



# FEROZE1888 MILLS LTD

*Manufacturers and Exporters of Specialized Yarn & Textile Products*

*Weaving a Better World®*

Condensed Interim Financial Statements for the Nine Months Ended March 31, 2023



VERILY, WITH EVERY  
**HARDSHIP**  
THERE IS  
**EASE**

Al Quran 94:6

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## Company Information

### Board of Directors

Mr. Jonathan R. Simon	Director / Chairman
Mr. Nasim Hyder	Director / Vice Chairman
Mr. Khaleequr Rahman	Director
Mr. Shabbir Ahmed	Director
Mr. Abdul Rehman Yaqub	Director
Mr. Perwez Ahmed	Director
Mr. Anas Rahman	Director
Mr. Zain Ashraf Mukaty	Director
Ms. Huma Pasha	Director
Ms. Aminah Zahid Zaheer	Director
Mr. Rehan Rahman	Chief Executive Officer

### Board Audit Committee

Mr. Nasim Hyder	Chairman
Mr. Khaleequr Rahman	Member
Mr. Zain Ashraf Mukaty	Member
Ms. Aminah Zahid Zaheer	Member

### Board HR & Remuneration Committee

Ms. Aminah Zahid Zaheer	Chairperson
Mr. Zain Ashraf Mukaty	Member
Mr. Nasim Hyder	Member

### Chief Financial Officer

Ms. Javeria Siddiqui

### Company Secretary

Mr. Mudassir Moten

### Bankers

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

### External Auditors

EY Ford Rhodes Chartered Accountants  
Progressive Plaza, Beaumont Road,  
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- 23/3-II, Scheme  
# 3, Landhi Industrial Area, Landhi, Karachi.  
Plot # A-5, 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-17, K-1 to K-3, M-34, HITE,  
all in Mauza Pathra, Tehsil Hub,  
District Lasbela, Balochistan

### Share Registrar/Transfer Agent

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

### Legal Advisor

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

### Internal Auditors

A.F. Ferguson & Co. Chartered Accountants  
State Life Building No. 1-C, I.I. Chundrigar Road,  
City Railway Colony, 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 2023.

### ECONOMIC & INDUSTRY OVERVIEW

During the period under review, Pakistan's economy is reeling from one of its worst economic crises in history, the country has been faced with a barrage of woes with a perceived default risk and downgrade by international ratings agencies reflecting the state of the economy that has also had to bear major political turmoil and frequent change in key leadership. According to ADB, Pakistan's economic growth is expected to slow significantly to 0.6% in FY23 from 6% in the previous fiscal year.

Pakistan remains engulfed in high inflation, hitting a six-decade high at 35.4% in March 2023. In response to curb crippling inflation, SBP has hiked its benchmark policy rate by 100 basis points to a new record high of 21% - after the rupee plunged to an all-time low of Rs288 against the US dollar in the inter-bank market. However, as a net importer it is expected that Pakistan will continue experiencing strong inflationary pressures for the rest of FY2023.

The current account deficit has narrowed considerably, more than previously anticipated, mainly on the back of sizable import containment and somewhat an artificial one. The overall balance of payments position continues to remain under stress, with foreign exchange reserves at historical low levels.

The value of textile and garment exports from Pakistan, as reported by the PBS - decreased by 11.09% year-on-year in dollar terms in the first eight months of fiscal 2022-23. During the period, the Country earned US\$11.22 billion from textile and apparel exports, compared to exports of US\$12.62 billion in corresponding period last year. Specifically, Exports of towel also down by 7% and were valued at US\$666.50 million during the period July-Feb 2022-23. The textile imports in July-Feb 2022-23 also decreased to US\$ 2.75 billion (US\$ 3.07 billion last year), thus posting a drop of 10.51%. Raw cotton imports went up by 19.46% year-on-year to US\$1.25 billion.

