



# FEROZE1888 MILLS LTD

*Manufacturers and Exporters of Specialized Yarn & Textile Products*

*Weaving a Better World®*

Condensed Interim Financial Statements for the Quarter Ended September 30, 2023

**Strength in Diversity,  
Success in Resilience**



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## Company Information

### Board of Directors

Mr. Abdul Rehman Yaqub  
Mr. Shabbir Ahmed  
Mr. Khaleequr Rahman  
Mr. Perwez Ahmed  
Mr. Zain Ashraf Mukaty  
Mr. Anas Rahman  
Mr. Temoor Ashraf Mukaty  
Mr. Moin M. Fudda  
Ms. Huma Pasha  
Ms. Aminah Zahid Zaheer  
Mr. Rehan Rahman

Chairman  
Non Executive Director  
Non Executive Director  
Non Executive Director  
Non Executive Director  
Non Executive Director  
Non Executive Director  
Independent Director  
Independent Director  
Independent Director  
Chief Executive Officer

### Board Audit Committee

Mr. Moin M. Fudda  
Mr. Khaleequr Rehman  
Mr. Temoor Ashraf Mukaty  
Ms. Aminah Zahid Zaheer

Chairman  
Member  
Member  
Member

### Board HR & Remuneration Committee

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

Chairperson  
Member  
Member

### Chief Financial Officer

Ms. Javeria Siddiqui

### Company Secretary

Mr. Mudassir Moten

### Bankers

Allied Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Bank Islami Pakistan Limited  
Faysal Bank Limited  
HBL Bank Limited  
Habib Metropolitan Bank Limited  
Meezan Bank Limited  
Standard Chartered Bank (Pakistan) Ltd

### 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

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

### Corporate Office

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

### Factory Addresses

#### Sindh:

Plot # H-23/4-A, H-23-/4-B, H-23/4-B1 and H-23/3-II,  
Scheme # 3, Landhi Industrial Area, Landhi, Karachi.  
Plot # A-5/D and A-5/D1, B-4/A, C-3, C-31, F-125, F-342  
& F-89, SITE, Karachi.  
Plot # 342/A, Haroonabad, SITE, Karachi  
Plot # PL-15 & ST-03 North Karachi Industrial  
Area, 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.

#### Balochistan

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

### 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,  
PECHS, Shahrah-e-Faisal, Karachi.

### Website

<http://www.feroze1888.com>

## **DIRECTORS' REPORT**

We are pleased to present the performance review and the un-audited Financial Statements for the three months ended September 2023.

### **ECONOMIC & INDUSTRY OVERVIEW**

Post nearly a stagnating economy in FY2023, it appears to be turning over a new leaf in FY2024. The IMF bailout in July allowed to avoid an impending default and helped in rebuilding foreign exchange reserves and unlock other multilateral funding.

The World Bank has revised downward Pakistan's GDP growth projection for the current fiscal year 2023-24 to 1.7 percent from a previous projection of 2 percent as the decline in economic activity reflects the accumulation of domestic and external shocks, domestic political uncertainty, tighter global financing, curb on imports and capital flows.

The Country is embarking on a tricky path to economic recovery. Inflation has consistently remained at elevated levels in double digits since last year. The rate accelerated to a high of 31.4% in September 2023 from 27.4% in the previous month, driven by high fuel and energy prices.

During the period, the Country earned US\$ 4.13 billion from textile and apparel exports, compared to exports of US\$ 4.58 billion in corresponding period last year. Specifically, exports of towel went up by 2.89% and were valued at US\$ 244.13 million during the period July-September 2023-24. On the other hand, the textile imports narrowed by 31.04 percent by falling from US\$ 972.97 million dollars during July to September of the 2022-23 fiscal year to 670.95 million dollars during the same period of the current fiscal year. Raw cotton imports went down by 67.76% year-on-year to US\$ 122.47 million on account of a normal crop season this year in contrast to a one devastated by floods, last summer.

