

3rd QUARTERLY REPORT
MARCH 31, 2023



Shahzad Textile Mills Limited

Certificate PK05/00526

The management system of

Shahzad Textile Mills Limited

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

has been assessed and certified as meeting the requirements of

ISO 9001:2015

For the following activities

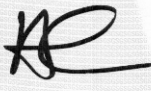
Manufacturing and Export of 100% Cotton, Blended, Pure Synthetic, Combed, carded and double yarn.

This certificate is valid from 10 October 2020 until 15 August 2023 and remains valid subject to satisfactory surveillance audits. Recertification audit due a minimum of 60 days before the expiration date. Issue 1. Certified since 16 August 2005

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

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







Authorised by



SGS United Kingdom Ltd
Rossmore Business Park, Ellesmere Port, Cheshire, CH65 3EN, UK
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Certificate PK05/00526, continued



Shahzad Textile Mills Limited

ISO 9001:2015

Issue 1

Detailed scope



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

Additional facilities

Site 01: 34th km, Sheikhpura Road, Sheikhpura, Pakistan.

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



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CERTIFICATE



**Management system as per
ISO 45001:2018**

In accordance with TÜV AUSTRIA CERT procedures, it is hereby certified that

Shahzad Textile Mills Limited (Socks Division)

34 – KM, Lahore – Sheikhpura Road, Sheikhpura, Pakistan.

applies a management system in line with the above standard for the following scope

Manufacturing of Socks

Certificate Registration No. 20116233016371

Valid until 2026-03-15
Initial certification: 2020-03-16

Certification Body
at TÜV AUSTRIA CERT GMBH

Vienna, 2023-03-17

This certification was conducted in accordance with TÜV AUSTRIA CERT auditing and certification procedures and is subject to regular surveillance audits.
TÜV AUSTRIA CERT GMBH Deutschstraße 10 A-1230 Wien www.tuv.at



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CERTIFICATE



Management system as per EN ISO 14001:2015

In accordance with TÜV AUSTRIA CERT procedures, it is hereby certified that

Shahzad Textile Mills Limited (Socks Division)

34 – KM, Lahore – Sheikhpura Road, Sheikhpura, Pakistan.

applies a management system in line with the above standard for the following scope

Manufacturing of Socks

Certificate Registration No. 20104233016370

Valid until 2026-03-15
Initial certification: 2020-03-16

Certification Body
at TÜV AUSTRIA CERT GMBH

Vienna, 2023-03-17

This certification was conducted in accordance with TÜV AUSTRIA CERT auditing and certification procedures and is subject to regular surveillance audits.
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CERTIFICATE



**Management system as per
EN ISO 9001:2015**

In accordance with TÜV AUSTRIA CERT procedures, it is hereby certified that

Shahzad Textile Mills Limited (Socks Division)

34 – KM, Lahore – Sheikhpura Road, Sheikhpura, Pakistan.

applies a management system in line with the above standard for the following scope

Manufacturing of Socks

Certificate Registration No. 20100233018369

Valid until 2026-03-15
Initial certification: 2020-03-16

Certification Body
at TÜV AUSTRIA CERT GMBH

Vienna, 2023-03-17

This certification was conducted in accordance with TÜV AUSTRIA CERT auditing and certification procedures and is subject to regular surveillance audits.
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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
Raod, Sheikhpura.

Unit # 2
7th KM Sheikhpura Faisalabad
Road, Sheikhpura.

Directors' Report

On behalf of the directors, of Shahzad Textile Mills Limited, it is our privilege to present before you the Un-Audited Financial Statements of your Company for the third quarter and nine months period ended March 31, 2023.

During the nine months under review, the company recorded net sales of Rs. 5,981.34 million as compared to Rs. 6,816.65 million of the same period of the last year. Nine months loss after tax is Rs (145.31) million as compared to profit after tax of Rs 372.50 million in the corresponding period of last year.

During the period, the textile sector faced challenges on multiple grounds like increasing raw material prices, record high interest rates and energy prices, continuous devaluation of Pakistani rupee and demand suppression due to slowdown of economy. Due to these factors, profit margins remained very low, resulting into incurring of loss during the period.