### REVIEW OF OPERATING RESULTS

A brief overview of the performance of your Company for the nine months ended 31st March 2023 is stated below:

#### Statement of Profit or Loss for the nine months ended:

	March 2023	March 2022
	----- (Rupees in '000) -----	
Sales- net	42,259,458	39,416,419
Gross profit	9,418,076	7,404,615
Profit before taxation	8,149,525	3,764,192
Profit after taxation	7,681,828	3,393,351
EPS (Rs/Share)	19.23	8.72

The Company's profit after tax for the nine months has increased significantly by Rs.4,288 million i.e. by 126% in comparison with the corresponding period of last year. The net sales during the period has increased by Rs.2,843 million, appears amplified on the back of devaluation of PKR (Rs 11,105m) in comparison with the corresponding period last year. However, reduction in volume has an impact of Rs. 10,024m (7.2%) thereby positively impacting the profits as well.

## **FUTURE OUTLOOK**

The current year is turning to be more challenging than 2022. The issues afflicting the textile sector of Pakistan in 2023 are almost the carryover of the problems it faced last year. First & foremost, inflation is topping the list all over the world, more so in Pakistan. This has resulted in undercutting consumer demand in economies that are major buyers of textiles, pushing consumers to curtail spending.

In addition to that, the prolonged war in Ukraine is another high concern to the industry, having already disrupted trade routes and triggered energy crisis that will continue to have an impact.

However, in view of the constant & multiple challenges faced, Textile industry performed reasonably considering the additional drawbacks it faced in the shape of a weak economy, withdrawal of subsidies and volatile political situation. Going forward, focus on business delivery, cost competitiveness and maintaining close coordination with customer will be imperative to navigate these unprecedented challenging times.

## **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

**Nasim Hyder**  
Director

**Karachi: April 29, 2023**

## ڈائریکٹر رپورٹ

۳۱ مارچ ۲۰۲۳ء کو اختتام پذیر نومبر کی کارکردگی کا جائزہ اور غیر اشتہال شدہ مالیاتی گوشوارے پیش خدمت ہیں۔

## اقتصادی اور صنعتی جائزہ

زیر جائزہ مدت کے دوران، پاکستان کی معیشت تاریخ کے بدترین معاشی بحران سے دوچار ہے۔ مسائل کا انبار ہے جس کا ملک کو سامنا ہے۔ دیوالیہ ہو جانے کے امکان اور بین الاقوامی ایجنسیوں کی جانب سے کم ترین درجاتِ شمار معاشی ابتری کی طرف اشارہ ہیں۔ اس کے ساتھ ساتھ سیاسی غیر استحکام اور افراتفری کی وجہ سے بھی معیشت دباؤ کا شکار ہے۔ ADB کے مطابق، پاکستان کی معاشی نمو مالی سال ۲۰۲۳ء میں نمایاں گراؤ کے ساتھ ۰.۶ فیصد رہنے کی توقع ہے جب کہ پچھلے مالی سال میں یہ شرح ۶ فیصد تھی۔

پاکستان بدستور بلند مہنگائی کی لپیٹ میں ہے، مارچ ۲۰۲۳ء میں افراط زر چھ دہائیوں کی بلند ترین سطح ۳۵.۴ فیصد تک پہنچ گیا۔ انٹرنیٹ مارکیٹ میں ڈالر کے مقابلے میں روپے کی قدر ۲۸۸ کی کم ترین سطح تک پہنچنے کے بعد اسٹیٹ بینک نے بڑھتی ہوئی افراط زر کی کشیدہ صورتحال کی روک تھام کے لیے اپنی بیچ مارک پالیسی میں ۱۰۰ ایس پوائنٹس کا اضافہ کرتے ہوئے اسے ۲۱ فیصد کی بلند سطح تک پہنچا دیا۔ اس کے باوجود، توقع یہی ہے کہ پاکستان ۲۰۲۳ء میں مسلسل افراط زر کے دباؤ کا سامنا کرتا رہے گا۔

ممکنہ طور پر طے شدہ خسارے کے مقابلے میں کرنٹ اکاؤنٹ خسارہ کافی حد تک کم ہوا ہے جو کہ کچھ حد تک مصنوعی اور بڑے پیمانے پر برآمدات کی روک تھام کا نتیجہ ہے۔ مجموعی طور پر ادائیگیوں میں توازن دباؤ کا شکار ہے، غیر ملکی زر مبادلہ کے ذخائر تاریخ کی کم ترین سطح پر پہنچ چکے ہیں۔

