



FEROZE1888 MILLS LTD

Manufacturers and Exporters of Specialized Yarn & Textile Products

Weaving a Better World®

Strength in Diversity, Success in Resilience

**Condensed Interim Financial Statements for the Nine Months Ended
March 31, 2024**



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Company Information

Board of Directors

Mr. Abdul Rehman Yaqub	Chairman
Mr. Shabbir Ahmed	Non-Executive Director
Mr. Khaleequr Rahman	Non-Executive Director
Mr. Perwez Ahmed	Non-Executive Director
Mr. Anas Rahman	Non-Executive Director
Mr. Temoor Ashraf Mukaty	Non-Executive Director
Mr. Zain Ashraf Mukaty	Non-Executive Director
Mr. Moin M. Fudda	Independent Director
Ms. Huma Pasha	Independent Director
Ms. Aminah Zahid Zaheer	Independent Director
Mr. Rehan Rahman	Chief Executive Officer

Board Audit Committee

Mr. Moin M. Fudda	Chairman
Mr. Khaleequr Rahman	Member
Mr. Temoor Ashraf Mukaty	Member
Ms. Aminah Zahid Zaheer	Member

Board HR & Remuneration Committee

Ms. Aminah Zahid Zaheer	Chairperson
Mr. Moin M. Fudda	Member
Mr. Zain Ashraf Mukaty	Member

Chief Financial Officer

Ms. Javeria Siddiqui

Company Secretary

Bankers

Bank Al Habib Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited
Standard Chartered Bank
Bank Alfalah Limited
Allied Bank Limited
BankIslami Pakistan Limited

External Auditors

EY Ford Rhodes,
Chartered Accountants Progressive
Plaza, Beaumont Road, Karachi.

Internal Auditors

A.F. Ferguson & Co. Chartered Accountants
State Life Building No. 1-C, I.I Chundrigar Road,
City Railway Colony Karachi.

Registered Office

Plot # H-23/4-A, Scheme # 3, Landhi
Industrial Area, Landhi, Karachi.

Office Building

K&N Centre, 2nd and 3rd Floors, 160
Banglore Town, Shahrah -e-Faisal,
Karachi

Factory Addresses

Sindh:

- H-23/4-A, H-23/4-B, H-23/4-B1 and H-23/3-II, Scheme No. 3, Landhi Industrial Area, Karachi
- Plot # B-4A, SITE, Karachi.
- Plot # A-5/D and A-5/D1, SITE, Karachi.
- Plot # C-3, SITE, Karachi.
- Plot # C-31 SITE, Karachi.
- Plot # F-89, SITE, Karachi.
- Plot # F-125, SITE, Karachi.
- Plot # F-342, SITE, Karachi.
- Plot # PL-15, North Karachi Industrial Area, Karachi.
- Plot # ST-03, North Karachi Industrial Area, Karachi.
- Plot # 342/A, Haroonabad, SITE, Karachi.
- Survey # 81, 242, 72 to 75, 165, 166, 171, 172, 176 to 181, 186 to 190, 156, 210, 211, 243, Deh Moachko, Tapo Gabopat, Keamari Town, Karachi.

Baluchistan:

Plot# D-12 to D-20, K-1 to K-3, M-34, M-30
(Survey 564) and M34 (Survey # 564, 84/1, 85, 86 & 89/1)
HITE, Hub, Lasbela,

Legal Advisor

Mohsin Tayebaly & Co.
1st Floor, Dime Centre Khayaban-e-Iqbal
Block 9, Clifton,
Karachi

Share Registrar / Transfer Agent

FAMCO Associates (Pvt.) Ltd
8-F, Next to Hotel Faran Nursery, Block-6,
Karachi.

Website

<http://www.feroze1888.com>

DIRECTORS' REPORT

We are pleased to present the performance review and the un-audited Financial Statements for the nine months ended 31 March 2024.

ECONOMIC OVERVIEW

Beginning of the fiscal year 2023-24 witnessed, to a larger extent, the global economic activity was surprisingly resilient. As global inflation descended from its mid-2022 peak, economic activity grew steadily, defying warnings of stagflation and global recession. Having said this, the geopolitical scenario still evolving over the conflict in the Middle East is going to weigh high on the economies across the globe.

The year 2023 for Pakistan, was no different than previous years - economic and political crises stemming from long-standing failure to undertake meaningful structural reforms. The economy has consistently lagged behind on the global scale, with the previous year marking one of its worst performances - the economy contracted and every macro fundamental was in red zone. Finally, entered into a nine months Stand-by Arrangement (SBA) with the IMF worth US\$3 billion at the end of June 2023. Arrangements with IMF, typically come with conditions such as fiscal austerity measures, structural reforms, and monetary tightening - intended to restore macroeconomic stability. However, these measures often lead to short-term pain, including higher inflation and increased poverty due to reduced government spending and withdrawal of subsidies.

After the formation of the new Federal government in Feb 2024, the Country has initiated discussions with the IMF over a new multi-billion-dollar loan agreement to support its economic reform program. The previous nine months loan agreement for US\$3 billion is near to end with staff level agreement reached for the release of the final US\$1.1 billion tranche.

Focus on rationality and the prioritization of addressing structural imbalances in the economy is the way forward in the face of formidable challenges posed by both local and global headwinds.