FUTURE PROSPECTUS

The management of your company is vigilant and keeping close watch on the rapidly changing economic situation of the country. It is hoped that IMF program will revive soon which will bring stability to currency and prices of inputs. The Government should also re-think to restore regionally competitive energy tariff in order to make industry competitive in export market. The management is focusing to increase export sales by exploring new markets in Europe and USA. We are quite hopeful to achieve better financial results in the next quarter.

The loss per share is Rs. (8.09) as against the earning per share of Rs. 20.73 of corresponding period of the previous year.

We would like to take this opportunity to express our gratitude to our customers and shareholders for their unwavering trust and confidence in our company. We also want to acknowledge the dedication and hard work of the entire STML team during these challenging times. We are confident that with our team's resilience and innovative spirit, we will emerge from this difficult period even stronger than before.

For and on behalf of the Board


Mr. Imran Aslam
Chief Executive


Irfan Aslam
Director

Lahore
April 27, 2023

ڈائریکٹرز رپورٹ

شہزاد ٹیکسٹائل ملز لمیٹڈ کے ڈائریکٹرز کی جانب سے 31 مارچ 2023 کو ختم ہونے والی تیسری سہ ماہی اور نو ماہ کی مدت کیلئے آپ کی کمپنی کے غیر آڈٹ شدہ مالیاتی گوشواروں کو آپ کے سامنے پیش کرنا ہمارا اعزاز ہے۔

زیر جائزہ دو مہینوں کے دوران کمپنی نے 5,981.34 ملین روپے کی خالص فروخت ریکارڈ کی ہے۔ جو کہ گذشتہ سال کی اسی مدت میں 6,816.65 ملین روپے ہے۔ گذشتہ سال کی اسی مدت میں 372.50 ملین روپے کے بعد ازنگس کے مقابلے میں نو ماہ کا بعد ازنگس کے نقصان (145.31) ملین روپے ہے۔

اس عرصے کے دوران ٹیکسٹائل سیکٹر کو متعدد بنیادوں پر چیلنجز کا سامنا کرنا پڑا جیسے خام مال کی قیمتوں میں اضافہ، ریکارڈ بلنڈ شرح سود اور توانائی کی قیمتیں، پاکستانی روپے کی مسلسل قدر میں کمی اور معیشت کی سست روی کی وجہ سے طلب میں کمی۔ ان عوامل کی وجہ سے منافع کا مارجن بہت کم رہا۔ جسکے نتیجے میں اس مدت کے دوران نقصان اٹھانا پڑا۔

مستقبل کا نقطہ نظر:

آپ کی کمپنی کی انتظامیہ پوری طرح ہوشیار ہے اور ملک کی تیزی سے بدلتی ہوئی معاشی صورتحال پر گہری نظر رکھے ہوئے ہے۔ امید ہے کہ آئی ایم ایف پروگرام جلد بحال ہوگا جس سے کرنسی اور قیمتوں میں استحکام آئے گا۔ حکومت کو بھی چاہیے کہ وہ علاقائی سطح پر مسابقتی توانائی کے نرخوں کو بحال کرنے کیلئے دوبارہ سوچیں تاکہ معیشت کو برآمدی منڈی میں مسابقتی بنائے جاسکے۔

انتظامیہ یورپ اور امریکہ میں نئی منڈیوں کی تلاش کے ذریعے برآمدی فروخت بڑھانے پر توجہ مرکوز کر رہی ہے۔ ہم اگلی سہ ماہی میں بہتر مالیاتی نتائج حاصل کرنے کیلئے کافی پرامید ہیں۔

موجودہ مدت میں نقصان فی حصص (8.09) روپے ہے۔ جبکہ پچھلے سال اسی مدت میں فی حصص منافع 20.73 روپے تھا۔

ہم اس موقع سے فائدہ اٹھاتے ہوئے اپنے صارفین اور شیئرز ہولڈرز کا اپنی کمپنی پر انکا غیر متزلزل اعتماد کیلئے شکریہ ادا کرنا چاہیں گے۔ ہم اس مشکل وقت کے دوران پوری STML ٹیم کی لگن اور محنت کو بھی تسلیم کرنا چاہتے ہیں۔ ہمیں یقین ہے کہ ہماری ٹیم کی لگن اور احترازی جذبے کے ساتھ ہم اس مشکل دور سے پہلے سے بھی زیادہ مضبوط ہو کر نکلیں گے۔