### **REVIEW OF OPERATING RESULTS**

A brief overview of the performance of your Company for the three months ended 30th September 2023 is stated below:

#### **Statement of Profit or Loss for the three months ended:**

	September 2023	September 2022
	----- (Rupees in '000) -----	
Sales- net	17,698,959	9,013,750
Gross profit	3,704,727	2,005,786
Profit before taxation	1,282,588	1,963,423
Profit after taxation	1,005,911	1,767,294
EPS (Rs/Share)	2.52	4.42

The Company's profit after tax for the three months has decreased by Rs. 761,383 million i.e. by 43% in comparison with the corresponding period of the last year even though the net sales have increased during the period by Rs. 8,685 billion i.e. 96%. The major reason for amplified profit in corresponding period LY was net exchange gain of approx. Rs. 1 billion as compared to a slight net exchange loss in this period.

## **FUTURE OUTLOOK**

Economic growth is expected to remain sluggish and downside risks to the outlook to remain exceptionally high. Even with the IMF Stand by Arrangement (SBA), reserves are expected to remain low, necessitating continued import controls and constraining economic recovery. The agriculture sector is though expected to recover on the back of higher production of important crops, including cotton and rice.

At Feroze1888, we remain committed to work together earnestly in steering the Company towards the accomplishment of its objectives while ensuring value creation for the stakeholders.

## **ACKNOWLEDGEMENT**

We would like to take this opportunity to express our deep sense of gratitude to the shareholders, employees, customers and business partners for their cooperation, confidence and faith they have always reposed in the Company.

For and on behalf of the Board of Directors

**Rehan Rahman**  
Chief Executive Officer

**Abdul Rehman Yaqub**  
Chairman

**Karachi**  
**Date: October 30, 2023**

ستمبر 2023 کو ختم ہونے والی سہ ماہی کے دوران ہوئی کارکردگی کا جائزہ اور غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے ہم از حد مسرور ہیں۔

### اقتصادی اور صنعتی جائزہ

مالی سال 2023 میں جمود کا شکار معیشت سال 2024 میں ایک نیا موڑ لیتی نظر آ رہی ہے۔ جولائی کے مہینے میں آئی ایم ایف نے زرمبادلہ کے ذخائر کو استحکام دینے اور دیگر کثیر جہتی فنڈنگ کے حصول کی مدد میں معاونت فراہم کی، جس کی بدولت ممکنہ ناوہندگی سے بچنے کی راہ ہموار ہو سکی۔

عالمی اقتصادی بینک نے رواں مالی سال 2023-24 کے لیے پاکستان کی جی-ڈی-پی کی شرح نمو پانچ فیصد سے کم کر کے 1.7 فیصد کر دیا ہے۔ اس کی بنیادی وجہ اقتصادی سرگرمیوں میں کمی سے پچھلے والے اندرونی و بیرونی دھچکے، بشمول ملک کی غیر یقینی سیاسی صورتحال، سخت عالمی مالیاتی صورتحال، درآمدات پر پابندی اور سرمائے کے بہاؤ پر روک شامل ہیں۔

اس وقت ملک معاشی بحالی کے پیچیدہ راستے پر گامزن ہے۔ مہنگائی کی شرح دو ہرے ہندسوں کی حد تک پہنچنے کے پچھلے دو سال سے عروج پر ہے۔ یہ شرح ستمبر 2023 میں 31.4 فیصد کی بلند سطح پر پہنچ گئی جو اگست کے مہینے میں 27.4 فیصد پر تھی، جس کی وجہ ایندھن اور توانائی کی بلند قیمتیں تھیں۔

اس عرصے کے دوران ملک نے ٹیکسٹائل اور کپڑے کی درآمدات سے 4.13 بلین امریکی ڈالر کمائے، جب کہ گزشتہ سال کی اسی مدت میں یہ آمدنی 4.58 بلین امریکی ڈالر رہی تھی۔ خصوصاً، تیلے کی درآمدات میں 2.89 فیصد کا اضافہ ہوا، اور جولائی تا ستمبر 2023-24 کے دوران اس کی مالیت 244.13 بلین امریکی ڈالر رہی۔ دوسری جانب ٹیکسٹائل کی درآمدات 31.4 فیصد کم ہو کر مالی سال 2022-23، جولائی تا ستمبر میں 972.97 بلین ڈالر سے کم ہو کے رواں مالی سال کی اسی مدت میں 670.95 بلین ڈالر رہ گئیں۔ پچھلے سال سیلاب کی تباہ کاری کے مقابلے میں اس سال کپاس کی فصل معمول کے مطابق رہنے کی وجہ سے خام کپاس کی درآمدات سال بہ سال کی نسبت 67.76 فیصد کم ہو کر 122.47 بلین امریکی ڈالر رہیں۔

