

**FORM-8**

Date: 25-02-2022

**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, 2021**

Dear Sir,

We have to inform you that the Quarterly Report of the Company for the Half Year and Second Quarter Ended December 31, 2021 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



HALF YEARLY  
REPORT

DECEMBER 31,  
2021

Shahzad Textile Mills Limited



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



For the following activities

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



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Rossmore Business Park, Ellesmere Port, Cheshire, CH65 3EN, UK  
t +44 (0)151 350-6666 f +44 (0)151 350-6600 [www.sgs.com](http://www.sgs.com)



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**ISO 9001:2015**



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



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



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**BUREAU VERITAS**  
Certification



**SHAHZAD TEXTILE MILLS LTD**  
**(SOCKS DIVISION)**  
5 KM-KOT SALEEM LAHORE SHEIKHUPURA ROAD, SHEIKHUPURA-PAKISTAN  
*Bureau Veritas Certification Holding SAS –UK Branch certifies that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standards detailed below*

**ISO 45001:2018**

**MANUFACTURING OF SOCKS**

Original cycle start date: 16<sup>th</sup> March 2020

Expiry date of previous cycle: N/A


Certification /Recertification Audit date: 16<sup>th</sup> January 2020

Certification/ Recertification cycle start date: 16<sup>th</sup> March 2020

Subject to the continued satisfactory operation of the organization's Management System, this certificate expires on: 15<sup>th</sup> March 2023

Certificate No. MER20.165/UOH    Version : 01    Revision date: 16<sup>th</sup> March 2020





*Signed on behalf of BVGH SAS UK Branch*

Certification body address: 5th Floor, 66 Prescott Street, London E1 8HG, United Kingdom  
Bureau Veritas Pakistan (Private) Ltd- Office No. 09, Third Floor, Sardar Begum Plaza,  
Blue Area, Islamabad, Pakistan  
Further clarifications regarding the scope of this certificate and the applicability of the management system requirements may be obtained by consulting the organisation.  
To check this certificate validity please call: (+9251) 2347275-76-78

1/1

**BUREAU VERITAS**  
Certification



**SHAHZAD TEXTILE MILLS LTD**  
**(SOCKS DIVISION)**

**5 KM-KOT SALEEM LAHORE SHEIKHUPURA ROAD, SHEIKHUPURA-PAKISTAN**

*Bureau Veritas Certification Holding SAS –UK Branch certifies that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standards detailed below*

**ISO 14001:2015**

**MANUFACTURING OF SOCKS**

Original cycle start date: 16<sup>th</sup> March 2020  
Expiry date of previous cycle: N/A  
Certification /Recertification Audit date: 16<sup>th</sup> January 2020  
Certification/ Recertification cycle start date: 16<sup>th</sup> March 2020  
Subject to the continued satisfactory operation of the organization's Management System, this certificate expires on: **15<sup>th</sup> March 2023**

Certificate No. MER20.165/UE Version : 01 Revision date: 16<sup>th</sup> March 2020

**Signed on behalf of BVCH SAS UK Branch**



Certification body address: 5th Floor, 66 Prescott Street, London E1 8HG, United Kingdom  
Bureau Veritas Pakistan (Private) Ltd- Office No. 09, Third Floor, Sandar Begum Plaza,  
Blue Area, Islamabad, Pakistan  
Further clarifications regarding the scope of this certificate and the applicability of the management system requirements may be obtained by consulting the organisation.  
To check this certificate validity please call: (+9231) 2347275-76-78

1/1

**BUREAU VERITAS**  
Certification



**SHAHZAD TEXTILE MILLS LTD**  
**(SOCKS DIVISION)**  
**5 KM-KOT SALEEM LAHORE SHEIKHUPURA ROAD, SHEIKHUPURA-PAKISTAN**  
*Bureau Veritas Certification Holding SAS –UK Branch certifies that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standards detailed below*

**ISO 9001:2015**

**MANUFACTURING OF SOCKS**

Original cycle start date: 16<sup>th</sup> March 2020

Expiry date of previous cycle: N/A

Certification /Recertification Audit date: 16<sup>th</sup> January 2020

Certification/ Recertification cycle start date: 16<sup>th</sup> March 2020

Subject to the continued satisfactory operation of the organization's Management System, this certificate expires on: 15<sup>th</sup> March 2023