PBS کی رپورٹ کے مطابق سال ۲۰۲۲-۲۳ء کے آٹھ مہینوں میں، سال بہ سال ڈالر کی قدر کے حساب سے، پاکستان کی ٹیکسٹائل اور ملبوسات کی برآمدات میں ۰.۹ فیصد کمی واقع ہوئی ہے۔ اس عرصے کے دوران ملک نے ٹیکسٹائل اور ملبوسات کی برآمدات سے ۱۱.۲۲ بلین امریکی ڈالر کمائے جب کہ گزشتہ سال اسی مدت میں ۱۲.۶۲ بلین امریکی ڈالر کی برآمدات تھیں۔ خصوصاً، تولیہ کی برآمدات میں، جولائی-فروری ۲۰۲۲-۲۳ء کے دوران، ۷ فیصد اور قدر کے حساب سے ۶۶۶.۵۰ بلین امریکی ڈالر کی کمی ہوئی ہے۔ اسی مدت کے دوران ٹیکسٹائل کی درآمدات بھی کم ہو کر ۲.۷۵ بلین امریکی ڈالر (گزشتہ سال ۳.۰۷ بلین امریکی ڈالر) رہ گئیں، یعنی مجموعی طور پر ۱۰.۵۱ فیصد کمی واقع ہوئی۔ خام کپاس کی درآمدات سال بہ سال کے مقابلے میں ۱۹.۴۶ فیصد بڑھ کر ۱.۲۵ بلین امریکی ڈالر تک پہنچ گئیں۔

## آپریٹنگ نتائج کا جائزہ

۳۱ مارچ ۲۰۲۳ء کو ختم ہونے والے نو مہینوں کے لیے آپ کی کمپنی کی کارکردگی کا ایک مختصر جائزہ ذیل میں بیان کیا گیا ہے:

### Statement of Profit or Loss for the nine months ended:

	March 2023	March 2022
	----- (Rupees in '000) -----	
Sales- net	42,259,458	39,416,419
Gross profit	9,418,076	7,404,615
Profit before taxation	8,149,525	3,764,192
Profit after taxation	7,681,828	3,393,351
EPS (Rs/Share)	19.23	8.72

نومہہ کے لیے کمپنی کے بعد از ٹیکس منافع میں ۲،۸۸۸ ملین روپے کا نمایاں اضافہ ہوا ہے یعنی گزشتہ سال کی اسی مدت کے مقابلے میں ۱۲۶ فیصد اضافہ ہوا ہے۔ جبکہ اس مدت کے دوران خالص فروخت میں ۲،۸۳۳ ملین روپے کا اضافہ ہوا ہے، جو کہ ۱۱،۱۰۵ ملین روپے سے روپے کی قدر میں کمی کی وجہ سے بڑھا ہے۔ تاہم حجم میں کمی کے باعث ۱۰،۰۲۴ ملین روپے (۷۲ فیصد) کا فرق پڑا ہے، جس کا مثبت اثر منافع پر ظاہر ہے۔

## مستقبل کا آؤٹ لک

موجودہ سال ۲۰۲۲ کے مقابلے میں زیادہ چیلنجنگ ثابت ہو رہا ہے۔ رواں سال میں درپیش مسائل پچھلے سال کے مسائل کا ہی تسلسل ہیں۔ مہنگائی ان مسائل میں سر فہرست ہے۔ نہ صرف پاکستان بلکہ عالمی سطح پر بھی مہنگائی کی وجہ سے صارفین کی جانب سے ٹیکسٹائل مصنوعات کی طلب میں شدید کمی واقع ہوئی ہے۔ اس کے ساتھ ساتھ یوکرین میں طویل عرصے سے جاری جنگ کے باعث تجارتی راستوں کی بندش اور توانائی کے بحران جیسے مسائل کا اثر بھی بہت واضح ہے۔