### آپریٹنگ نتائج کا جائزہ

30 ستمبر 2023 کو ختم ہونے والی سہ ماہی میں کمپنی کی کارکردگی کا مختصر جائزہ ذیل میں پیش کیا گیا ہے:

	September 2023	September 2022
----- (Rupees in '000) -----		
Sales - net	17,698,959	9,013,750
Gross Profit	3,704,727	2,005,786
Profit before taxation	1,282,588	1,963,423
Profit after taxation	1,005,911	1,767,294
EPS (Rs/Share)	2.52	4.42

کمپنی کے تین ماہ کے منافع میں بعد از ٹیکس 761,383 بلین، یعنی گزشتہ سال کی اسی مدت کے مقابلے میں 43 فیصد تک کمی واقع ہوئی ہے، اس کے ساتھ ساتھ اسی عرصے میں خالص فروخت میں 96 فیصد یعنی 8,685 بلین کا اضافہ ہوا ہے۔ گزشتہ سال اسی مدت کے دوران منافع میں اضافے کی وجہ تقریباً 1 بلین نیٹ ایکسچینج کا فائدہ رہا تھا، جس میں اس سال قدرے کمی واقع ہوئی۔

## مستقبل کا جائزہ

توقع ہے کہ معاشی نموست روی کا شکار رہے گی، اس کے ساتھ ساتھ عمومی منظر نامے پر اثر انداز ہونے والے منفی عوامل بھی عروج پر رہیں گے۔ IMF کے Standby Arrangement (SBA) کے باوجود رِمبادلہ کے ذخائر میں اضافے کی توقع نہیں کی جاسکتی، نتیجتاً درآمدات پر قابو اور معاشی بحالی کا عمل رُکاوٹ پذیر ہے۔ زراعت کے شعبے میں کپاس اور چاول سمیت اہم فصلوں کی زیادہ پیداوار سے بحالی کی توقع کی جاسکتی ہے۔

فیروز 1888 میں، ہم اپنے اسٹیک ہولڈر کی قدر کو یقینی بناتے ہوئے کمپنی کو اس کے مقاصد کی تکمیل کی طرف لے جانے کے لئے مل کر کام کرنے کے لئے پرعزم ہیں۔

## اظہارِ تشکر

ہم حصص یافتگان، ملازمین، اور کاروباری شراکت داروں کے ادارے پر بھرپور اعتماد، بھروسے اور تعاون کے لیے اُزحدہ مشکور ہیں۔

بورڈ آف ڈائریکٹرز کے لیے، اور، ان کی جانب سے

عبدالرحمان یعقوب  
چیئرمین

ریحان رحمان  
چیف ایگزیکٹو آفیسر

کراچی

بتاریخ: 30 اکتوبر 2023

**Feroze1888 Mills Limited**  
**Condensed Interim Statement of Financial Position**  
**As at September 30, 2023**

		<u>Un-audited</u>	<u>Audited</u>
		<u>September 30,</u>	<u>June 30,</u>
		<u>2023</u>	<u>2023</u>
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	<b>34,727,207</b>	33,939,059
Intangible assets		<b>21,492</b>	11,533
Long term deposits		<b>89,980</b>	87,024
		<b>34,838,679</b>	<b>34,037,616</b>
<b>Current assets</b>			
Store and spares		<b>2,277,964</b>	1,789,066
Stock-in-trade	5	<b>19,511,845</b>	15,449,584
Trade debts	6	<b>17,144,641</b>	14,389,492
Advances, deposits, prepayments and other receivables		<b>4,713,758</b>	6,222,042
Taxation - net		<b>352,081</b>	455,780
Short-term investments	7	<b>75,305</b>	4,362,587
Cash and bank balances		<b>711,393</b>	1,336,630
		<b>44,786,987</b>	<b>44,005,181</b>
<b>Total assets</b>		<b>79,625,666</b>	<b>78,042,797</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital		<b>4,000,000</b>	4,000,000
400,000,000 (June 30, 2023: 400,000,000) ordinary shares of Rs.10 each			
Issued, subscribed and paid-up capital		<b>3,994,090</b>	3,994,090
Capital reserves		<b>2,115,146</b>	2,115,146
Revaluation surplus on property, plant and equipment		<b>3,010,172</b>	3,010,172
Revenue reserve		<b>28,572,385</b>	27,566,474
		<b>37,691,793</b>	<b>36,685,882</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred liability		<b>1,498,071</b>	1,427,225
Long term financing	8	<b>7,352,487</b>	7,839,253
Provision for GIDC		<b>1,334,357</b>	1,334,357
Lease liabilities		<b>403,160</b>	455,578
		<b>10,588,075</b>	<b>11,056,413</b>
<b>Current liabilities</b>			
Trade and other payables	9	<b>11,915,822</b>	11,993,765
Short term borrowings	10	<b>17,076,089</b>	15,900,000
Accrued mark-up		<b>433,931</b>	670,983
Current portion of lease liabilities		<b>235,425</b>	240,380
Current portion of long term financing	8	<b>1,682,376</b>	1,493,196
Unclaimed dividend		<b>2,155</b>	2,178
		<b>31,345,798</b>	<b>30,300,502</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	11		
<b>Total equity and liabilities</b>		<b>79,625,666</b>	<b>78,042,797</b>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