Certificate No. MER20.165/UQ    Version : 01    Revision date: 16<sup>th</sup> March 2020





**Signed on behalf of BVCH SAS UK Branch**

Certification body address: 5th Floor, 66 Prescott Street, London E1 8HQ, United Kingdom  
Bureau Veritas Pakistan (Private) Ltd- Office No. 03, Third Floor, Sander Begum Plaza,  
Blue Area, Islamabad, Pakistan  
Further clarifications regarding the scope of this certificate and the applicability of the management system requirements may be obtained by consulting the organisation.  
To check this certificate validity please call: (+9251) 2342275-76-78

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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. Nabeel Naveed

### Company Secretary

Syed Imran Haider

### 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 Hosiery Unit

34th KM Lahore Sheikhpura  
Road, Sheikhpura.

#### Unit # 2

7th KM Sheikhpura Faisalabad  
Road, Sheikhpura.

## Directors' Report

The directors of your company are pleased to present condensed interim financial information (reviewed by auditors) of the second quarter and Half year ended December 31, 2021.

The company's six-monthly profit after tax is Rs. 293.78 million which was Rs 123.01 million in the corresponding period of previous year. In current quarter this profit is Rs.117.89 million which was Rs 55.28 million in the corresponding period of last year. The turnover for current six months including export sales of yarn and socks has increased to Rs. 4.443 billion as compared to sales of Rs. 3.194 billion in corresponding period of last year.

Our product input cost kept increasing due to international and local inflation. Cotton prices touched highest level and rotating around Rs 20,000 per maund. The cotton crop target could not be achieved and creates a huge gap between consumption and growth. Furthermore, the quality of cotton crop is also deteriorating every year and put negative effects on production yield. The prices of Polyester and Viscose also exhibiting higher trend.

The Cost of energy also increased during the period under discussion as the Government has increased Gas tariff for export oriented textile industry from US\$ 6.50 per MMBTU to US\$ 9.00 per MMBTU.

Despite all these above stated business adversities, the company has presented marvelous results in the current period.

### FUTURE PROSPECTS

The business environment is getting affirmative in local and international market as the negative effects of Covid19 pandemic is diminishing by every passing day. The management has decided to expand the existing socks unit by adding new 60 knitting machines as demand of socks is expected to increase in the coming period. We are focusing to achieve best results by putting all our expertise and skills with untiring efforts.

Earning per share is Rs.16.35 in half year ended as compared to Rs. 6.85 per share in corresponding period of previous year.

The directors of our company take this opportunity to express their gratitude to all the stakeholder for their encouragement and support.

For and on behalf of the Board



**Irfan Aslam**  
Director

Lahore  
February 24, 2022



**Mr. Imran Aslam**

Chief Executive

## ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹران 31 دسمبر 2021 ختم ہونے والی ششماہی رپورٹ پر کمپنی کا مالیاتی جائزہ پیش کرنے میں دلی مسرت محسوس کرتے ہیں۔

کمپنی کا بعد از ٹیکس منافع 293.78 ملین روپے ہے جو کہ گزشتہ ششماہی میں یعنی 31 دسمبر 2020 میں 123.01 ملین روپے تھا۔ موجودہ سہ ماہی میں یہ منافع 117.89 ملین روپے ہے۔ جو کہ گزشتہ سہ ماہی میں یہ منافع 55.28 ملین روپے تھا۔ موجودہ ششماہی میں دھماگے کی فروخت اور جرابوں کی برآمدات میں گراں قدر اضافہ ہوا ہے جو کہ مجموعی طور پر 4.443 ملین روپے ہے جبکہ گزشتہ سال اسی مدت میں یہ فروخت 3.194 ملین روپے تھی۔