INDUSTRY OVERVIEW

Textile industry is the single largest contributor to Pakistan's foreign exchange earnings, accounting for over half of total exports and is perceived as the primary catalyst for the revitalization of the Country's economy, which is currently jolted by high cost of doing business – back-to-back unprecedented utility cost increases and ballooned financial charges. The situation is challenging and in case it persists it would exacerbate the Country's problems on the external account.

During this critical period, textile exports have not shown much improvement compared to the previous corresponding period. In fact, in dollar terms, they are down by 0.65% in Jul-Feb on year-on-year basis. During the period July'23-February'24, Pakistan earned US\$11.15 billion from textile and apparel exports, compared to exports of US\$11.22 billion in corresponding period last year. Among textiles, cotton yarn exports increased by 48.18% to US\$748.31 million as against exports of US\$505.02 million during the same period. Specifically, exports of towel went up by only 3.64% in dollar terms and were valued at \$690.75 million for July'23 to February'24.

REVIEW OF OPERATING RESULTS

A brief overview of performance of your Company for the nine months ended 31st March 2024 is stated below:

Statement of Profit or Loss for the nine months ended:

	March 2024	March 2023
	----- (Rupees in '000) -----	
Sales- net	52,875,372	42,259,458
Gross profit	9,390,224	9,418,076
Profit before taxation	1,210,398	8,149,525
Profit after taxation	465,418	7,681,828
EPS (Rs/Share)	1.17	19.23

The Company's profit after tax for the nine months has decreased by Rs.7,216 million i.e. by 94% in comparison with the corresponding period of last year in spite of increase in the Company's net sales revenue. The decrease in post-tax profits can largely be attributed to elevated finance and energy costs, compounded by foreign exchange loss in contrast of a gain in the corresponding period.

FUTURE OUTLOOK

Given the forecast of Pakistan's economy in 2024, it is imperative to place significant emphasis on economic reforms. It is crucial for the current administration to prioritize and execute strong economic policies by focusing on short and medium-term reforms.

FY2024 paints a complex picture for Pakistan, contrasting modest economic growth projections with a tapestry of challenges, including inflationary pressures, currency depreciation, and high levels of sovereign debt.

The situation is expected to remain inimical for the textile industry at large and for the Company as well in face of aggressive regional competition and country specific challenges. The focus is on high service delivery and maintaining close coordination with the customers along with efforts to remain cost competitive - to protect the current levels of business whilst to capitalize on the arising opportunities.

ACKNOWLEDGEMENT

We would like to place on record our profound gratitude to the shareholders, customers and business partners, whose continued cooperation and support have enabled the Company to strive to do better each day. We also like to acknowledge and thank all the employees of the Company for their dedicated efforts and persistence.

For and on behalf of the Board of Directors

Rehan Rehman
Chief Executive Officer

Aminah Zahid Zaheer
Director

Karachi
Date: April 29, 2024

ڈائریکٹرز رپورٹ

۳۱ مارچ ۲۰۲۳ کو ختم ہونے والے نو مہینوں کی کارکردگی کا جائزہ اور فیبر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے ہم آخذ مسرور ہیں۔

اقتصادی جائزہ

مالی سال ۲۰۲۳-۲۴ کی شروعات میں دنیا بھر کے معاشرہ معاشی حالات میں حیرت انگیز طور پر بہتری کی صورت حال دیکھنے میں آئی۔ ۲۰۲۳ کے وسط سے، جمہور اور عالمی کساد بازاری کی پیش گوئی کو غلط ثابت کرتے ہوئے، انفریڈ زربند ترین سطح سے نیچے آیا اور معاشی سرگرمیوں میں بتدریج اضافہ ہوا۔ تاہم، موجودہ حالات میں، مشرق وسطیٰ میں جاری تنازعات کے باعث جو جغرافیائی و سیاسی مظہر نامہ تشکیل پار رہا ہے، وہ پوری دنیا کی معیشتوں پر اثر انداز ہوگا۔

پاکستان کے لیے سال ۲۰۲۳ پچھلے سالوں سے مختلف نہیں تھا؛ انہی معاشی و سیاسی بحرانوں کا سامنا رہا جو بروقت اور مستحکم بنیادوں پر اصلاحات نہ ہونے کی بناء پر طویل عرصے سے درپیش ہیں۔ بالآخر، جون ۲۰۲۳ کے اقدام پر آئی ایم ایف کے ساتھ نومبر کے اسٹینڈ ہائے ارنجمنٹ (SBA) برائے ۳ بلین امریکی ڈالر کا معاہدہ تکمیل پایا۔ آئی ایم ایف کے معاہدات عموماً سخت مالی اور انتظامی اصلاحات کے ساتھ مشروط ہوتے ہیں، جن کا مقصد معیشت کو عمومی اور وسیع سطح پر مستحکم کرنا ہوتا ہے۔ تاہم ان شرائط کے نتیجے میں حکومت کی جانب سے اخراجات میں کمی اور سبسڈی کا اجراء نہ ہونے کے باعث مہنگائی اور غربت میں اضافہ ہوتا ہے، اور یوں یہ اقدامات کچھ عرصے کے لیے تکلیف اور پریشانی کا باعث بنتے ہیں۔

