34,37 (317,36 (282,98) 159,77 100,24 260,01 |

CHIEF FINANCIAL OFFICER Juny 11-CHIEF EXECUTIVE DIRECTOR

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

FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2021

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 repealed 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 its principal business is to manufacture and deal in all types of yarn and socks. The Company holds 24.94% ordinary shares in M/s Sargodha Jute Mills Limited, an Associated Company that is engaged in manufacturing, selling and dealing in jute products.

Company's business units including its manufacturing facilities are located as under:

- The Company's registered office is situated at 19-A, Off Zafar Ali Road, Gulberg V, Lahore
- Three units of manufacturing facilities are situated at 34 KM, Lahore-Sheikhupura Road, Sheikhupura
- One unit of manufacturing facility is situated at 7 KM, Sheikhupura-Faisalabad Road, Kharianwala

Note 2

Basis of Preparation

- 2.1 These condensed interim financial statements of the Company have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
 - International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Companies Act, 2017.
 - Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.
- 2.2 These condensed interim financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2021. Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2021 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 three months ended September 30, 2020.
- 2.3 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, 2021.
- 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 Accounting Policies

The accounting policies and methods of computation of these condensed interim financial statements (un-audited) are the same as those followed in the preparation of annual audited financial statements for the preceding financial year ended on June 30, 2021.

Accounting Estimates and Judgments

The preparation of these condensed interim financial statements (un-audited) require 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 (un-audited), 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 annual audited financial statements for the year ended June 30, 2021.

| Note 5 | | September 30, 2021 | June 30, 2021 |
|---|------------|---------------------|---------------------|
| Long Term Financing | | (Un-audited) | (Audited) |
| Loan from banking company - Secured | | Rupees i | n Million |
| Long term financing Loan obtained under SBP's refinance scheme | 5.1 5.2 | 290,145 55,708 | 299,268 66,706 |
| Less : Current portion | | 345,853 (96,831) | 365,974 (98,825) |
| | | 249,022 | 267,150 |

- 5.1 These represent long term loans from JS Bank Limited for enhancement / replacement of power generation facilities to the tune of Rs 6.920 million and long term loans from Habib Metropolitan Bank Limited for machinery of socks unit to the tune of Rs 278.126 million, under State Bank of Pakistan's (SBP) concessional rate 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 February 2028. Mark up on these facilities is charged at SBP rate, which is 5% per annum, payable on calender quarter basis.
- 5.2 The Company has obtained total borrowing of Rs. 93.726 million from JS Bank Limited under the State Bank of Pakistan's refinance scheme for payment of salaries and wages, at subsidized rate of borrowing. This financing is secured against ranking charge over the fixed asset of the Company to be upgraded to pari passu charge over fixed assets of the Company. The loan is repayable in 8 quarterly installments in 2.5 years including a grace period of 06 months, starting from July 2020. Markup on this financing is charged at 3% per annum. The Company has recognised its liability under SBP refinance scheme at its fair value as deferred grant. The movement in loan is as under:

| | 2021 | 2021 |
|--|--------------|-------------|
| | (Un-audited) | (Audited) |
| Movement of the loan | Rupees i | in Thousand |
| Opening balance | 66,706 | 51,387 |
| Loan received under SBP refinance scheme | - | 37,834 |
| Discounting of loan | - | (1,922) |
| Unwinding of loan | 718 | 2,839 |
| Repayments | (11,716) | (23,432) |
| | 55,708 | 66,706 |

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| 1st Qu | artely Report Septem | ber 30, 2021 |
|--|--|---|
| Note 6 Deferred Liabilities | September 30, 2021 (Un-audited) | June 30, 2021 (Audited) |
| | Rupees i | n thousand |
| Deferred tax liability - net Gas infrastructure development cess (GIDC) Deferred grant | 290,695 - - | 290,664 6,571 718 |
| | 290,695 | 297,952 |
| 6.1 Gas Infrastructure Development Cess Opening balance Transferred from current liabilities Expense during the year Payments made during the year Interest expense Discounting of Gas Infrastructure Development Cess | 132,827 - (6,567) 1,600 - 127,861 | 138,267 20,537 (21,889) 9,054 (13,142) 132,827 |
| Less: current portion | (127,861) | (126,257) 6,571 |
| | | |

6.1.1This represents Gas Infrastructure Development Cess which is to be payable in 24 monthly equal installments. The Company has calculated its present value at borrowing cost of the Company and resultantant difference is charged to the profit or loss account.