برائے اور شکرم بورڈ

—
عرفان اسلم
ڈائریکٹر

—
عمران اسلم
چیف ایگزیکٹو آفیسر

لاہور

مورخہ 127 اپریل 2023

3rd Quarter Ended March 31, 2023

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT MARCH 31, 2023

	Note	March 31, 2023 (Un-audited)	June 30, 2022 (Audited)
----- Rupees in thousand -----			
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized capital:			
40,000,000 (June 30, 2022: 40,000,000) ordinary shares of Rs. 10 each		400,000	400,000
Issued, subscribed and paid up capital			
17,971,372 (June 30, 2022: 17,971,372) ordinary shares of Rs. 10 each		179,714	179,714
Reserves		1,981,322	2,114,605
Surplus on revaluation of property, plant and equipment		843,740	849,364
		3,004,776	3,143,683
Non Current Liabilities			
Long term financing	5	320,292	351,053
Staff retirement benefits		142,785	141,064
Deferred liability	6	369,415	362,454
		832,492	854,571
Current Liabilities			
Trade and other payables		659,649	539,845
Unclaimed dividend		146	146
Unpaid dividend		199	199
Accrued mark up		38,411	27,272
Current portion of non-current liabilities	7	175,616	178,123
Short term borrowings	8	651,395	404,008
Provision for taxation		99,725	158,860
		1,625,141	1,308,453
Contingencies and Commitments			
	9	-	-
		5,462,409	5,306,707
ASSETS			
Non Current Assets			
Property, plant and equipment	10	2,509,309	2,555,402
Investment property		91,670	91,670
Long term investment in associate		721,948	658,240
Long term deposits		3,847	3,847
		3,326,774	3,309,159
Current Assets			
Stores and spares		140,651	140,125
Stock in trade		1,037,797	795,048
Trade debts		158,876	446,983
Advances, trade deposits, prepayments and other receivables		254,127	275,643
Short term investments		37,125	30,563
Tax refunds due from the Government		322,541	165,961
Cash and bank balances		184,518	143,225
		2,135,635	1,997,548
		5,462,409	5,306,707

The annexed notes 1 to 16 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 (UN-AUDITED)
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2023

	Note	Nine Months Ended		Quarter Ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
		---- Rupees in thousand ----			
Sales		5,981,342	6,816,654	2,284,435	2,372,726
Cost of sales	11	(5,750,846)	(5,973,474)	(2,260,346)	(2,104,080)
Gross Profit		230,496	843,180	24,089	268,646
Operating expenses:					
- Selling and distribution		(160,143)	(155,252)	(45,407)	(66,981)
- Administrative expenses		(184,727)	(148,677)	(59,780)	(51,628)
		(344,870)	(303,929)	(105,187)	(118,609)
Operating (Loss) / Profit		(114,374)	539,251	(81,098)	150,037
Finance cost		(87,965)	(69,796)	(32,048)	(30,422)
Other operating expenses		(1,408)	(39,078)	7,230	(9,454)
Other income		80,309	12,644	52,819	1,359
Share of net profit of associate		63,708	53,403	29,853	18,286
		54,644	(42,827)	57,854	(20,231)
(Loss) / Profit before taxation		(59,730)	496,424	(23,244)	129,806
Taxation		(85,585)	(123,925)	(45,473)	(51,089)
Net (Loss) / Profit for the Period		(145,315)	372,499	(68,717)	78,717
(Loss) / Earnings per Share - Basic		(8.09)	20.73	(3.83)	4.38

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


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

3rd Quarter Ended March 31, 2023

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2023

	Nine Months Ended		Quarter Ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	---- Rupees in thousand ----			
Net (Loss) / Profit for the Period	(145,315)	372,499	(68,717)	78,717
Other Comprehensive Income for the Period				
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Total Comprehensive (Loss) / Income for the Period	(145,315)	372,499	(68,717)	78,717