Javeria Siddiqui  
Chief Financial Officer

Rehan Rahman  
Chief Executive Officer

Abdul Rehman Yaqub  
Chairman



**Feroze1888 Mills Limited**  
**Condensed Interim Statement of Profit or Loss (Un-audited)**  
**For the Quarter ended September 30, 2023**

	<b>Quarter Ended</b>	
	<b>September 30, 2023</b>	<b>September 30, 2022</b>
<b>Note</b>	<b>----- (Rupees in '000) -----</b>	
Sales - net	<b>17,698,959</b>	9,013,750
Cost of sales	<b>12 (13,994,232)</b>	(7,007,964)
<b>Gross profit</b>	<b>3,704,727</b>	2,005,786
Administrative cost	<b>(349,040)</b>	(218,208)
Distribution cost	<b>(1,292,543)</b>	(766,496)
Other expenses	<b>13 (144,042)</b>	(105,372)
	<b>(1,785,625)</b>	(1,090,076)
	<b>1,919,102</b>	915,710
Other income	<b>14 178,271</b>	1,338,391
<b>Operating profit</b>	<b>2,097,373</b>	2,254,101
Finance cost	<b>(814,785)</b>	(290,678)
<b>Profit before taxation</b>	<b>1,282,588</b>	1,963,423
Taxation	<b>(276,677)</b>	(196,129)
<b>Profit after taxation</b>	<b>1,005,911</b>	1,767,294
<b>Earning per share basic &amp; diluted (Rupees)</b>	<b>2.52</b>	4.42

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

Javeria Siddiqui  
**Chief Financial Officer**

Rehan Rahman  
**Chief Executive Officer**

Abdul Rehman Yaqub  
**Chairman**

**Feroze1888 Mills Limited**  
**Condensed Interim Statement of Comprehensive Income (Un-audited)**  
**For the Quarter ended September 30, 2023**

	Quarter Ended	
	September 30, 2023	September 30, 2022
	----- (Rupees in '000) -----	
<b>Profit after taxation</b>	<b>1,005,911</b>	1,767,294
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>1,005,911</b>	1,767,294

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

Javeria Siddiqui  
**Chief Financial Officer**

Rehan Rahman  
**Chief Executive Officer**

Abdul Rehman Yaqub  
**Chairman**

**Feroze1888 Mills Limited**  
**Condensed Interim Statement of Changes in Equity (Un-audited)**  
**For the Quarter ended September 30, 2023**

Share capital	Capital reserve		Revaluation surplus on property, plant and equipment	Revenue reserve	Total	
	Amalgamation reserve	Share premium		Accumulated profit		
----- (Rupees '000) -----						
<b>Balance as at June 30, 2022 (Audited)</b>	3,994,090	543,413	1,571,733	3,010,172	20,813,916	29,933,324
Net profit for the period	-	-	-	-	1,767,294	1,767,294
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period September 30, 2022	-	-	-	-	1,767,294	1,767,294
<b>Balance as at September 30, 2022</b>	<b>3,994,090</b>	<b>543,413</b>	<b>1,571,733</b>	<b>3,010,172</b>	<b>22,581,210</b>	<b>31,700,618</b>
<b>Balance as at June 30, 2023 (Audited)</b>	3,994,090	543,413	1,571,733	3,010,172	27,566,474	36,685,882
Net profit for the period	-	-	-	-	1,005,911	1,005,911
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period September 30, 2023	-	-	-	-	1,005,911	1,005,911
<b>Balance as at September 30, 2023</b>	<b>3,994,090</b>	<b>543,413</b>	<b>1,571,733</b>	<b>3,010,172</b>	<b>28,572,385</b>	<b>37,691,793</b>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