فروری ۲۰۲۳ میں نئی حکومت کی تشکیل کے بعد پاکستان نے اپنے اقتصادی اصلاحاتی پروگرام کی حمایت کے لیے آئی ایم ایف کے ساتھ ملٹی بلین ڈالر کے قرض کے نئے معاہدے پر بات چیت شروع کر دی ہے۔ گزشتہ نومبر کے لیے تین بلین ڈالر کے قرض کا معاہدہ ختم ہونے والا ہے، اور ۱۱ بلین ڈالر کی حتمی قسط کے اجراء کے لیے عملے کی سطح پر معاہدہ طے پا گیا ہے۔

معیشت میں استحکام لانے اور عدم توازن پر قابو پانے کے لیے ترجیحی بنیادوں پر جامع منصوبہ بندی اور ٹھوس اور عملی اقدامات کا نفاذ، ملٹی اور بین الاقوامی مشکلات کا سامنا کرنے کے لیے اس وقت کی اہم ضرورت ہیں۔

صنعتی جائزہ

ٹیکسٹائل کی صنعت پاکستان میں زرمبادلہ کے حصول کا سب سے بڑا ذریعہ ہے، جو کل برآمدات میں نصف سے زیادہ حصہ رکھتی ہے، اور جسے ملکی معیشت کی بحالی کے لیے انتہائی اہم مانا جاتا ہے۔ اس وقت یہی صنعت بڑھتی ہوئی کاروباری لاگت بشمول پمپٹنی اور مالیاتی حصول میں بے تماشہ اضافے کے باعث شدید مشکلات سے دوچار ہے۔ صورت حال خاصی مشکل ہے اور اگر یہ صورت حال قائم رہی تو بیرونی اکاؤنٹ کے حوالے سے ملکی مسائل میں اضافے کا باعث بنے گی۔

ان مشکل حالات میں ٹیکسٹائل کی برآمدات میں گزشتہ سال کے اسی عرصے کے مقابلے میں زیادہ بہتری نہیں آئی ہے۔ درحقیقت، ڈالر کے لحاظ سے، سال بہ سال کی بنیاد پر جولائی تا فروری میں ۶۵- فیصد کمی واقع ہوئی ہے۔ جولائی ۲۳ تا فروری ۲۳ کے دوران پاکستان نے ٹیکسٹائل اور ملبوسات کی برآمدات سے ۱۵- بلین امریکی ڈالر کمائے۔ جبکہ گزشتہ سال کی اس مدت میں ۳۳- بلین امریکی ڈالر کی برآمدات تھیں۔ ٹیکسٹائل میں سوتی دھاگے کی برآمدات ۱۸- ۳۸ فیصد سے بڑھ کر ۱۳- ۳۸ بلین امریکی ڈالر تک پہنچ گئیں، جب کہ اس مدت کے دوران ۰۳- ۲۵ بلین امریکی ڈالر کی برآمدات تھیں۔ خاص طور پر تولیے کی برآمدات میں ڈالر کے لحاظ سے صرف ۶۳- ۳۰ فیصد اضافہ ہوا، جب کہ جولائی ۲۳ سے فروری ۲۳ تک اس کی مالیت امریکی ڈالر ۷۰- ۶۹ بلین تھی۔

کارکردگی کا جائزہ

۳۱ مارچ ۲۰۲۳ کو ختم ہونے والی نو مہینوں کی کارکردگی کا مختصر جائزہ درج ذیل ہے:-

ختم ہونے والے نو ماہ کے لئے منافع یا نقصان کا بیان

	March 2024	March 2023
	----- (Rupees in '000) -----	
Sales- net	52,875,372	42,259,458
Gross profit	9,390,224	9,418,076
Profit before taxation	1,210,398	8,149,525
Profit after taxation	465,418	7,681,828
EPS (Rs/Share)	1.17	19.23

کمپنی کی خالص فروخت آمدنی میں اضافے کے باوجود نو ماہ کے لیے کمپنی کے بعد از ٹیکس منافع میں ۱۲۶ ملین روپے یعنی گزشتہ سال کی اسی مدت کے مقابلے میں ۹۳% واقع ہوئی ہے۔ بعد از ٹیکس منافع میں کمی کی بڑی وجہ مالیاتی اور توانائی کے بڑھتے ہوئے اخراجات کو قرار دیا جاسکتا ہے، جو کاسی مدت میں حاصل ہونے والے فائدے کے برعکس غیر ملکی رزمبادلہ کے نقصان کی وجہ سے ہے۔

مستقبل پر نظر

۲۰۲۳ میں پاکستانی معیشت کے آثار دیکھتے ہوئے معاشی اصلاحات پر خصوصی توجہ دینا ناگزیر ہے۔ حالیہ عام انتخابات کے بعد آنے والی انتظامیہ کے لیے مختصر اور درمیانی مدت کی اصلاحات پر توجہ مرکوز کرتے ہوئے مضبوط اقتصادی اصلاحات کا نفاذ اور ان پر عمل درآمد کرنا آخذ ضروری ہے۔