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


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

3rd Quarter Ended March 31, 2023

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2023

Particulars	Share Capital	Share Premium Reserve	Unappropriated Profit	Surplus on Revaluation	Total Equity
----- Rupees in thousand -----					
Balance as at June 30, 2021	179,714	5,796	1,724,442	880,499	2,790,451
Net profit for the period	-	-	372,499	-	372,499
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	372,499	-	372,499
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period (net of deferred tax)	-	-	13,948	(13,948)	-
Surplus realized on disposal of revalued property, plant and equipment (net of deferred tax) transferred to retained earnings	-	-	-	-	-
Surplus on revaluation of property, plant and equipment related to export	-	-	-	1,291	1,291
Share in incremental depreciation of revalued property, plant and equipment of associate (net of deferred tax)	-	-	-	-	-
Balance as at March 31, 2022	179,714	5,796	2,110,889	867,842	3,164,241
Balance as at June 30, 2022	179,714	5,796	2,108,809	849,365	3,143,684
Net loss for the period	-	-	(145,315)	-	(145,315)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	(145,315)	-	(145,315)
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period (net of deferred tax)	-	-	12,032	(12,032)	-
Surplus on revaluation of property, plant and equipment related to export	-	-	-	6,407	6,407
Share in incremental depreciation of revalued property, plant and equipment of associate (net of deferred tax)	-	-	-	-	-
Balance as at March 31, 2023	179,714	5,796	1,975,526	843,740	3,004,776

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


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

3rd Quarter Ended March 31, 2023

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2023

	Nine Months Ended	
	March 31, 2023	March 31, 2022
	--- Rupees in thousand ---	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(59,730)	496,424
Adjustments for:		
- Depreciation	97,766	93,878
- Share of net profit of associate	(63,708)	(53,403)
- (Gain) / Loss on disposal of property, plant and equipment - Net	(6,370)	2,500
- Fair value gain on investment property	-	41,325
- Provision for gratuity	52,271	(805)
- Exchange (gain) / loss	(40,754)	26,650
- Provision for workers' profit participation fund	-	9,928
- Provision for workers' welfare fund	1,408	-
- Interest on workers' profit participation fund	1,952	(2,153)
- Amortization of deferred grant	(256)	-
- Unwinding of long term financing	256	-
- Finance cost	86,013	69,796
	128,578	187,716
Operating Profit before Working Capital Changes	68,848	684,140
(Increase) / Decrease in current assets		
- Stores and spares	(526)	(10,670)
- Stock in trade	(242,750)	(440,265)
- Trade debts	328,861	(234,108)
- Advances, trade deposits, prepayments, and other receivables	(6,433)	(83,920)
- Short term investment	(6,561)	(1,046)
- Tax refunds due from the Government	(156,580)	(106,810)
Increase in current liabilities		
- Trade and other payables	160,682	92,186
	76,693	(784,633)
Net Cash generated / (used) in Operations	145,541	(100,493)
Income tax paid	(108,280)	(85,194)
Gratuity paid	(50,550)	(39,305)
Workers' (profit) participation fund paid	(34,214)	(25,776)
Workers' welfare fund paid	(11,976)	(8,776)
Repayment of GIDC	(4,378)	(19,700)
Finance cost paid	(68,045)	(54,018)
Net Cash Used in Operating Activities	(131,902)	(333,262)
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(46,843)	(206,079)
Proceed from Disposal of property, plant and equipment	8,500	8,006
Capital work in progress	(6,960)	-
Net Cash Used in Investing Activities	(45,303)	(198,073)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing received	26,828	-
Repayment of long term financing	(55,718)	42,571
Short term borrowings	247,388	506,444
Net Cash generated from Financing Activities	218,498	549,015
Net increase in Cash and Cash Equivalents	41,293	17,680
Cash and cash equivalents at the beginning of the period	143,225	147,748
Cash and Cash Equivalents at the End of the period	184,518	165,428

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

**NOTES TO AND FORMING PART OF
CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2023**

Note 1

The Company and its Operations

Shahzad Textile Mills Limited (the Company) was incorporated in Pakistan on October 24, 1978 as a Public Limited Company under the repealed Companies Act, 1913 (now the Companies Act, 2017). The shares of the Company are quoted on Pakistan Stock Exchange. The Company is domiciled in Pakistan and its principal business is to manufacture and deal in all types of yarn and socks. The Company holds 24.94% ordinary shares in M/s Sargodha Jute Mills Limited, an Associated Company that is engaged in manufacturing, selling and dealing in jute products.

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

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

Note 2

Basis of Preparation

2.1 These condensed interim financial statements of the Company have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2022. Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2022 whereas comparative statement of profit or loss account, comparative statement of comprehensive income and comparative statement of cash flows are extracted from unaudited condensed interim financial statements for the nine months ended March 31, 2022.