6.2 Deferred grant

| Opening balance | 3,588 | 4,505 |
|-------------------------------|---------|---------|
| Impact of discounting of loan | - | 1,922 |
| Amortization of grant | (718) | (2,839) |
| Deferred grant outstanding | 2,870 | 3,588 |
| Less: Current portion | (2,870) | (2,870) |
| | - | 718 |

| Note 7 Current Portion of Non-Current Liabilities | September 30, 2021 (Un-audited) | September 30, 2020 (Un-audited) |
|---|---------------------------------------|---------------------------------------|
| | Rupees i | n thousand |
| Current portion of long term financing Current portion of deferred liability - GIDC Current portion of deferred grant | 96,831 127,861 2,870 227,562 | 98,825 126,257 2,870 227,952 |
| Note 8 Short Term Borrowings | September 30, 2021 (Un-audited) | September 30, 2020 (Un-audited) |
| | Rupees i | n thousand |
| From banking companies - Secured | | |
| Cash / packing finances | 492,870 | 350,863 |

8.1 The Company obtained various funded and unfunded financial facilities from different banks for a total sanctioned limit of Rs. 1,502 million (2021: Rs. 1,502 million) towards working capital requirements, retirement of local and foreign LCs and discounting of local bills / receivables. These facilities shall expire on various dates latest by January 31, 2022. Mark up on these facilities is charged from 1 to 6 months KIBOR plus a spread of 1% to 1.25% (2021: from 1 to 6 months KIBOR plus a spread of 1% to 1.25%) payable quarterly.

These facilities 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 guarantee of sponsoring directors of the Company. The above balance represents the utilized portion of the funded facilities, whereas the Company has also utilized Rs. 361.261 million (2021: Rs. Rs. 241.441 million) from its non-funded facilities. Unutilized amount of funded and unfunded facilities are Rs. 647.869 million (2021: Rs. 909.76 million).

| , | | |
|---|---------------------------------------|-------------------------------|
| Note 9 Contingencies and Commitments | September 30, 2021 (Un-audited) | June 30, 2021 (Audited) |
| | Rupees i | n thousand |
| 9.1 Contingencies | | |
| $9.1.1\mbox{The}$ Company has provided bank guarantees in favour of | following partic | es: |
| - Sui Northern Gas Pipelines Limited | 79,748 | 79,748 |
| - Lahore Electric Supply Company | 10,430 | 10,430 |
| Excise and Taxation Office | 21,400 | 19,400 |
| SBP Banking Services Corporation | 17,929 | 17,929 |
| | 129.507 | 127.507 |

9.1.2 The Company is contingently liable for Rs. 32.762 million (June 2021: Rs. 30.042 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.

9.2 Commitments

- The Company's outstanding commitments / contracts as at the reporting date are as under:

| Note 10 Property, Plant and Equipment | September 30, 2021 (Un-audited) | June 30, 2021 (Audited) |
|---|---------------------------------------|---|
| | Rupees i | in Million |
| Operating fixed assets | 2,391,109 | 2,415,859 |
| 10.1 Operating fixed assets | | |
| Opening written down value | 2,415,859 | 2,267,328 |
| Additions during the period / year (at cost) | 6,193 | 131,651 |
| Revaluation adjustment | - | (142,905) |
| | 2,422,052 | 2,256,074 |
| Disposals during the period / year (at written down | value) - | (13,073) |
| | 2,422,052 | 2,243,001 |
| Revaluation adjustment | - | 290,670 |
| Depreciation charged for the period / year | (30,943) | (117,812) |
| | 2,391,109 | 2,415,859 |