عالمی اور مقامی افراط زر کی وجہ سے ہمارے دھماگے کی قیمت مسلسل اضافہ ہو رہا ہے۔ کپاس کی قیمت بلند ترین مقام پر پہنچ گئی ہے اور 20,000 روپے من پر گھوم رہی ہے۔ کپاس کا اس سال کا پیداواری حدف پورا نہیں ہو سکا۔ نتیجتاً کپاس کی طلب اور رسد میں بہت بڑا فرق پیدا ہو گیا ہے۔ جو کہ درآمدی کپاس سے پورا کیا جا رہا ہے۔ ہماری کپاس کا معیار مسلسل ابتری کا شکار ہے جو کہ پیداواری محاصل پر اثر انداز ہو رہا ہے۔ پولیسٹر فائبر اور وکوس فائبر کی قیمتوں میں بھی بڑھوتری کا رجحان ہے۔ مندرجہ بالا تمام تر مسائل کے باوجود ہماری انتظامیہ نے اپنی انتھک محنت کی بناء پر اپنے حصہ داروں کے لئے بہترین مالی نتائج پیش کئے ہیں۔

توانائی کی قیمتوں میں بھی بہت زیادہ اضافہ ہوا ہے۔ کیونکہ حکومت نے گیس کے نرخ میں \$ 6.5 US\$ MMBTU سے 9.0 MMBTU US\$ اضافہ کر دیا ہے

## مستقبل کا نقطہ نظر

موجودہ کاروباری ماحول میں جبکہ عالمی و باء کرونا کے اثرات بتدریج کم ہو رہے ہیں بہت بہتری آئی ہے۔ ہماری انتظامیہ نے اپنے جرابوں کے پونٹ میں مزید وسعت دینے کا منصوبہ بنایا ہے۔ اور مزید 60 Kintting مشینیں لگانے کا سوچا ہے۔ انتظامیہ مشینوں میں اپنی تمام تر مہارت کو بروئے کار لاتے ہوئے انتھک محنت سے بہترین نتائج پیش کرے گی۔

اس ششماہی میں کمپنی کا فی شیئر منافع 16.35 روپے ہے۔ جبکہ پچھلے سال اسی مدت میں یہ منافع 6.85 روپے فی حصہ تھا۔

بورڈ کمپنی کے ایگزیکٹوز، افسران، کمپنی کے عملہ اور کارکنوں کی انتھک کوششوں کا شکر گزار ہے۔

برائے اور محکم بورڈ

عرفان اسلم  
ڈائریکٹر

عمران اسلم  
چیف ایگزیکٹو آفیسر

لاہور: مورخہ 24 فروری 2022ء

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SHAHZAD TEXTILE MILLS LIMITED

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **SHAHZAD TEXTILE MILLS LIMITED** ("the Company") as at December 31, 2021 and 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 condensed interim financial statements for the half year 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 condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the quarters ended December 31, 2020 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2021.

### 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 are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Amin Ali.



**CROWE HUSSAIN CHAUDHURY & CO.**  
Chartered Accountants

LAHORE  
Dated: February 24, 2022  
UDIN: RR202110051IFwk3YMcf

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

AS AT DECEMBER 31, 2021

		December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
	Note	—(Rupees in thousand)—	
<b>EQUITY AND LIABILITIES</b>			
Share Capital and Reserves			
Authorized capital:			
40,000,000 (June 30, 2021: 40,000,000)			
ordinary shares of Rs. 10 each		400,000	400,000
Issued, subscribed and paid up capital			
17,971,372 (June 30, 2021: 17,971,372)			
ordinary shares of Rs. 10 each		179,714	179,714
Reserves		2,034,770	1,730,238
Surplus on revaluation of property, plant and equipment		870,286	880,498
		3,084,770	2,790,450
<b>Non Current Liabilities</b>			
Long term financing	5	224,315	267,149
Staff retirement benefits		120,826	124,171
Deferred liabilities	6	286,049	297,952
		631,190	689,272
<b>Current Liabilities</b>			
Trade and other payables		665,982	470,573
Unclaimed dividend		146	146
Unpaid dividend		199	199
Accrued mark up		25,692	19,911
Current portion of non-current liabilities	7	215,877	227,952
Short term borrowings	8	912,408	350,863
Provision for taxation		77,134	99,590
		1,897,438	1,169,234
<b>Contingencies and Commitments</b>			
	9	-	-
		5,613,398	4,648,956
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	10	2,361,037	2,415,859
Investment property		90,898	90,125
Long term investment in associate		627,321	592,205
Long term deposits		3,847	3,847
		3,083,103	3,102,036
<b>Current Assets</b>			
Stores and spares		124,066	132,402
Stock in trade		1,291,688	700,723
Trade debts		522,026	229,538
Advances, trade deposits, prepayments and other receivables		248,474	208,963
Short term investments		25,210	25,213
Tax refunds due from the Government		142,858	102,333
Cash and bank balances		175,973	147,748
		2,530,295	1,546,920
		5,613,398	4,648,956