2.3 The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2022.

2.4 These condensed interim financial statements are presented in Pak Rupees, which is the Company's functional and presentational currency. All the figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

Note 3

Accounting Policies

The accounting policies and methods of computation of these condensed interim financial statements (un-audited) are the same as those followed in the preparation of annual audited financial statements for the preceding financial year ended on June 30, 2022.

Note 4

Accounting Estimates and Judgments

The preparation of these condensed interim financial statements (un-audited) require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements (un-audited), significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the annual audited financial statements for the year ended June 30, 2022.

3rd Quarter Ended March 31, 2023

Note 5

Long Term Financing

		March 31, 2023	June 30, 2022
		(Un-audited)	(Audited)
		Rupees in thousand	
Loan from banking companies - Secured			
Habib Metro Bank Limited - SBP LTFF	5.1	333,554	365,840
Meezan Bank Limited - Diminishing Musharka	5.2	56,130	29,302
JS Bank Limited - Loan as per SBP refinance scheme	5.3	-	23,176
		389,684	418,318
Less: Current portion		(69,392)	(67,265)
		320,292	351,053

5.1 These represent outstanding amounts of long term financing obtained 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 machinery of the Company and are repayable in 8 years starting from April 2021 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 diminishing musharka facility is availed to purchase machinery. The sanctioned limit amounts to Rs. 100 million (2022: Rs. 100 million) and is secured by way of exclusive charge over imported machinery with 15% margin and personal guarantee of sponsoring directors. This facility is repayable in 16 equal quarterly instalments, latest by June 2027, and carries markup at 3 month KIBOR plus 1.25% (2022: 3 month KIBOR plus 1.25%) per annum, payable on quarterly basis.

5.2 This represented 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 was secured against the fixed asset of the Company. Markup on this financing was charged at 3% per annum. The Company has paid the remaining amount of loan during the period.

Note 6

Deferred Liabilities

		March 31, 2023	June 30, 2022
	Note	(Un-audited)	(Audited)
		Rupees in thousand	
Deferred tax liability - net		369,415	362,454
Gas infrastructure development cess (GIDC)	6.1	-	-
Deferred grant	6.2	-	-
		369,415	362,454

Note 6, Deferred Liabilities, cont ...

		March 31, 2023	June 30, 2022
		(Un-audited)	(Audited)
		Rupees in thousand	
6.1 Gas Infrastructure Development Cess			
Opening balance		110,602	132,827
Transferred from current liabilities		-	-
Expense during the year		-	-
Payments made during the year		(4,378)	(26,267)
Interest expense		-	4,042
Discounting of Gas Infrastructure Development Cess		-	-
		106,224	110,602
Less: current portion		(106,224)	(110,602)
		-	-

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

6.2 Deferred grant

Opening balance		256	3,588
Impact of discounting of loan		-	-
Amortization of grant		(256)	(3,332)
Deferred grant outstanding		-	256
Less: Current portion		-	(256)
		-	-

3rd Quarter Ended March 31, 2023

Note 7

Current Portion of Non-Current Liabilities

	March 31, 2023	June 30, 2022
	(Un-audited)	(Audited)
	----- Rupees in thousand -----	
Long term financing	69,392	67,265
Deferred liability - GIDC	106,224	110,602
Deferred grant	-	256
	<u>175,616</u>	<u>178,123</u>

Note 8

Short Term Borrowings

	March 31, 2023	June 30, 2022
	(Un-audited)	(Audited)
	----- Rupees in thousand -----	
From banking companies - Secured		
Cash / packing finances	8.1 651,395	404,008

8.1 The Company obtained various funded and unfunded financial facilities from different banks for a total sanctioned limit of Rs. 2,484 million (June 30, 2022: Rs. 2,477 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 April 30, 2023. Mark up on these facilities is charged from 1 to 6 months KIBOR plus a spread of 1% to 1.25% (June 30, 2022: 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 Company has utilized foreign bill discounting facility and un-funded facilities amounting to Rs. Nil (June 30, 2022: Rs. 120.19 million) and Rs. 314.881 million (June 30, 2022: Rs. 285.744 million) respectively. Unutilized amount of funded and unfunded facilities are Rs. 1,517.800 million (June 30, 2022: Rs. 1,667.06 million).