Javeria Siddiqui  
Chief Financial Officer

Rehan Rahman  
Chief Executive Officer

Abdul Rehman Yaqub  
Chairman

**Feroze1888 Mills Limited**  
**Condensed Interim Statement of Cash Flows (Un-audited)**  
**For the Quarter ended September 30, 2023**

	Quarter Ended	
	September 30, 2023	September 30, 2022
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	------(Rupees in '000)-----	
Profit before taxation	1,282,588	1,963,423
<b>Adjustment for:</b>		
Depreciation on operating fixed assets	634,274	520,162
Depreciation on right-of-use assets	62,006	55,477
Amortization	1,495	1,592
Finance cost	791,007	278,040
Interest on lease liabilities	23,778	12,638
Provision for gratuity	96,634	62,353
Allowance for expected credit loss	484	3,507
Interest on bank deposit	(17,553)	(15,248)
Dividend income on open ended mutual fund units	(156,809)	(293,157)
Gain on disposal of property, plant and equipment - net	(3,909)	(544)
	<b>1,431,407</b>	<b>624,820</b>
<b>(Increase) / decrease in current asset</b>		
Stores and spares	(488,898)	37,159
Stock in trade	(4,062,261)	(3,766,134)
Trade debt	(2,755,633)	3,188,688
Advances, deposits, prepayments and other receivables	1,508,284	(2,073,363)
	<b>(5,798,509)</b>	<b>(2,613,650)</b>
<b>(Decrease) / increase in current liability</b>		
Trade and other payables	(79,336)	947,250
<b>Net cash (used in) / generated from operations</b>	<b>(3,163,850)</b>	<b>921,843</b>
Finance cost paid	(1,051,837)	(251,051)
Income tax paid	(172,978)	(227,947)
Gratuity paid	(119)	(19,015)
Long term deposit	(2,956)	(87)
<b>Net cash (used in) / generated from operations activities</b>	<b>(4,391,739)</b>	<b>423,743</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(1,501,684)	(2,115,320)
Proceeds from disposal of operating fixed assets	9,714	2,718
Short-term investments encashed	4,444,091	643,974
Interest received on bank deposits	17,553	15,248
<b>Net cash generated from / (used in) investing activities</b>	<b>2,969,674</b>	<b>(1,453,380)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(23)	-
Lease liabilities paid	(57,373)	(133,887)
Short term borrowings obtained - net	1,176,089	923,997
Long term financing (paid) / obtained - net	(321,865)	495,730
<b>Net cash generated from financing activities</b>	<b>796,828</b>	<b>1,285,840</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(625,237)</b>	<b>256,203</b>
Cash and cash equivalents at beginning of the period	1,336,630	1,529,044
<b>Cash and cash equivalents at end of the period</b>	<b>711,393</b>	<b>1,785,247</b>

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The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

Javeria Siddiqui  
Chief Financial Officer

Rehan Rahman  
Chief Executive Officer

Abdul Rehman Yaquub  
Chairman

**Feroze1888 Mills Limited**  
**Notes to the Condensed Interim Financial Statements (Un-audited)**  
**For the Quarter ended September 30, 2023**

**1 THE COMPANY AND ITS OPERATIONS**

Feroze1888 Mills Limited (the Company) was incorporated in Pakistan as a Public Limited Company in October 1972 under the Companies Act, VII of 1913 (repealed with the enactment of the Companies Act, 2017). 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** 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 of 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 of IFRSs and the framework for financial reporting which became effective for the current period:

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

The adoption of the above amendments to accounting standards and framework did not have any effect on these condensed interim financial statements.