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements (un-audited).

  
 CHIEF EXECUTIVE OFFICER

  
 CHIEF FINANCIAL OFFICER

  
 DIRECTOR



**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021**

	Note	Half Year Ended		Quarter Ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		—(Rupees in thousand)—		—(Rupees in thousand)—	
Sales		4,443,928	3,194,728	2,403,488	1,644,729
Cost of sales	11	(3,869,394)	(2,907,306)	(2,110,505)	(1,515,441)
<b>Gross Profit</b>		574,534	287,422	292,983	129,288
Operating expenses:					
- Selling and distribution		(88,271)	(47,415)	(52,941)	(26,398)
- Administrative expenses		(97,049)	(97,029)	(50,692)	(52,146)
		(185,320)	(144,444)	(103,633)	(78,544)
<b>Operating Profit</b>		389,214	142,978	189,350	50,744
Finance cost		(39,374)	(31,991)	(23,732)	(24,886)
Other operating expenses		(29,624)	(9,943)	(14,919)	(3,299)
Other income		11,285	20,946	5,947	18,170
Share of net profit/(loss) of associate		35,117	8,114	10,399	(793)
		(22,596)	(12,874)	(22,305)	(10,808)
<b>Profit before taxation</b>		366,618	130,104	167,045	39,936
Taxation	12	(72,836)	(7,090)	(49,154)	15,349
<b>Net Profit for the Period</b>		293,782	123,014	117,891	55,285
<b>Earnings per Share - Basic</b>		16.35	6.85	6.56	3.08

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements (un-audited).

  
**CHIEF EXECUTIVE OFFICER**

  
**CHIEF FINANCIAL OFFICER**

  
**DIRECTOR**

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021**

	Half Year Ended		Quarter Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	---(Rupees in thousand)---		---(Rupees in thousand)---	
<b>Net Profit for the Period</b>	293,782	123,014	117,891	55,285
<b>Other Comprehensive Income for the Period</b>				
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
<b>Total Comprehensive Income for the Period</b>	293,782	123,014	117,891	55,285

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements (un-audited).

  
**CHIEF EXECUTIVE OFFICER**

  
**CHIEF FINANCIAL OFFICER**

  
**DIRECTOR**

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

Particulars	Share Capital	Share Premium Reserve	Un appropriated Profit	Surplus on Revaluation of Property, Plant and Equipment	Total Equity
—(Rupees in thousand)—					
<b>Balance as at June 30, 2020</b>	179,714	5,796	1,390,516	771,823	2,347,849
Net profit for the period	-	-	123,014	-	123,014
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	123,014	-	123,014
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period (net of deferred tax)	-	-	5,104	(5,104)	-
Surplus on revaluation of property, plant and equipment related to export	-	-	-	(3,049)	(3,049)
Share in incremental depreciation of revalued property, plant and equipment of associate (net of deferred tax)	-	-	1,784	-	1,784
<b>Balance as at December 31, 2020</b>	<u>179,714</u>	<u>5,796</u>	<u>1,520,418</u>	<u>763,670</u>	<u>2,469,598</u>
<b>Balance as at June 30, 2021</b>	179,714	5,796	1,724,442	880,498	2,790,450
Net profit for the period	-	-	293,782	-	293,782
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	293,782	-	293,782
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period (net of deferred tax)	-	-	9,296	(9,296)	-
Surplus realised on disposal revalued property, plant and equipment transferred to retained earning - net of deferred tax	-	-	1,454	(1,454)	-
Surplus on revaluation of property, plant and equipment related to export	-	-	-	538	538
<b>Balance as at December 31, 2021</b>	<u>179,714</u>	<u>5,796</u>	<u>2,028,974</u>	<u>870,286</u>	<u>3,084,770</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements (un-audited).