| | 1st Quartely Report September 30, 2021 | | |
|--|--|--|--|
| Note 11 Cost of Sales | | September 30, 2021 (Un-audited) | September 30, 2020 (Un-audited) |
| | | Rupees in thousand | |
| Raw materials consumed Stores and spares consumed Packing materials consumed | | 1,401,351 41,908 55,143 | 905,757 34,120 41,559 |
| Salaries, wages and other benefits Fuel and power Insurance | | 211,613 158,677 2,369 | 185,936 147,590 2,073 |
| Repairs and maintenance Other manufacturing expenses Depreciation | | 2,806 6,763 28,485 | 4,413 5,711 26,434 |
| Opening work in process Closing work in process | | 1,909,115 85,044 (84,505) 539 | 1,353,593 40,460 (40,175) 285 |
| Cost of goods manufactured | | 1,909,654 | 1,353,878 |
| Opening finished goods Closing finished goods | | 105,505 (256,270) (150,765) 1,758,889 | 131,528 (93,541) 37,987 |
| Note 12 | | 1,730,009 | 1,391,865 |

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:

Transactions with Related Parties

| Transaction during th | e period | | September 30, 2021 | September 30, 2020 |
|--------------------------------|---------------------|---|-----------------------|-----------------------|
| Related party | Relationship | Nature of Transaction | (Un-audited) | (Un-audited) |
| Related party | Relationship | Nature of Transaction | Rupees in | n thousand |
| Sargodha Jute Mills Limited | Associate 24.94% | Purchase of materials, goods and services | 211 | 174 |
| | | Sale of materials and goods | 112 | 82 |
| | | Rental income | 120 | |
| Texlinks International Inc | c. , USA | Sale of goods | 120 | 120 |
| | | | - | 30 |
| Note 13 Financial Risk Ma | nagomont | | | |

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, 2021.

Note 14 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 condensed interim financial statements (un-audited) relate to the Company's reportable segments. Entity-wide disclosures regarding reportable segments are as follows:

| 14.1 | Yarn | Socks | Total |
|--|---------------------------|-----------------------|--|
| | Rupees in thousand | | |
| Segment Results for the period ended September | r 30, 2021 | | |
| Revenue | 1,799,711 | 240,729 | 2,040,440 |
| Operating profit | 191,205 | 8,659 | 199,864 |
| Finance cost | (11,995) | (3,647) | (15,642) |
| Other operating expense Other income Share of net profit from associate Profit before taxation | | | (14,705) 5,338 24,718 199,573 |
| | | | |
| | Yarn | Socks | Total |
| | | Socks upees in thousa | |
| Segment Results for the period ended September | Ru | | |
| Segment Results for the period ended September Revenue | Ru | | |
| | r 30, 2020 | upees in thousa | nd |
| Revenue | Ror 30, 2020 1,395,810 | upees in thousa | 1,549,999 |

| | 1st Quarte | ly Report Septembe | r 30, 2021 |
|--|------------------|--------------------|------------|
| | Yarn | Socks | Total |
| | 1 | Rupees in thousan | d |
| 14.2 | | | |
| Segment financial position for the period en | nded September 3 | 30, 2021 | |
| Assets | | | |
| Property plant and equipment | 1,535,046 | 856,063 | 2,391,109 |
| Store and spares | 89,905 | 26,695 | 116,600 |
| Stock in trade | 817,634 | 165,685 | 983,319 |
| Trade Debts | 178,856 | 112,727 | 291,583 |
| Advances to suppliers | 27,924 | 17,598 | 45,522 |
| •• | 2,649,365 | 1,178,768 | 3,828,133 |
| Unallocated Assets | | | 00.105 |
| Investment property | | | 90,125 |
| Long term Investments | | | 616,923 |
| Long term deposits | | | 3,847 |
| Advances, trade deposits, prepayments and o | ther receivables | | 203,279 |
| Short term investments | | | 26,264 |
| Tax refunds due from the Government | | | 84,673 |
| Cash and bank balances | | | 123,380 |
| | | | 4,976,624 |
| Liabilities | | | |
| Long term financing | 57,144 | 288,709 | 345,853 |
| Trade creditors | 65,379 | 32,598 | 97,977 |
| Short term borrowings | 492,870 | - | 492,870 |
| Accrued mark up | 3,935 | 8,612 | 12,547 |
| | 619,327 | 329,920 | 949,247 |
| Unallocated liabilities | | | |
| Deferred tax liability - net | | | 290,695 |
| Deferred grant | | | 2,870 |
| Staff retirement benefit | | | 129,211 |
| Gas infrastructure development cess | | | 127,861 |
| Trade and other payables | | | 386,812 |
| Unclaimed dividends | | | 146 |
| Unpaid dividends | | | 199 |
| Provision for taxation - net | | | 124,357 |
| | | | 2,011,397 |