تمام تر نامساعد حالات بشمول کمزور معیشت، سبسڈی پہ پابندی اور غیر یقینی سیاسی صورتحال کے باوجود ٹیکسٹائل کی صنعت نے خاطر خواہ کارکردگی کا مظاہرہ کیا ہے۔ آنے والے وقت میں غیر یقینی صورتحال اور ناگزیر مسائل سے بچنے کے لیے اشد ضروری ہے کہ مصنوعات کی ترسیل، مسابقتی لاگت اور صارفین کے ساتھ ہم آہنگی برقرار رکھنے پر توجہ مرکوز رکھی جائے۔

## اظہار تشکر

ہم تہہ دل سے حصص یافتگان، ملازمین، صارفین اور کاروباری شراکت داروں کے تعاون، یقین اور اعتماد کے لیے شکر گزار ہیں۔

برائے اور منجانب بورڈ آف ڈائریکٹرز

نسیم حیدر  
ڈائریکٹر

ریحان رحمان  
چیف ایگزیکٹو آفیسر

کراچی: ۲۹ اپریل ۲۰۲۳ء



**Feroze1888 Mills Limited**  
**Condensed Interim Statement of Financial Position**  
**As at March 31, 2023**

		<b>Un-audited</b>	<b>Audited</b>
		<b>March 31,</b>	<b>June 30,</b>
		<b>2023</b>	<b>2022</b>
	<b>Note</b>	<b>———— (Rupees in '000) ————</b>	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	32,584,472	27,798,524
Intangible assets		13,028	17,722
Long term deposits		84,427	72,144
		<b>32,681,927</b>	<b>27,888,390</b>
<b>Current assets</b>			
Store and spares		1,997,632	1,856,132
Stock-in-trade	5	16,336,285	9,896,667
Trade debts	6	14,964,958	8,766,599
Advances, deposits, prepayments and other receivables		7,795,333	3,938,956
Taxation - net		569,513	250,197
Short-term investments	7	-	8,165,334
Cash and bank balances		1,032,416	1,529,044
		<b>42,696,137</b>	<b>34,402,929</b>
<b>Total assets</b>		<b>75,378,064</b>	<b>62,291,319</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital			
400,000,000 (June 30, 2022: 400,000,000) ordinary shares of Rs 10/- each		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		26,514,675	20,813,916
		<b>35,634,083</b>	<b>29,933,324</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred liability		1,114,547	699,462
Long term financing	8	8,164,674	7,949,533
Provision for Gas Infrastructure Development Cess		1,334,357	1,334,357
Lease liabilities		203,995	417,640
		<b>10,817,574</b>	<b>10,400,992</b>
<b>Current liabilities</b>			
Trade and other payables	9	9,922,580	5,796,268
Short term borrowings	10	17,045,853	14,400,000
Accrued mark-up		311,325	148,777
Current portion of lease liabilities		235,020	271,986
Current portion of long term financing	8	1,409,385	1,337,976
Unclaimed dividend		2,243	1,996
		<b>28,926,407</b>	<b>21,957,003</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	11		
<b>Total equity and liabilities</b>		<b>75,378,064</b>	<b>62,291,319</b>

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

Javeria Siddiqui  
Chief Financial Officer

Rehan Rahman  
Chief Executive Officer

Nasim Hyder  
Director



**Feroze1888 Mills Limited**  
**Condensed Interim Statement of Profit or Loss (Un-audited)**  
**For the nine months ended March 31, 2023**

	Note	Nine Months ended		Quarter ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
		(Rupees in '000)			
Sales - net		42,259,458	39,416,419	18,996,353	14,334,566
Cost of sales	12	(32,841,382)	(32,011,804)	(14,375,366)	(11,593,552)
<b>Gross profit</b>		<b>9,418,076</b>	<b>7,404,615</b>	<b>4,620,987</b>	<b>2,741,014</b>
Administrative cost		(765,784)	(597,564)	(292,535)	(212,700)
Distribution cost		(3,136,392)	(3,148,856)	(1,341,999)	(1,044,545)
Other expenses	13	(497,588)	(252,267)	(282,487)	(98,343)
		(4,399,764)	(3,998,687)	(1,917,021)	(1,355,588)
		<b>5,018,312</b>	<b>3,405,928</b>	<b>2,703,966</b>	<b>1,385,426</b>
Other income	14	4,423,043	834,844	2,917,759	522,682
<b>Operating profit</b>		<b>9,441,355</b>	<b>4,240,772</b>	<b>5,621,725</b>	<b>1,908,108</b>
Finance cost		(1,291,830)	(476,580)	(558,552)	(167,422)
<b>Profit before taxation</b>		<b>8,149,525</b>	<b>3,764,192</b>	<b>5,063,173</b>	<b>1,740,686</b>
Taxation		(467,697)	(370,841)	(117,191)	(153,984)
<b>Profit after taxation</b>		<b>7,681,828</b>	<b>3,393,351</b>	<b>4,945,982</b>	<b>1,586,702</b>
<b>Earning per share basic &amp; diluted (Rupees)</b>		<b>19.23</b>	<b>8.72</b>	<b>12.38</b>	<b>4.08</b>