مالی سال ۲۰۲۳ پاکستان کے لیے ایک چیلیہ مہنگر نامہ پیش کرتا ہے، جس میں معتدل اقتصادی ترقی کے مقابلے میں مسائل کے انبار بشمول افراط زر کے دباؤ، روپے کی قدر میں کمی اور بیرونی قرضوں میں اضافہ شامل ہے۔

حالیہ صورتحال ٹیکسٹائل کی صنعت اور خود کمپنی کے لیے بھی بے حد مشکل ہے۔ ہماری بھرپور توجہ اس امر پر مرکوز ہے کہ صارفین کے ساتھ تعاون اور ہم آہنگی، مسابقتی قیمت اور خدمات کی اعلیٰ ترین سطح کو برقرار رکھتے ہوئے، کاروباری سرگرمیوں کو جاری و ساری رکھنے کے لیے ہر ممکن موقع سے بھرپور فائدہ اٹھایا جاسکے۔

اعتماد رکھو

ہم حصص یافتگان، صارفین اور کاروباری شراکت داروں کے انتہائی مشکور ہیں جن کے بھروسے اور مسلسل تعاون نے کمپنی کو مطلوبہ اور بہترین نتائج کے حصول کی کوششوں کو جاری رکھنے کا عزم دیا۔ ہم کمپنی کے تمام ملازمین کی بہترین اور بھرپور کوششوں کے لیے تہ دل سے مشکور ہیں۔

برائے اور مخائب بورڈ آف ڈائریکٹرز

ایم ڈاڈھیا
ڈائریکٹر

رعان رعان
چیف ایگزیکٹو آفیسر

کراچی

تاریخ ۱۲۹ اپریل ۲۰۲۳

Feroze1888 Mills Limited
Condensed Interim Statement of Financial Position
As at March 31, 2024

		Un-audited	Audited
		March 31,	June 30,
		2024	2023
	Note	----- (Rupees in '000) -----	
ASSETS			
Non-current assets			
Property, plant and equipment	4	35,459,764	33,939,059
Intangible assets		68,338	11,533
Long term deposits		179,036	87,024
		35,707,138	34,037,616
Current assets			
Store and spares		3,112,654	1,789,066
Stock-in-trade	5	17,206,365	15,449,584
Trade debts	6	16,425,703	14,389,491
Advances, deposits, prepayments and other receivables		4,682,687	6,222,042
Taxation - net		252,823	455,780
Short-term investments	7	-	4,362,587
Cash and bank balances		602,410	1,336,630
		42,282,642	44,005,180
Total assets		77,989,780	78,042,796
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 400,000,000 (June 30, 2023: 400,000,000) ordinary shares of		4,000,000	4,000,000
Issued, subscribed and paid-up capital		3,994,090	3,994,090
Capital reserves		2,115,146	2,115,146
Revaluation surplus on property, plant and equipment		3,010,172	3,010,172
Revenue reserve		24,485,140	27,566,474
		33,604,548	36,685,882
Liabilities			
Non-current liabilities			
Deferred liability		1,564,973	1,427,225
Long term financing	8	6,566,706	7,839,253
Provision for Gas Infrastructure Development Cess		-	1,334,357
Lease liabilities		226,143	455,578
		8,357,822	11,056,413
Current liabilities			
Trade and other payables	9	13,528,509	11,993,764
Short term borrowings	10	19,779,000	15,900,000
Accrued mark-up		624,781	670,983
Current portion of lease liabilities		290,335	240,380
Current portion of long term financing	8	1,802,369	1,493,196
Unclaimed dividend		2,417	2,178
		36,027,410	30,300,501
CONTINGENCIES AND COMMITMENTS	11		
Total equity and liabilities		77,989,780	78,042,796

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

Feroze1888 Mills Limited
Condensed Interim Statement of Profit or Loss (Un-audited)
For the nine months ended March 31, 2024

	Note	Nine Months ended		Quarter ended	
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
		----- (Rupees in '000) -----			
Sales - net		52,875,373	42,259,458	18,037,244	18,996,353
Cost of sales	12	(43,485,148)	(32,841,382)	(14,864,612)	(14,375,366)
Gross profit		9,390,225	9,418,076	3,172,632	4,620,987
Administrative cost		(1,005,846)	(765,784)	(329,380)	(292,535)
Distribution cost		(3,893,323)	(3,136,392)	(1,444,941)	(1,341,999)
Other expenses	13	(653,748)	(497,588)	(130,352)	(282,487)
		(5,552,917)	(4,399,764)	(1,904,673)	(1,917,021)
		3,837,308	5,018,312	1,267,959	2,703,966
Other income	14	197,417	4,423,043	6,664	2,917,759
Operating profit		4,034,725	9,441,355	1,274,623	5,621,725
Finance cost		(2,824,324)	(1,291,830)	(1,035,457)	(558,552)
Profit / (loss) before taxation		1,210,401	8,149,525	239,166	5,063,173
Taxation		(744,983)	(467,697)	(238,924)	(117,191)
Profit / (loss) after taxation		465,418	7,681,828	242	4,945,982
Earning / (loss) per share basic and diluted (Rupees)		1.17	19.23	0.00	12.38

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

Feroze1888 Mills Limited
Condensed Interim Statement of Comprehensive Income (Un-audited)
For the nine months ended March 31, 2024