**3 ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

Estimates and judgements 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)
		September 30, 2023	June 30, 2023
<b>4 PROPERTY, PLANT AND EQUIPMENT</b>		----- Rupees in '000 -----	
Operating fixed assets	4.1	26,051,249	26,468,501
Capital work-in-progress	4.2	8,136,371	6,868,965
Right of use asset		539,587	601,593
		<b>34,727,207</b>	<b>33,939,059</b>

#### 4.1 Operating fixed assets

Balance at the beginning of the period / year		26,468,501	19,830,208
Addition during the period / year	4.1.1	222,828	9,043,638
		<b>26,691,329</b>	<b>28,873,846</b>
Disposals during the period / year - net book value (NBV)	4.1.1	(5,805)	(16,116)
Depreciation charged during the period / year		(634,274)	(2,389,229)
		<b>(640,079)</b>	<b>(2,405,345)</b>
Balance at the end of the period / year		<b>26,051,249</b>	<b>26,468,501</b>

#### 4.1.1 Details of addition and disposal are as follows:

	Additions (Cost)		Disposal (NBV)	
	(Un-audited) September 30, 2023	(Audited) June 30, 2023	(Un-audited) September 30, 2023	(Audited) June 30, 2023
	----- Rupees in '000 -----			
Land - Freehold	2,610	-	-	-
Land - Leasehold	-	34,564	-	-
Building on leasehold land	91,303	3,822,348	-	-
Plant and machinery	89,296	4,665,303	(4,692)	(7,239)
Electric fittings / equipments	-	344,735	-	(24)
Office equipments	21,042	70,366	(221)	(577)
Computers	7,467	35,561	-	(531)
Furniture and fixtures	303	37,578	-	(87)
Vehicles	10,807	33,183	(892)	(7,658)
	<b>222,828</b>	<b>9,043,638</b>	<b>(5,805)</b>	<b>(16,116)</b>

#### 4.1.2 Depreciation on operating fixed assets for the period amounted to Rs. 643.27 million (September 30, 2022: Rs.520.16 million).

	Note	(Un-audited)	(Audited)
		September 30, 2023	June 30, 2023
<b>4.2 Capital work-in-progress</b>		----- Rupees in '000 -----	
Balance at the beginning of the period / year		6,800,169	7,366,331
Addition during the period / year		784,987	8,063,952
		<b>7,585,156</b>	<b>15,430,283</b>
Transferred to operating fixed assets / expenses		(114,843)	(8,630,114)
		<b>7,470,313</b>	<b>6,800,169</b>
Advance given against purchase of fixed assets		499,931	44,867
Stand-by equipments		166,127	23,929
Balance at the end of the period / year		<b>8,136,371</b>	<b>6,868,965</b>

#### 5 STOCK-IN-TRADE

Raw material in			
-hand	5.1	11,337,011	7,903,120
-transit		263,982	286,317
		<b>11,600,993</b>	<b>8,189,437</b>
Work-in-progress	5.2	5,240,249	4,172,233
Finished goods	5.3	2,670,603	3,087,914
		<b>19,511,845</b>	<b>15,449,584</b>

	Note	(Un-audited)	(Audited)
		September 30, 2023	June 30, 2023
----- Rupees in '000 -----			
<b>6 TRADE DEBTS</b>			
<b>Exports</b>			
Considered good	6.1	17,019,501	14,289,518
Considered doubtful		69,773	69,290
		<u>17,089,274</u>	<u>14,358,808</u>
Allowance for expected credit loss	6.2	(69,773)	(69,290)
		<u>17,019,501</u>	<u>14,289,518</u>
<b>Local</b>			
Considered good		125,140	99,974
		<u>17,144,641</u>	<u>14,389,492</u>

6.1 This includes an amount of Rs. 1,668.95 million (June 30, 2023: Rs. 1,122.35 million) due from 1888 Mills LLC.

	(Un-audited)	(Audited)
	September 30, 2023	June 30, 2023
----- Rupees in '000 -----		
<b>6.2</b> Movement of allowance for expected credit loss is as follows:		
Balance at the beginning of the period / year	69,290	30,092
Charge for the period / year	483	39,198
Balance at the end of the period / year	<u>69,773</u>	<u>69,290</u>

## 7 SHORT TERM INVESTMENTS

Represents investments in Open Ended Shariah Compliant mutual funds. As of reporting date, the Company holds 0.90 million units (June 30, 2023: 67.86 million units) of various Open Ended Shariah Compliant mutual funds.