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

Javeria Siddiqui  
Chief Financial Officer

Rehan Rahman  
Chief Executive Officer

Nasim Hyder  
Director

**Feroze1888 Mills Limited**  
**Condensed Interim Statement of Comprehensive Income (Un-audited)**  
**For the nine months ended March 31, 2023**

	<u>Nine Months ended</u>		<u>Quarter ended</u>	
	<u>March 31,</u> <u>2023</u>	<u>March 31,</u> <u>2022</u>	<u>March 31,</u> <u>2023</u>	<u>March 31,</u> <u>2022</u>
	<u>(Rupees in '000)</u>			
<b>Profit after taxation</b>	<b>7,681,828</b>	<b>3,393,351</b>	<b>4,945,982</b>	<b>1,586,702</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b><u>7,681,828</u></b>	<b><u>3,393,351</u></b>	<b><u>4,945,982</u></b>	<b><u>1,586,702</u></b>

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

Javeria Siddiqui  
Chief Financial Officer

Rehan Rahman  
Chief Executive Officer

Nasim Hyder  
Director

**Feroze1888 Mills Limited**  
**Condensed Interim Statement of Changes in Equity (Un-audited)**  
**For the nine months ended March 31, 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, 2021 (Audited)</b>	3,768,009	543,413	215,250	1,486,262	18,439,942	24,452,876
Final cash dividend for the year ended June 30, 2021 @ Rs. 1.43 per share	-	-	-	-	(538,825)	(538,825)
Interim cash dividend for the year ending June 30, 2022 @ Re.1.36 per share	-	-	-	-	(543,196)	(543,196)
Issuance of right Shares at premium - 22,608,058 Shares at Rs. 70 per share	226,081	-	1,356,483	-	-	1,582,564
Net profit for the period	-	-	-	-	3,393,352	3,393,352
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period March 31, 2022	-	-	-	-	3,393,352	3,393,352
<b>Balance as at March 31, 2022</b>	<b>3,994,090</b>	<b>543,413</b>	<b>1,571,733</b>	<b>1,486,262</b>	<b>20,751,272</b>	<b>28,346,771</b>
<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
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 @ Re.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
<b>Balance as at March 31, 2023</b>	<b>3,994,090</b>	<b>543,413</b>	<b>1,571,733</b>	<b>3,010,172</b>	<b>26,514,675</b>	<b>35,634,083</b>

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

**Javeria Siddiqui**  
Chief Financial Officer

**Rehan Rahman**  
Chief Executive Officer

**Nasim Hyder**  
Director

**Feroze1888 Mills Limited**  
**Condensed Interim Statement of Cash Flows (Un-audited)**  
**For the nine months ended March 31, 2023**