	<u>Nine Months ended</u>		<u>Quarter ended</u>	
	<u>March 31,</u> <u>2024</u>	<u>March 31,</u> <u>2023</u>	<u>March 31,</u> <u>2024</u>	<u>March 31,</u> <u>2023</u>
	----- (Rupees in '000) -----			
Profit / (loss) after taxation	465,418	7,681,828	242	4,945,982
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	<u>465,418</u>	<u>7,681,828</u>	<u>242</u>	<u>4,945,982</u>

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

Feroze1888 Mills Limited
Condensed Interim Statement of Changes in Equity (Un-audited)
For the nine months ended March 31, 2024

Share capital	Capital reserve		Revaluation surplus on property, plant and equipment	Revenue reserve	Total	
	Amalgamation reserve	Share premium		Accumulated profit		
----- (Rupees '000) -----						
Balance as at June 30, 2022 (Audited)	3,994,090	543,413	1,571,733	3,010,172	20,813,916	29,933,324
Final cash dividend for the year ended June 30, 2022 @ Rs. 2.91 per share	-	-	-	-	(1,162,280)	(1,162,280)
Interim cash dividend for the year ending June 30, 2023 @ Rs. 2.05 per share	-	-	-	-	(818,789)	(818,789)
Net profit for the period	-	-	-	-	7,681,828	7,681,828
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period ended March 31, 2023	-	-	-	-	7,681,828	7,681,828
Balance as at March 31, 2023	3,994,090	543,413	1,571,733	3,010,172	26,514,675	35,634,083
Balance as at June 30, 2023 (Audited)	3,994,090	543,413	1,571,733	3,010,172	27,566,474	36,685,882
Final cash dividend for the year ended June 30, 2023 @ Rs. 8.88 per share	-	-	-	-	(3,546,752)	(3,546,752)
Net profit for the period	-	-	-	-	465,418	465,418
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period ended March 31, 2024	-	-	-	-	465,418	465,418
Balance as at March 31, 2024	3,994,090	543,413	1,571,733	3,010,172	24,485,140	33,604,548

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

Feroze1888 Mills Limited
Condensed Interim Statement of Cash Flows (Un-audited)
For the nine months ended March 31, 2024

	March 31, 2024	March 31, 2023
	------(Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,210,401	8,149,525
Adjustment for:		
Depreciation:		
- Operating fixed assets	1,979,481	1,648,990
- Right of use assets	185,995	166,432
Amortization	4,467	4,695
Write-off of property, plant and equipment	18,047	879
Finance cost	2,824,322	1,291,829
Provision for gratuity	289,901	181,539
Allowance for expected credit loss	(910)	38,473
Reversal of provision against doubtful advances	-	(1,461)
Provision for slow moving, obsolete stores and spares - net	11,146	17,347
Interest on bank deposit	(39,097)	(31,176)
Dividend income on open ended mutual fund units	(157,099)	(461,211)
Gain on disposal of property, plant and equipment - net	(311)	(7,148)
	5,115,942	2,849,188
(Increase) / decrease in current asset		
Stores and spares	(1,334,734)	(158,847)
Stock in trade	(1,756,781)	(6,439,618)
Trade debt	(2,035,302)	(6,236,832)
Advances, deposits, prepayments and other receivables	1,539,352	(3,854,916)
	(3,587,465)	(16,690,213)
Increase in current liability		
Trade and other payables	198,216	4,063,675
Net cash generated from / (used in) operations	2,937,094	(1,627,825)
Finance cost paid	(2,804,703)	(1,095,071)
Income tax paid	(542,026)	(787,013)
Gratuity paid	(69,979)	(81,662)
Long term deposits paid	(92,012)	(12,283)
Net cash used in operating activities	(571,626)	(3,603,854)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(3,779,403)	(6,610,819)
Proceeds from disposal of operating fixed assets	14,214	15,716
Short-term investments redeemed	4,519,686	8,626,545
Interest income received	39,097	31,176
Net cash generated from investing activities	793,594	2,062,618
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(3,546,513)	(1,980,822)
Principal portion of lease liabilities paid	(245,301)	(284,821)
Short term borrowings obtained – net	3,879,000	2,645,853
Long term finance (paid) / obtained – net	(1,043,374)	664,395
Net cash (used in) / generated from financing activities	(956,188)	1,044,605
Net decrease in cash and cash equivalent	(734,220)	(496,631)
Cash and cash equivalent at beginning of the period	1,336,630	1,529,044
Cash and cash equivalent at end of the period	602,410	1,032,413

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

Feroze1888 Mills Limited
Notes to the Condensed Interim Financial Statements (Un-audited)
For the nine months ended March 31, 2024

1 THE COMPANY AND ITS OPERATIONS

Feroze1888 Mills Limited (the Company) was incorporated in Pakistan as a Public Limited Company in October 1972. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in the production and export of specialized yarn and textile products. The registered office of the company is situated at H-23/4-A Scheme # 3, Landhi Industrial Area, Karachi.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements 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; and
- 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 requirement if IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2023.

2.2 ACCOUNTING POLICIES

The accounting policies and the methods of computation used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the Company's annual audited financial statements for the year ended June 30, 2023.