| | Yarn | Socks | Total |
|---|-------------------|----------------------|--------------------|
| | | Rupees in thousa | nd |
| Segment financial position for the year ende | d June 30, 2021 | | |
| Assets | | | |
| Property plant and equipment | 1,549,822 | 866,037 | 2,415,859 |
| Store and spares | 98,591 | 33,811 | 132,402 |
| Stock in trade | 566,683 | 134,041 | 700,724 |
| Trade Debts | 129,378 | 100,160 | 229,538 |
| Advances to supplier | 39,659 | 18,403 | 58,062 |
| | 2,384,133 | 1,152,452 | 3,536,585 |
| Unallocated Assets | | | |
| Investment property | | | 90,125 |
| Long term investments | | | 592,205 |
| Long term deposits | | | 3,847 |
| Advances, trade deposits, prepayments and oth | ner receivables | | 150,901 |
| Short term investments | | | 25,213 |
| Tax refunds due from the Government | | | 102,332 |
| Cash and bank balances | | | 147,749 |
| | | | 4,648,957 |
| Liabilities | 67.011 | 909 004 | 205 075 |
| Long term financing Trade creditors | 67,011 | 298,964 38.995 | 365,975 |
| Short term borrowings | 54,312 350,863 | 36,993 | 93,307 |
| Snort term borrowings Accrued mark | 10,530 | 9,381 | 350,863 19,911 |
| Accided mark | 482,716 | 347.340 | 830,056 |
| | | | |
| Unallocated liabilities | | | 000 000 |
| Deferred tax liability - net | | | 290,663 |
| Deferred grant | | | 3,588 |
| Staff retirement benefit Gas infrastructure development cess | | | 124,171 132,828 |
| Trade and other payables | | | 377,266 |
| Unclaimed dividends | | | 146 |
| Unpaid dividends | | | 140 |
| Provision for taxation - net | | | 99.590 |
| 100000011101 taxaa011 11Ct | | | 1,858,507 |
| | | | ,,,,,,,,,, |
| | S | eptember 30, 2021 | June 30, 2021 |
| | | Percentage | Percentage |
| | _ | (Un-audited) | (Audited) |
| 14.3 Information about products: | | | |
| Yarn | | 87.83% | 89.56% |
| Socks | | 11.13% | 9.41% |
| 14.4 Major customers: | | | |
| There is no individual customer to when the state of the | nom sales are 10% | 6 more than of | revenue. |
| | | | |
| 16 SHAHZAD TEYTH E MILLS LIMITED | | | |

14.5 Geographical Information:

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

Sentember 30 June 30

| | 2021 | 2021 | | |
|-------------------------|--------------|--------------------|--|--|
| | (Un-audited) | (Audited) | | |
| | Rupees in | Rupees in thousand | | |
| Pakistan | 1,781,096 | 1,399,455 | | |
| Europe | 144,256 | 78,895 | | |
| United State of America | 115,088 | 71,649 | | |
| | 2,040,440 | 1,549,999 | | |

Note 15 Authorization of Interim Financial Information

These condensed interim financial statements (un-audited) are approved and authorized for issuance by the Board of Directors of the Company on October 27, 2021.

Note 16 General

Comparative figures have been re-arranged, wherever necessary, to facilitate comparison. No significant re-arrangement has been made in these condensed interim financial statements (un-audited).

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