  
 CHIEF EXECUTIVE OFFICER

  
 CHIEF FINANCIAL OFFICER

  
 DIRECTOR

2nd Quarter & Half Year December 31, 2021

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Half Year Ended	
	December 31, 2021	December 31, 2020
	(Rupees in thousand)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	366,618	130,104
Adjustments for:		
- Depreciation	61,928	57,637
- Loss on disposal of property, plant and equipment	2,500	-
- Fair value gain on investment property	(773)	-
- Share of net profit of associate	(35,117)	(8,114)
- Finance cost	39,374	31,991
- Amortization of deferred grant	(2,137)	(2,358)
- Provision for workers' profit participation fund	19,742	6,992
- Provision for workers' welfare fund	6,963	2,602
- Surplus on revaluation of short term investments at fair value through profit or loss	-	(276)
- Provision for gratuity	28,052	26,552
- Exchange loss	320	249
- Discounting of deferred liability - GIDC	-	(13,142)
	120,852	102,133
<b>Operating Profit before Working Capital Changes</b>	487,470	232,237
(Increase) / decrease in current assets		
- Stores and spares	8,336	(2,150)
- Stock in trade	(590,965)	(212,008)
- Trade debts	(292,808)	(79,315)
- Advances, trade deposits, prepayments, and other receivables	(64,694)	(46,311)
- Tax refunds due from the Government	(56,599)	17,593
Increase in current liabilities		
- Trade and other payables	175,952	152,391
	(820,778)	(169,800)
<b>Net Cash (used in) / generated from Operations</b>	(333,308)	62,437
Income tax paid	(58,114)	(20,865)
Gratuity paid	(31,397)	(19,774)
Workers' (profit) participation fund paid	-	(3,552)
Workers' welfare fund paid	(8,776)	-
Repayment of GIDC	(13,133)	(8,756)
Finance cost paid	(27,117)	(30,826)
<b>Net Cash Used in Operating Activities</b>	(471,845)	(21,336)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment purchased	(17,611)	(87,884)
Proceeds from disposal of property, plant and equipment	8,006	-
Short term investments purchased	(13,493)	(8,062)
Encashment of short term investment	13,497	-
<b>Net Cash Used in Investing Activities</b>	(9,601)	(95,946)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term financing received	-	37,834
Repayment of long term financing	(51,875)	(6,920)
Short term borrowings - net	561,546	177,599
<b>Net Cash Generated from Financing Activities</b>	509,671	208,513
<b>Net Increase in Cash and Cash Equivalents</b>	28,225	91,230
Cash and cash equivalents at the beginning of the period	147,748	100,248
<b>Cash and Cash Equivalents at the End of the period</b>	175,973	191,478

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements (un-audited).

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

SHREE KANTILAL MILLS LIMITED

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

**FOR THE HALF YEAR ENDED DECEMBER 31, 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.

The 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 Statement of compliance**

**2.1.1** 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.

**2.1.2** These condensed interim financial statements comprise of the condensed interim statement of financial position of the Company, as at December 31, 2021 and 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 together with the notes forming part thereof.

**2.1.3** These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements for the year ended June 30, 2021.

**2.1.4** The comparative statement of financial position presented in these condensed interim financial statements has been extracted from the audited annual financial statements of the Company for the year ended June 30, 2021, whereas comparative 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 have been extracted from the un-audited condensed interim financial statements for the six months period ended December 31, 2020.



**2.1.5** These condensed interim financial statements are unaudited and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 ("the Act"); these are however, subject to limited scope review by external auditors as required by the Act and Code of Corporate Governance.

## **2.2 Functional and presentation currency**

These condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional currency.