2.3 Adoption of amendments to accounting standards and framework for financial reporting effective during the period.

The Company has adopted the following amendments to International Financial Reporting Standards and framework for financial reporting which became effective for the current period:

- IAS 8 - Definition of Accounting Estimates (Amendments)
- IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies (Amendments)
- IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)
- IAS 12 - International Tax Reform—Pillar Two Model Rules (Amendments)

The above amendments are not expected to have any material impact on the Company's unconsolidated condensed interim financial statements in the period of initial application.

3 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements is in conformity with the approved accounting standards as applicable in Pakistan which requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

Estimates and judgments made by management in the preparation of these condensed interim financial statements are the same as those that were applied to the annual financial statements of the Company for the year ended June 30, 2023.

The Company follows the practice to conduct actuarial valuation as at year end. Hence the impact of re-measurement of staff retirement benefit fund has not been incorporated in these condensed interim financial statements.

	Note	(Un-audited)	(Audited)
		March 31, 2024	June 30, 2023
----- Rupees in '000 -----			
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	26,392,017	26,468,501
Capital work-in-progress	4.2	8,652,149	6,868,965
Right of use asset		415,598	601,593
		35,459,764	33,939,059
4.1 Operating fixed assets			
Balance at the beginning of the period / year		26,468,501	19,830,208
Addition / Surplus on revaluation	4.1.1	1,936,458	9,043,638
		28,404,959	28,873,846
Disposals / write-offs during the period / year - NBV	4.1.1	(33,459)	(16,116)
Depreciation charged during the period / year	4.1.2	(1,979,481)	(2,389,229)
		(2,012,940)	(2,405,345)
Balance at the end of the period / year		26,392,019	26,468,501

4.1.1 Details of addition and disposal are as follows:

	Additions (Cost)		Disposal / write-offs (NBV)	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	March 31, 2024	June 30, 2023	March 31, 2024	June 30, 2023
----- Rupees in '000 -----				
Land - Freehold	-	-	-	-
Land - Leasehold	42,665	34,564	-	-
Building on leasehold land	1,206,012	3,820,581	-	-
Lease hold Improvement	-	1,767	-	-
Plant and machinery	574,832	4,665,303	(27,946)	(7,239)
Electric fittings / equipments	16,947	344,735	(500)	(24)
Office equipments	31,433	70,366	(2,028)	(577)
Computers	34,524	35,561	(439)	(531)
Furniture and fixtures	14,827	37,578	(859)	(87)
Vehicles	15,218	33,183	(1,688)	(7,658)
	1,936,458	9,043,638	(33,459)	(16,116)

4.1.2 Depreciation on operating fixed assets for the period amounted to Rs. 1,979.5 million (March 31, 2023: Rs. 1,648.9 million).

	(Un-audited)	(Audited)
	March 31, 2024	June 30, 2023
----- Rupees in '000 -----		
4.2 Capital work-in-progress		
Balance at the beginning of the period / year	6,800,169	7,366,331
Addition during the period / year	3,173,343	8,063,952
	9,973,512	15,430,283
Transferred to operating fixed assets / expenses	(1,424,630)	(8,630,114)
	8,548,882	6,800,169
Advance against fixed assets	34,172	44,867
Stand-by equipments	69,095	23,929
Balance at the end of the period / year	8,652,149	6,868,965

	Note	(Un-audited)	(Audited)
		March 31, 2024	June 30, 2023
		----- Rupees in '000 -----	
5 STOCK-IN-TRADE			
Raw material in:			
- hand	5.1	8,345,709	7,903,120
- transit		<u>59,874</u>	<u>286,317</u>
		8,405,583	8,189,437
Work-in-progress	5.2	4,683,665	4,172,233
Finished goods	5.3	4,117,117	3,087,914
		<u>17,206,365</u>	<u>15,449,584</u>

5.1 Includes items costing Rs. 36.95 million (June 30, 2023: Rs. 24.86 million) which have been valued at their net realizable value of Rs. 15.32 million (June 30, 2023: Rs. 9.25 million).

5.2 Includes items costing Rs. 70.30 million (June 30, 2023: Rs. 31.51 million) held at WIP stores which have been valued at their net realizable value of Rs. 31.60 million (June 30, 2023: Rs. 13.64 million).

5.3 Includes items costing Rs. 1,781.86 million (June 30, 2023: Rs.1,236.26 million) which have been valued at their net realizable value of Rs. 1,141.19 million (June 30, 2023: Rs. 859.14 million).

	Note	(Un-audited)	(Audited)
		March 31, 2024	June 30, 2023
		----- Rupees in '000 -----	
6 TRADE DEBTS			
Exports			
Considered good	6.1	16,225,478	14,289,516
Considered doubtful		<u>68,381</u>	<u>69,289</u>
		16,293,859	14,358,805
Allowance for expected credit loss		<u>(68,381)</u>	<u>(69,289)</u>
		16,225,478	14,289,516
Local			
Considered good		<u>200,225</u>	<u>99,975</u>
		16,425,703	14,389,491

6.1 This include an amount of Rs. 1,536.52 million (June 30, 2023: 1,122.35 million) due from 1888 Mills LLC.

7 SHORT TERM INVESTMENTS

The Company held investments in Open Ended Shariah Compliant mutual funds which were fully matured during the period. As of reporting date, the Company holds Nil units (June 30, 2023: 67.86 million units) of various Open Ended Shariah Compliant mutual funds.