Note 9

Contingencies and Commitments

9.1 Contingencies

9.1.1 The Company has provided bank guarantees in favour of following parties:

	March 31, 2023	June 30, 2022
	(Un-audited)	(Audited)
	----- Rupees in thousand -----	
- Sui Northern Gas Pipelines Limited	79,748	80,048
- Lahore Electric Supply Company	10,430	10,430
- Excise and Taxation Office	34,400	27,100
- SBP Banking Services Corporation	17,929	17,929
	<u>142,507</u>	<u>135,507</u>

9.1.2 The Company is contingently liable for Rs. 36.670 million (2022: Rs. 34.329 million) on account of electricity duty on self generation. The Company has obtained stay order by filing petition on August 10, 2010 in Lahore High Court, Lahore against LESCO and has not admitted the said duty. The case is pending hearing before the Lahore High Court, Lahore.

9.2 Commitments

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

	March 31, 2023	June 30, 2022
	(Un-audited)	(Audited)
	----- Rupees in thousand -----	
Letters of credit	172,374	150,237

Note 10

Property, Plant and Equipment

	March 31, 2023	June 30, 2022
	(Un-audited)	(Audited)
	----- Rupees in thousand -----	
Operating fixed assets	2,502,349	2,555,402
Capital work in progress	6,960	-
	<u>2,509,309</u>	<u>2,555,402</u>
10.1 Operating fixed assets		
Opening written down value	2,555,402	2,415,858
Additions during the period / year (at cost)	46,843	278,640
Revaluation adjustment	-	-
	<u>2,602,245</u>	<u>2,694,498</u>
Disposals during the period / year (at written down value)	<u>(2,130)</u>	<u>(10,768)</u>
	2,600,115	2,683,730
Revaluation adjustment	-	-
Depreciation charged for the period / year	<u>(97,766)</u>	<u>(128,328)</u>
	<u>2,502,349</u>	<u>2,555,402</u>

3rd Quarter Ended March 31, 2023

Note 11

Cost of Sales

	Nine Months Ended		Quarter Ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	---- (Un-audited) ---- ---- Rupees in thousand ----			
Raw materials consumed	4,156,728	4,475,513	1,538,713	1,579,942
Stores and spares consumed	106,505	116,816	36,462	33,453
Packing materials consumed	133,875	149,771	41,211	44,530
Salaries, wages and other benefits	546,662	580,460	178,435	185,292
Fuel and power	716,339	583,728	274,924	237,465
Insurance	10,911	8,929	3,476	2,625
Repairs and maintenance	12,893	8,855	3,030	3,563
Toll manufacturing charges	1,476	3,937	217	-
Other manufacturing expenses	12,947	12,433	5,864	4,524
Depreciation	87,703	86,367	29,710	29,363
	5,786,039	6,026,809	2,112,042	2,120,757
Opening work in process	84,732	85,044	78,895	78,256
Closing work in process	(80,277)	(78,150)	(80,277)	(78,150)
	4,455	6,894	(1,382)	106
Cost of goods manufactured	5,790,494	6,033,703	2,110,660	2,120,863
Opening finished goods	152,967	105,505	342,301	148,951
Closing finished goods	(192,615)	(165,734)	(192,615)	(165,734)
	(39,648)	(60,229)	149,686	(16,783)
	5,750,846	5,973,474	2,260,346	2,104,080

Note 12

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

Related party	Relationship	Nature of Transaction	March 31, 2023	March 31, 2022
			---- (Un-audited) ---- ---- Rupees in thousand ----	
Sargodha Jute Mills Limited	Associate 24.94%	Purchase of materials, goods and services	422	714
		Sale of materials and goods	643	460
		Rental income	-	360

Note 13

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, 2022.

Note 14

Segment Information

For management purposes, the activities of the Company are recognized into two operating segment, i.e. manufacturing and sales of yarn and socks. The Company operates in the said reportable operating segments based on the nature of the product, risk and return, organizational and management structure and internal financial reporting systems. Accordingly, the figures reported in these condensed interim financial statements (un-audited) relate to the Company's reportable segments. Entity-wide disclosures regarding reportable segments are as follows:

3rd Quarter Ended March 31, 2023

14.1	Yarn	Socks	Total
	Rupees in Thousand		
Segment Results for the period ended March 31, 2023			
Revenue	5,196,030	785,312	5,981,342
Operating profit	(129,493)	15,119	(114,374)
Finance cost	(72,458)	(14,252)	(86,710)
Other income	-	4,382	4,382
Finance cost			(1,255)
Other operating expense			(1,408)
Other income			75,927
Share of net profit from associate			63,708
Profit before taxation			(59,730)

14.2	Yarn	Socks	Total
	Rupees in Thousand		
Segment Results for the period ended March 31, 2022			
Revenue	6,241,347	575,307	6,816,654
Operating profit	513,690	25,561	539,251
Finance cost	(58,502)	(11,294)	(69,796)
Other operating expense			(39,078)
Other income			12,644
Share of net profit from associate			53,403
Profit before taxation			496,424

14.2
Segment financial position for the period ended March 31, 2023

Assets			
Property plant and equipment	1,343,985	1,165,324	2,509,309
Store and spares	97,734	42,917	140,651
Stock in trade	929,194	108,603	1,037,797
Trade Debts	89,960	68,916	158,876
Advances to suppliers	46,848	6,990	53,838
	<u>2,507,721</u>	<u>1,392,750</u>	<u>3,900,471</u>
Unallocated Assets			
Investment property			91,670
Long term Investments			721,948
Long term deposits			3,847
Advances, trade deposits, prepayments and other receivables			200,289
Short term investments			37,125
Tax refunds due from the Government			322,541
Cash and bank balances			184,518
			<u>5,462,409</u>
Liabilities			
Long term financing	56,130	333,554	389,684
Trade creditors	136,108	43,398	179,506
Short term borrowings	591,395	60,000	651,395
Accrued mark up	20,962	17,449	38,411
	<u>804,595</u>	<u>454,401</u>	<u>1,258,996</u>

3rd Quarter Ended March 31, 2023

Note 14, Segment Information, cont ...	Yarn	Socks	Total
	Rupees in Thousand		
Unallocated liabilities			
Deferred tax liability - net			369,415
Deferred grant			-
Staff retirement benefit			142,785
Gas infrastructure development cess			106,224
Trade and other payables			480,143
Unclaimed dividends			146
Unpaid dividends			199
Provision for taxation - net			99,725
			<u>2,457,633</u>

Segment financial position for the year ended June 30, 2022

Assets			
Property plant and equipment	1,436,442	1,118,960	2,555,402
Store and spares	104,537	35,588	140,125
Stock in trade	646,248	148,800	795,048
Trade Debts	399,280	47,703	446,983
Advances to supplier	93,188	8,439	101,627
	<u>2,679,695</u>	<u>1,359,490</u>	<u>4,039,185</u>

Unallocated Assets			
Investment property			91,670
Long term investments			658,240
Long term deposits			3,847
Advances, trade deposits, prepayments and other			174,016
Short term investments			30,563
Tax refunds due from the Government			165,961
Cash and bank balances			143,225
			<u>5,306,707</u>

Liabilities			
Long term financing	142,478	275,840	418,318
Trade creditors	34,856	54,987	89,843
Short term borrowings	404,007	-	404,007
Accrued mark	17,891	9,381	27,272
	<u>599,232</u>	<u>340,208</u>	<u>939,440</u>

Unallocated liabilities			
Deferred tax liability - net			362,456
Deferred grant			255
Staff retirement benefit			141,064
Gas infrastructure development cess			110,602
Trade and other payables			450,002
Unclaimed dividends			146
Unpaid dividends			199
Provision for taxation - net			158,860
			<u>2,163,024</u>

Note 14, Segment Information, cont ...	March 31, 2023	March 31, 2022
	Percentage	Percentage
	(Un-audited)	(Un-audited)
14.3 Information about products:		
Yarn	86.43%	91.15%
Socks	12.94%	8.05%

14.4 Major customers:
There is no individual customer to whom sales are 10% more than of revenue.

14.5 Geographical Information:

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

	March 31, 2023	March 31, 2022
	(Un-audited)	(Un-audited)
	----- Rupees in thousand -----	
Pakistan	4,807,852	5,523,155
Europe	1,009,421	951,579
United State of America	164,068	341,920
	5,981,342	6,816,654

Note 15

Authorization of Interim Financial Information

These condensed interim financial statements (un-audited) are approved and authorized for issuance by the Board of Directors of the Company on April 27, 2023.

Note 16

General

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


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR



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