Note 3

### **Judgments and Estimates**

The preparation of these condensed interim financial statements (un-audited) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Note 4

### **Significant Accounting Policies**

The company's accounting and financial risk management policies and methods of computation adopted in the preparation of these condensed interim financial statements (un-audited) are the same as those applied in the 'the preparation of preceding annual financial statements of the Company for the year ended June 30, 2021.

Note 5

### **Long Term Financing**

	Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
<b>Loan from banking companies - Secured</b>			
—(Rupees in thousand)—			
Long term financing	5.1	270,824	299,268
Loan obtained under SBP's refinance scheme	5.2	45,411	66,706
		316,235	365,974
Less: Current portion		(91,920)	(98,825)
		224,315	267,149

**5.1** These represent outstanding amounts of long term financing obtained from JS Bank Limited for enhancement / replacement of power generation facilities and from Habib Metropolitan Bank Limited for machinery of socks unit 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. Markup on these facilities is charged @ 5% representing SBP base rate of 2% and spread of 3% per annum, payable on calendar quarter basis.

**5.2** This represents borrowing obtained by the Company 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 and latest date of repayment of loan is October 2022. 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:

	December 31, 2021	June 30, 2021
	(Un-audited)	(Audited)
<b>Movement of the loan</b>		
Opening balance	66,706	51,387
Loan received under SBP refinance scheme	-	37,834
Discounting of loan	-	(1,922)
Winding of loan	2,137	2,839
Repayments	(23,432)	(23,432)
	<u>45,411</u>	<u>66,706</u>
Note 6	<b>December</b>	<b>June</b>
<b>Deferred Liabilities</b>	<b>31, 2021</b>	<b>30, 2021</b>
	(Un-audited)	(Audited)
	---(Rupees in thousand)---	
Deferred tax liability - net	286,049	290,664
Gas infrastructure development cess (GIDC)	-	6,571
Deferred grant	-	718
	<u>286,049</u>	<u>297,953</u>
<b>6.1 Gas Infrastructure Development Cess</b>		
Opening balance	132,827	138,267
Expense during the year	-	20,537
Payments made during the year	(13,133)	(21,889)
Interest expense	2,812	9,054
Discounting of Gas Infrastructure Development Cess	-	(13,142)
	<u>122,506</u>	<u>132,827</u>
Less: current portion	<u>(122,506)</u>	<u>(126,257)</u>
	<u>-</u>	<u>6,570</u>
<b>6.1.1</b>	This represents Gas Infrastructure Development Cess which is repayable in 24 equal monthly installments. The Company has calculated its present value at borrowing cost of the Company and resultant difference was charged to the profit or loss.	
<b>6.2 Deferred grant</b>		
Opening balance	3,588	4,505
Impact of discounting of loan	-	1,922
Amortization of grant	(2,136)	(2,839)
Deferred grant outstanding	1,452	3,588
Less: Current portion	<u>(1,452)</u>	<u>(2,870)</u>
	<u>-</u>	<u>718</u>
Note 7	<b>December</b>	<b>June</b>
<b>Current Portion of Non-Current Liabilities</b>	<b>31, 2021</b>	<b>30, 2021</b>
	(Un-audited)	(Audited)
Current portion of long term financing	91,920	98,825
Current portion of deferred liability - GIDC	122,506	126,257
Current portion of deferred grant	1,451	2,870
	<u>215,877</u>	<u>227,952</u>
Note 8	<b>December</b>	<b>June</b>
<b>Short Term Borrowings</b>	<b>31, 2021</b>	<b>30, 2021</b>
	(Un-audited)	(Audited)
	---(Rupees in thousand)---	
<b>From banking companies - Secured</b>		
Cash / packing finances	8.1 <u>912,408</u>	<u>350,863</u>

- 8.1** The Company obtained various funded and unfunded financial facilities from different banks for a total sanctioned limit of Rs. 1,802 million ((June 30, June 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% (June 30, 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. 346.067 million ((June 30, 2021: Rs. Rs. 244.373 million) from its non-funded facilities. Unutilized amount of funded and unfunded facilities are Rs. 543.524 million (June 30, 2021: Rs. 909.76 million).