	March 31, 2023	March 31, 2022
(Rupees in '000)		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	8,149,525	3,764,193
<i>Adjustment for:</i>		
<i>Depreciation:</i>		
- Operating fixed assets	1,648,990	1,386,254
- Right of use assets	166,432	169,097
Amortization	4,695	4,685
Write-off of property, plant and equipment	879	317
<i>Finance cost:</i>		
- Lease liabilities	34,211	46,011
- Others	1,257,618	430,569
Provision for gratuity	181,539	206,177
Allowance for expected credit loss	38,473	3,646
Reversal of provision against doubtful advances	(1,461)	(42,069)
Provision for slow moving, obsolete stores and spares	17,347	28,720
Interest on bank deposit	(31,176)	(35,603)
Dividend income on open ended mutual fund units	(461,211)	(217,065)
(Gain) / loss on disposal of property, plant and equipment - net	(7,148)	(861)
	<b>2,849,188</b>	<b>1,979,878</b>
<b>Increase in current asset</b>		
Stores and spares	(158,847)	(320,711)
Stock in trade	(6,439,618)	(2,318,707)
Trade debt	(6,236,832)	(2,504,505)
Advances, deposits, prepayments and other receivables	(3,854,916)	(1,300,294)
	<b>(16,690,213)</b>	<b>(6,444,217)</b>
<b>Increase in current liability</b>		
Trade and other payables	4,063,675	559,584
<b>Net cash used in operations</b>	<b>(1,627,824)</b>	<b>(140,562)</b>
Finance cost paid	(1,095,071)	(487,370)
Income tax paid	(787,013)	(446,648)
Gratuity paid	(81,662)	(88,838)
Long term deposit	(12,283)	(8,852)
<b>Net cash used in operating activities</b>	<b>(3,603,853)</b>	<b>(1,172,270)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(6,610,819)	(5,893,858)
Proceeds from disposal of operating fixed assets	15,716	19,191
Short-term investments	8,165,334	2,865,495
Dividend income received from open ended mutual fund	461,211	217,065
Interest income received	31,176	37,343
<b>Net cash (used in) / generated from investing activities</b>	<b>2,062,619</b>	<b>(2,754,763)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(1,980,822)	(1,148,586)
Advance received against right issue	-	1,582,565
Principal portion of lease liabilities paid	(284,821)	(148,356)
Short term borrowings - net	2,645,853	2,650,000
Long term finance - net	664,395	1,867,771
<b>Net cash generated from financing activities</b>	<b>1,044,605</b>	<b>4,803,394</b>
<b>Net increase / (decrease) in cash and cash equivalent</b>	<b>(496,629)</b>	<b>876,361</b>
Cash and cash equivalent at beginning of the period	1,529,044	1,625,126
<b>Cash and cash equivalent at end of the period</b>	<b>1,032,416</b>	<b>2,501,487</b>

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

Javeria Siddiqui  
Chief Financial Officer

Rehan Rahman  
Chief Executive Officer

Nasim Hyder  
Director

**Feroze1888 Mills Limited**  
**Notes to the Condensed Interim Financial Statements (Un-audited)**  
**For the nine months ended March 31, 2023**

**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 towels. 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, 2022.

**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, 2022.

**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:

- IFRS 3 Reference to the Conceptual Framework (Amendments)
- IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
- IAS 37 Onerous Contracts – Costs of Fulfilling a Contract (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 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 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, 2022.

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, 2023	June 30, 2022
		----- Rupees in '000 -----	
<b>4</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating fixed assets	21,260,238	19,830,208
	Capital work-in-progress	10,993,874	7,471,524
	Right of use asset	330,360	496,792
		<u>32,584,472</u>	<u>27,798,524</u>
<b>4.1</b>	<b>Operating fixed assets</b>		
	Balance at the beginning of the period / year	19,830,208	17,440,686
	Addition / Surplus on revaluation	3,088,465	4,958,153
		<u>22,918,673</u>	<u>22,398,839</u>
	Disposals during the period / year - net book value (NBV)	(9,445)	(24,215)
	Depreciation charged during the period / year	(1,648,990)	(2,544,416)
		<u>(1,658,435)</u>	<u>(2,568,631)</u>
	Balance at the end of the period / year	<u>21,260,238</u>	<u>19,830,208</u>