## 8 LONG TERM FINANCING

This represents Temporary Economic Refinance Facility (TERF), Long Term Finance Facility (LTFF) and SBP Financing Scheme for Renewable Energy, obtained from various commercial banks for import of plant and machinery and renewable energy. These carry mark-up at the rates ranging from SBP base rate plus 0.45% to 1% (June 30, 2022: 0.45% to 1%) per annum. These facilities are secured against specific charge on plant and machinery of the Company.

The principal portion of the loan is repayable in five, six and eight years through semi-annually / quarterly installments after grace period of one to two years. The unutilized portion of LTFF and SBP Financing Scheme for Renewable Energy are Rs. 899.28 million and Rs. 513 million respectively (June 30, 2023: Rs.899.28 million and 540 millions respectively). The undisbursed portion of TERF is Rs. 794 million (June 30, 2023: Rs.27.87 million).

	Note	(Un-audited)	(Audited)
		September 30, 2023	June 30, 2023
----- Rupees in '000 -----			
<b>9 TRADE AND OTHER PAYABLES</b>			
Creditors	9.1	5,879,919	5,539,715
Accrued liabilities		5,463,005	5,499,435
Workers' profits participation fund		50,994	450,751
Workers' welfare fund		60,513	46,540
Contract liabilities		65,114	92,481
Payable to provident fund		32,933	32,505
Current portion of Gas Infrastructure Development Cess		190,622	190,622
Current portion of government grant		114,139	112,751
Others		58,583	28,965
		<u>11,915,822</u>	<u>11,993,765</u>

9.1 This includes an amount of Rs. 1,355.65 million (June 30, 2023: Rs. 1,130.28 million) due to 1888 Mills LLC.

10	SHORT TERM BORROWINGS	Note	(Un-audited)	(Audited)
			September 30, 2023	June 30, 2023
----- Rupees in '000 -----				
	<b>Export re-finance</b>			
	Conventional	10.1	11,579,000	10,900,000
	Islamic	10.2	5,300,000	5,000,000
	Finance against Packing Credit (FAPC)	10.3	121,000	-
	Running Finance	10.4	76,089	-
			<u>17,076,089</u>	<u>15,900,000</u>

10.1 These carry mark-up at the rates ranging from SBP Export refinance rate plus 0.25% 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 plus 0.10% to 1% per annum. These are secured against first pari passu charge over stock-in-trade, receivables and other current assets of the Company.

10.4 These carry mark-up at Kibor plus 0.10% to 1.50% (June 30, 2023 Kibor plus 0.50% to 1.50%) 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.

11.2	Commitments	Note	(Un-audited)	(Audited)
			September 30, 2023	June 30, 2023
----- Rupees in '000 -----				
	Outstanding letter of credit		2,460,267	2,552,186
	Outstanding letter of guarantee		2,141,367	2,113,825
	Capital expenditure & Stores and Spares		1,049,611	1,452,869
	Post dated cheques	11.2.1	19,128,404	19,587,716

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

12	COST OF SALES	Note	Quarter Ended	
			September 30, 2023	September 30, 2022
----- Rupees in '000 -----				
	Opening stock of finished goods		3,087,914	2,744,841
	Add: Cost of goods manufactured	12.1	13,576,921	7,187,711
			16,664,835	9,932,552
	Less: Closing stock of finished goods		(2,670,603)	(2,924,588)
			<u>13,994,232</u>	<u>7,007,964</u>
----- Rupees in '000 -----				
12.1	<b>Cost of goods manufactured</b>			
	Raw material consumed	12.1.1	8,410,132	4,324,412
	Stores and spares consumed		1,713,580	1,021,426
	Salaries, wages and other benefits	12.1.2	2,375,763	1,405,350
	Fuel, power and water		1,350,310	676,080
	Insurance expense		15,352	24,408
	Repair and maintenance		27,678	19,293
	Communication and transportation		46,203	28,425
	Rent		4,796	425
	Depreciation		667,975	551,595
	Amortization		1,495	1,592
	Quality control and inspection		27,586	14,764
	Other manufacturing expenses		4,067	1,517
			<u>14,644,937</u>	<u>8,069,287</u>
	Opening work-in-process		4,172,233	2,511,302
	Closing work-in-process		(5,240,249)	(3,392,878)
			<u>13,576,921</u>	<u>7,187,711</u>