Note 9		December 31, 2021	June 30, 2021
<b>Contingencies and Commitments</b>		(Un-audited)	(Audited)
		---(Rupees in thousand)---	
<b>9.1</b>	<b>Contingencies</b>		
<b>9.1.1</b>	The Company has provided bank guarantees in favour of following parties:		
	- 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
	8.1	129,507	127,507

- 9.1.2** The Company is contingently liable for Rs. 34,329 million (June 2021: Rs. 30,650 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:

Letters of credit	216,560	116,865
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Note 10		December 31, 2021	June 30, 2021
<b>Property, Plant and Equipment</b>		(Un-audited)	(Audited)
		---(Rupees in thousand)---	
	Note		
Operating fixed assets	10.1	2,355,650	2,415,859
Capital work in progress		5,387	-
		2,361,037	2,415,859
<b>10.1 Operating fixed assets</b>			
Opening written down value		2,415,859	2,267,328
Additions during the period / year (at cost)		12,224	131,651
Revaluation adjustment		-	(142,905)
		2,428,083	2,256,074
Disposals during the period / year (at written down value)		(10,505)	(13,073)
		2,417,578	2,243,001
Revaluation adjustment		-	290,670
Depreciation charged for the period / year		(61,928)	(117,812)
		2,355,650	2,415,859

Note 11 Cost of Sales	Half Year Ended		Quarter Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Un-audited)			
	(Rupees in thousand)			
Raw materials consumed	2,895,571	1,941,278	1,494,220	1,035,521
Stores and spares consumed	83,363	78,102	41,455	43,982
Packing materials consumed	105,241	81,494	50,098	39,935
Salaries, wages and other benefits	395,168	338,401	183,555	152,465
Fuel and power	346,263	320,657	187,586	173,067
Insurance	6,304	3,806	3,935	1,732
Repairs and maintenance	5,292	10,862	2,486	6,449
Other manufacturing expenses	11,846	15,954	5,083	10,243
Depreciation	57,004	52,558	28,519	26,124
	3,906,052	2,843,111	1,996,937	1,489,518
Opening work in process	85,044	40,460	84,505	40,175
Closing work in process	(78,256)	(74,030)	(78,256)	(74,030)
	6,788	(33,570)	6,249	(33,855)
Cost of goods manufactured	3,912,840	2,809,541	2,003,186	1,455,663
Opening finished goods	105,505	131,528	256,270	93,541
Closing finished goods	(148,951)	(33,763)	(148,951)	(33,763)
	(43,446)	97,765	107,319	59,778
	3,869,394	2,907,306	2,110,505	1,515,441

Note 12 Taxation	Half Year Ended		Quarter Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Un-audited)			
	(Rupees in thousand)			
Current:				
- Current period	76,913	46,181	53,231	23,742
- Prior years	-	4,000	-	4,000
- Tax credit utilized	-	(49,582)	-	(49,582)
	76,913	599	53,231	(21,840)
Deferred tax	(4,077)	6,491	(4,077)	6,491
	72,836	7,090	49,154	(15,349)

## Note 13

## 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			December 31, 2021	December 31, 2020
Related party	Relationship	Nature of Transaction	(Un-audited)	(Un-audited)
(Rupees in thousand)				
Sargodha Jute Mills Limited	Associate 24.94%	Purchase of materials, goods and services	435	260
		Sale of materials, goods	303	207
		Rental Income	240	240
Texlinks International Inc, USA		Sales of good	-	30

## Note 14

**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, 2021.

## Note 15

**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:

	Yarn	Socks	Total
	—(Rupees in thousand)—		
<b>15.1</b>			
<b>Segment Results for the half year ended December 31, 2021</b>			
Revenue	4,025,975	417,953	4,443,928
Operating profit	372,359	16,855	389,214
Finance cost	(32,344)	(7,030)	(39,374)
Other operating expense			(29,624)
Other income			11,285
Share of net profit from associate			35,117
Profit before taxation			366,618
	Yarn	Socks	Total
	—(Rupees in thousand)—		

<b>Segment Results for the period ended December 31, 2020</b>			
Revenue	2,872,270	322,458	3,194,728
Operating profit	128,830	14,148	142,978
Finance cost	(24,456)	(7,535)	(31,991)
Other operating expense			(9,943)
Other income			20,946
Share of net profit from associate			8,114
Profit before taxation			130,104