8 LONG TERM FINANCING

8.1 Represent financing facilities obtained from various conventional and Islamic banks for import of machinery under LTFF Scheme by State Bank of Pakistan (SBP) repayable in four, five, six and eight years through semi-annually and quarterly installments latest by October 2032. These carry mark-up at the SBP rate plus spread ranging from 0.45% to 1% (June 30, 2023: 0.45% to 1%) per annum. These facilities are secured against specific charge on plant and machinery of the Company.

8.2 Represent financing facilities obtained from various conventional and Islamic banks for import of machinery under TERF Scheme by SBP repayable in five, six and eight years through semi-annually and quarterly installments latest by September 2032 and has been recognized at present value discounted at the effective rate of interest. These carry mark-up at the SBP rate plus spread ranging from 0.75% to 1% (2023: 0.75% to 1%) per annum. The differential markup has been recognized as government grant which will be amortized over the period of facility. These facilities are secured against specific charge on plant and machinery of the Company.

8.3 Represent financing facilities obtained during the year from a conventional bank for SBP financing scheme for renewable energy (scheme) repayable in 16 equal half yearly installments and has been recognised at present value discounted at the effective rate of interest. These carry mark-up at the rate of SBP rate plus spread 0.50% per annum. These are secured against specific hypothecation charge over related plant and machinery of the Company. As of December 31, 2023, unutilized portion for this facility is Rs. 385 million (June 30, 2023: Rs. 540 million).

	Note	(Un-audited)	(Audited)
		March 31, 2024	June 30, 2023
----- Rupees in '000 -----			
9	TRADE AND OTHER PAYABLES		
	Creditors	5,977,274	5,539,714
	Accrued liabilities	5,657,611	5,499,435
	Workers' Profits Participation Fund	25,360	450,751
	Workers' Welfare Fund	42,610	46,540
	Contract liabilities	128,990	92,481
	Payable to provident fund	36,183	32,505
	Provision for Gas Infrastructure Development Cess	1,524,979	190,622
	Current portion of government grant	114,923	112,751
	Others	45,519	28,965
		<u>13,528,509</u>	<u>11,993,764</u>

10 SHORT TERM BORROWINGS

	Export re-finance		
	Conventional	10.1	14,629,000
	Islamic	10.2	5,000,000
	Finance against Packing Credit (FAPC)	10.3	150,000
			<u>19,779,000</u>
			<u>15,900,000</u>

10.1 These carry mark-up at the rates ranging from SBP Export refinance rate plus 0.50% to 1% (June 30, 2023: 0.25% to 1%) per annum. These are secured against first pari passu charge over stock-in-trade, receivables and other current assets of the Company.

10.2 These carry mark-up at SBP Export refinance rate plus 1% (June 30, 2023: SBP Export refinance rate plus 1%) per annum. These are secured against first pari passu charge over stock-in-trade, receivables and other current assets of the Company.

10.3 These carry mark-up at Kibor minus 1% per annum. These are secured against first pari passu charge over stock-in-trade, receivables and other current assets of the Company.

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

No contingencies exist as at the reporting date.

	Note	(Un-audited)	(Audited)
		March 31, 2024	June 30, 2023
----- Rupees in '000 -----			
11.2	Commitments		
	Outstanding letter of credit	2,293,468	2,552,186
	Outstanding letter of guarantee	2,657,492	2,113,825
	Capital expenditure & Stores and Spares	450,106	1,452,869
	Post dated cheques	11.2.1	17,934,988
			<u>19,587,716</u>

11.2.1 These represent the post dated cheques issued to Custom Authorities in respect of duties on imported items.

		(Un-audited) Nine Months ended		(Un-audited) Quarter Ended	
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
12	COST OF SALES	----- Rupees in '000 -----			
	Opening stock of finished goods	3,087,914	2,744,841	3,506,808	4,204,720
	Add: Cost of goods manufactured	44,514,351	32,515,147	15,474,920	12,589,252
		<u>47,602,265</u>	<u>35,259,988</u>	<u>18,981,728</u>	<u>16,793,972</u>
	Less: Closing stock of finished goods	<u>(4,117,117)</u>	<u>(2,418,606)</u>	<u>(4,117,117)</u>	<u>(2,418,606)</u>
		<u>43,485,148</u>	<u>32,841,382</u>	<u>14,864,611</u>	<u>14,375,366</u>