### 12.1.1 Raw material consumed

Opening stock	8,189,437	4,640,524
Purchases during the period	11,821,688	7,029,223
	<u>20,011,125</u>	<u>11,669,747</u>
Less: Closing stock	<u>(11,600,993)</u>	<u>(7,345,335)</u>
	<u><u>8,410,132</u></u>	<u><u>4,324,412</u></u>

12.1.2 This includes an amount of Rs. 33.52 million (September 30, 2022: Rs. 26.62 million) in respect of staff provident fund and Rs. 96.63 million in respect of staff gratuity fund (September 30, 2022: Rs.72.77 million).

### 13 OTHER EXPENSES

	Quarter Ended	
	September 30, 2023	September 30, 2022
	----- Rupees in '000 -----	
Exchange loss on financial instruments - net	69,271	-
Workers' profit participation fund	50,994	88,720
Workers' welfare fund	13,973	7,104
Allowance for expected credit loss	484	3,507
Donations	7,700	4,565
Auditors' remuneration	1,620	1,476
	<u>144,042</u>	<u>105,372</u>

### 14 OTHER INCOME

	Quarter Ended	
	September 30, 2023	September 30, 2022
	----- Rupees in '000 -----	
Gain on disposal of operating fixed asset - net	3,909	544
Interest on bank deposit	17,553	15,248
Dividend income on Shariah Compliant open ended mutual fund units	156,809	293,157
Exchange gain on financial instruments - net	-	1,029,442
	<u>178,271</u>	<u>1,338,391</u>

### 15 CASH AND CASH EQUIVALENTS

	Quarter Ended	
	September 30, 2023	September 30, 2022
	----- Rupees in '000 -----	
Cash and bank balances	711,393	1,785,247
	<u>711,393</u>	<u>1,785,247</u>

### 16 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise associates, directors, major shareholders of the Company, key management personnels and employees' retirement funds. 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:

Nature of transaction	Quarter ended	
	September 30, 2023	September 30, 2022
	----- Rupees in '000 -----	
<b><i>Transactions with associates</i></b>		
Sale of goods	<u>1,525,909</u>	<u>687,869</u>
Purchase of goods and services	<u>800</u>	<u>876</u>
Marketing fee	<u>665,596</u>	<u>289,899</u>
Lease rentals	<u>61,264</u>	<u>113,959</u>
Donation	<u>3,000</u>	<u>-</u>
<b><i>Transaction with directors</i></b>		
Meeting fee	<u>8,437</u>	<u>3,140</u>
<b><i>Transaction with key management personnel</i></b>		
Remuneration paid	<u>25,174</u>	<u>21,903</u>
Post-employment benefits	<u>1,269</u>	<u>1,177</u>
<b><i>Transaction with other related party</i></b>		
Contribution to staff provident fund	<u>45,490</u>	<u>38,215</u>
Contribution to staff gratuity fund	<u>96,634</u>	<u>62,353</u>

**17 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.

**18 FAIR VALUE OF ASSETS AND LIABILITIES**

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

**19 OPERATING SEGMENTS**

These condensed interim financial statements have been prepared on the basis of a single reportable segment.

- Revenue from export sales represents 98% (September 30, 2022: 98%) of the total gross revenue of the Company.
- All non-current assets of the Company as at September 30, 2023 and 2022 are located in Pakistan.
- Sales made by the Company to its two major customers during the period constituted 56% (September 30, 2022: 48%) of total quantities sold.

**20 DATE OF AUTHORISATION**

These condensed interim financial statements were authorised for issue on October 30, 2023 by the Board of Directors of the Company.

**21 GENERAL**

- 21.1** Corresponding figures have been reclassified / rearranged wherever necessary for better presentation. However, there are no material reclassification / rearrangement to report.
- 21.2** All figures have been rounded-off to the nearest thousand rupees, unless otherwise stated.

Javeria Siddiqui  
**Chief Financial Officer**

Rehan Rahman  
**Chief Executive Officer**

Abdul Rehman Yaqub  
**Chairman**



*Together Towards a Better Tomorrow*