**15.2****Segment financial position for the period ended December 31, 2021****Assets**

Property plant and equipment	1,514,566	846,471	2,361,037
Store and spares	90,050	34,016	124,066
Stock in trade	1,149,491	142,197	1,291,688
Trade Debts	424,453	97,573	522,026
Advances to suppliers	75,703	13,321	89,024
	3,254,263	1,133,578	4,387,841



**Unallocated Assets**

Investment property	90,898
Long term Investments	627,321
Long term deposits	3,847
Advances, trade deposits, prepayments and other receivables	159,450
Short term investments	25,210
Tax refunds due from the Government	142,858
Cash and bank balances	175,973
	<u>5,613,398</u>

**Liabilities**

	Yarn	Socks	Total
—(Rupees in thousand)—			
Long term financing	48,871	267,364	316,235
Trade creditors	190,475	35,451	225,926
Short term borrowings	912,408	-	912,408
Accrued mark up	3,809	11,318	25,692
	<u>1,155,563</u>	<u>314,133</u>	<u>1,480,261</u>

**Unallocated liabilities**

Deferred tax liability - net	286,049
Deferred grant	1,451
Deferred liabilities - GIDC	122,506
Staff retirement benefit	120,826
Trade and other payables	440,056
Unclaimed dividends	146
Unpaid dividends	199
Provision for taxation - net	77,134
	<u>2,528,628</u>

**Segment financial position for the year ended 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	566,682	134,041	700,723
Trade Debts	129,378	100,160	229,538
Advances to supplier	39,659	18,403	58,062
	<u>2,384,132</u>	<u>1,152,452</u>	<u>3,536,584</u>

**Unallocated Assets**

Investment property	90,125
Long term investments	592,205
Long term deposits	3,847
Advances, trade deposits, prepayments and other receivables	150,901
Short term investments	25,213
Tax refunds due from the Government	102,333
Cash and bank balances	147,748
	<u>4,648,956</u>

**Liabilities**

	Yarn	Socks	Total
—(Rupees in thousand)—			
Long term financing	67,010	298,964	365,974
Trade creditors	54,312	38,995	93,307
Short term borrowings	350,863	-	350,863
Accrued mark	10,530	9,381	19,911
	<u>482,715</u>	<u>347,340</u>	<u>830,055</u>

	Yarn	Socks	Total
	—(Rupees in thousand)—		
<b>Unallocated liabilities</b>			
Deferred tax liability - net			290,664
Deferred grant			3,588
Gas infrastructure development cess			132,828
Staff retirement benefit			124,171
Trade and other payables			377,266
Unclaimed dividends			146
Unpaid dividends			199
Provision for taxation - net			99,590
			<u>1,858,507</u>
	<b>December 31, 2021</b>	<b>December 31, 2020</b>	
	(Un-audited)	(Un-audited)	
	—Percentage—		
<b>15.3 Information about products:</b>			
Yarn	90.50%	89.44%	
Socks	9.00%	10.00%	
<b>15.4 Major customers:</b>			
There is no individual customer to whom sales are more than 10% of revenue.			
<b>15.5 Geographical Information:</b>			
Company's revenue from external customers on the basis of geographical location is given as under:			
	<b>December 31, 2021</b>	<b>December 31, 2020</b>	
	(Un-audited)	(Un-audited)	
	—(Rupees in thousand)—		
Pakistan	3,698,824	2,879,678	
Europe	481,940	78,895	
United State of America	263,164	236,155	
	<u>4,443,928</u>	<u>3,194,728</u>	

Note 16

**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 **February 24, 2022**.

Note 17

**General**

Corresponding figures are rearranged for better presentation and comparison. Following re-arrangements have been made in these financial statements:

Nature	From	To	Amount Rupees in (000)
Statement of cash flows			
Repayment of GIDC	Trade and other payables	Repayment of GIDC	8,756


  
CHIEF EXECUTIVE OFFICER


  
CHIEF FINANCIAL OFFICER


  
DIRECTOR



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