		(Un-audited) Nine Months ended		(Un-audited) Quarter Ended	
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
12.1	Cost of goods manufactured	----- Rupees in '000 -----			
	Raw material consumed	24,066,850	19,177,330	7,140,252	6,304,580
	Stores and spares consumed	5,780,165	4,435,081	1,935,501	1,695,122
	Salaries, wages and other benefits	7,165,525	5,210,025	2,500,297	1,965,466
	Fuel, power and water	5,366,547	2,548,153	2,176,957	945,037
	Insurance expense	63,164	54,239	18,959	26,039
	Repair and maintenance	194,197	100,816	69,838	37,450
	Communication and transportation	167,266	119,679	57,222	44,518
	Rent, rates and taxes	11,614	11,283	4,855	3,911
	Depreciation	2,078,955	1,736,862	709,859	620,458
	Amortization	4,467	4,695	1,478	1,510
	Quality control and inspection	110,601	78,876	46,646	37,169
	Other manufacturing expenses	16,432	11,882	1,443	5,960
		<u>45,025,783</u>	<u>33,488,921</u>	<u>14,663,307</u>	<u>11,687,220</u>
	Opening work-in-process	4,172,233	2,511,302	5,495,278	4,387,108
	Closing work-in-process	<u>(4,683,665)</u>	<u>(3,485,076)</u>	<u>(4,683,665)</u>	<u>(3,485,076)</u>
		<u>44,514,351</u>	<u>32,515,147</u>	<u>15,474,920</u>	<u>12,589,252</u>

12.1.1	Raw material consumed	----- Rupees in '000 -----			
	Opening stock	8,189,437	4,640,524	11,226,892	8,909,505
	Purchases during the period	24,282,996	24,969,409	4,318,943	7,827,679
		<u>32,472,433</u>	<u>29,609,933</u>	<u>15,545,835</u>	<u>16,737,184</u>
	Less: Closing stock	<u>(8,405,583)</u>	<u>(10,432,603)</u>	<u>(8,405,583)</u>	<u>(10,432,604)</u>
		<u>24,066,850</u>	<u>19,177,330</u>	<u>7,140,252</u>	<u>6,304,580</u>

12.1.2 This includes an amount of Rs. 107.33 million (March 31, 2023: Rs. 80.85 million) in respect of staff provident fund and Rs. 289.90 million in respect of staff gratuity fund (March 31, 2023: Rs. 181.54 million).

		(Un-audited) Nine Months ended		(Un-audited) Quarter Ended	
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
13	OTHER EXPENSES	----- Rupees in '000 -----			
	Property, plant and equipment - write-off	18,047	879	(1,510)	-
	Workers' profit participation fund	25,360	385,761	723	248,050
	Workers' Welfare Fund	41,785	33,392	14,227	15,008
	Allowance for expected credit loss	-	38,473	-	13,829
	Donations	18,977	17,331	6,057	4,635
	Auditors' remuneration	5,495	4,405	2,043	965
	Exchange differences on financial instruments	531,065	-	106,939	-
	Provision for slow moving, obsolete stores and spares - net	11,146	17,347	-	-
	Reversal against doubtful advances	1,873	-	1,873	-
		<u>653,748</u>	<u>497,588</u>	<u>128,479</u>	<u>282,487</u>

	(Un-audited)		(Un-audited)	
	Nine Months ended		Quarter Ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
14 OTHER INCOME	----- Rupees in '000 -----			
Gain on disposal of operating fixed asset - net	311	7,148	(3,329)	3,414
Interest on bank deposit and TDR	39,097	31,176	9,228	5,641
Dividend income on open ended mutual fund units	157,099	461,211	-	-
Exchange differences on financial instruments	-	3,922,047	-	2,908,704
Reversal of provision against doubtful advances	-	1,461	-	-
Reversal of expected credit loss	910	-	765	-
	197,417	4,423,043	6,664	2,917,759

15 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise associates, directors, major shareholders of the Company, key management personnel and staff provident fund and gratuity fund. Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these condensed interim financial statements are as follows:

	(Un-audited)		(Un-audited)	
	Nine Months ended		Quarter Ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Nature of transaction	----- Rupees in '000 -----			
<i>Transactions with associates</i>				
Sale of goods	4,909,291	2,240,880	1,466,125	860,061
Purchase of goods and services	14,526	7,231	4,549	3,621
Marketing fee	2,008,231	1,536,793	751,546	704,650
Lease rentals	189,832	247,583	65,375	58,469
Donation	3,000	1,500	-	-
<i>Transaction with directors</i>				
Meeting fee	16,522	8,600	3,680	3,460
<i>Transaction with key management personnel</i>				
Remuneration paid	89,191	61,598	27,310	19,912
Post-employment benefits	4,704	3,535	1,577	1,179
<i>Transaction with other related party</i>				
Contribution to staff provident fund	146,064	113,443	49,968	37,416
Contribution to staff gratuity fund	289,901	181,539	96,634	60,513

16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks. These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2023. There have been no change in any risk management policies since June 30, 2023.

17 FAIR VALUE OF ASSETS AND LIABILITIES

There were no transfers amongst level of fair value analysis of financial assets and liabilities during the period.

18 OPERATING SEGMENTS

- These condensed interim financial statements have been prepared on the basis of a single reportable segment.
- Revenue from export sales represents 97% (March 31, 2023: 97%) of the total gross revenue of the Company.
- All non-current assets of the Company as at March 31, 2024 and March 31, 2023 are located in Pakistan.
- Sales made by the Company to its two major customers during the period constituted 51% (March 31, 2023: 56%) of total sales volume.

19 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on April 29, 2024 by the Board of Directors of the Company.

20 GENERAL

- 20.1** Corresponding figures have been reclassified / rearranged wherever necessary for better presentation.
- 20.2** All figures have been rounded-off to the nearest thousand rupees, unless otherwise stated.

Chief Financial Officer

Chief Executive Officer

Director