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

	Additions		Disposal (NBV)	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	March 31, 2023	June 30, 2022	March 31, 2023	June 30, 2022
----- Rupees in '000 -----				
<b>Surplus on revaluation</b>				
Land - Freehold - Surplus on revaluation	-	65,321	-	-
Land - Leasehold - Surplus on revaluation	-	1,458,589	-	-
	-	<b>1,523,910</b>	-	-
<b>Cost</b>				
Land - Freehold	-	41,600	-	-
Building on leasehold land	1,734,069	549,284	-	-
Lease hold Improvement	1,767	-	-	-
Plant and machinery	1,076,344	2,696,052	(2,451)	(9,423)
Electric fittings / equipments	118,225	26,433	-	(1,200)
Office equipments	65,184	32,968	(339)	(487)
Computers	28,684	19,875	(531)	(208)
Furniture and fixtures	36,148	40,538	(84)	(57)
Vehicles	28,044	27,493	(6,040)	(12,840)
	<u>3,088,465</u>	<u>3,434,243</u>	<u>(9,445)</u>	<u>(24,215)</u>
	<u>3,088,465</u>	<u>4,958,153</u>	<u>(9,445)</u>	<u>(24,215)</u>

**4.1.2** Depreciation on operating fixed assets for the period amounted to Rs. 1,648.99 million (March 31, 2022: Rs. 1,386.25 million).

	(Un-audited)	(Audited)
	March 31, 2023	June 30, 2022
----- Rupees in '000 -----		
<b>4.2</b>	<b>Capital work-in-progress</b>	
	Balance at the beginning of the period / year	7,366,331
	Addition during the period / year	1,950,177
		<u>6,225,665</u>
		<u>13,591,996</u>
	Transferred to operating fixed assets / expenses	(2,839,124)
		<u>10,752,872</u>
	Advance against fixed assets	88,619
	Stand-by equipments	16,574
		<u>33,579</u>
	Balance at the end of the period / year	<u>10,993,874</u>
		<u>7,471,524</u>

		Note	(Un-audited)	(Audited)
			March 31, 2023	June 30, 2022
			----- Rupees in '000 -----	
<b>5</b>	<b>STOCK-IN-TRADE</b>			
	Raw material in			
	-hand	5.1	9,444,867	4,461,886
	-transit		987,736	178,638
			<u>10,432,603</u>	<u>4,640,524</u>
	Work-in-progress	5.2	3,485,076	2,511,302
	Finished goods	5.3	2,418,606	2,744,841
			<u>16,336,285</u>	<u>9,896,667</u>

**5.1** Includes items costing Rs. 22.05 million (June 30, 2022: Rs. 22.81 million) which have been valued at their net realizable value of Rs. 10.35 million (June 30, 2022: Rs. 8.86 million).

**5.2** Includes items costing Rs. 37.75 million (June 30, 2022: Rs. 24.52 million) held at WIP stores which have been valued at their net realizable value of Rs. 23.98 million (June 30, 2022: Rs. 10.75 million).

**5.3** Includes items costing Rs. 1,310.34 million (June 30, 2022: Rs. 1,042.79 million) which have been valued at their net realizable value of Rs. 841.51 million (June 30, 2022: Rs. 787.42 million).

		Note	(Un-audited)	(Audited)
			March 31, 2023	June 30, 2022
			----- Rupees in '000 -----	
<b>6</b>	<b>TRADE DEBTS</b>			
	<b>Exports</b>			
	Considered good	6.1	14,884,837	8,682,495
	Considered doubtful		68,564	30,092
			<u>14,953,401</u>	<u>8,712,587</u>
	Allowance for expected credit loss	6.2	(68,565)	(30,092)
			<u>14,884,837</u>	<u>8,682,495</u>
	<b>Local</b>			
	Considered good		80,121	84,104
			<u>14,964,958</u>	<u>8,766,599</u>

**6.1** This include an amount of Rs. 1,119.91 million (June 30, 2022: Rs. 860.96 million) due from 1888 Mills LLC.

	Note	(Un-audited)	(Audited)
		March 31, 2023	June 30, 2022
		----- 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	30,092	23,107
	Charge for the period / year	38,473	6,985
	Balance at the end of the period / year	<u>68,565</u>	<u>30,092</u>

## **7** SHORT TERM INVESTMENTS

During the period, the Company disposed off 244 million units (June 30, 2022: 330 million Units) and purchased 24 million units (June 30, 2022: 241.88 million units) of Open Ended Shariah Compliant mutual funds. As of reporting date, the Company holds Nil units (June 30, 2022: 185.01 million units) of any Open Ended Shariah Compliant mutual funds.



## 8 LONG TERM FINANCING

During the period, the Company made further drawdown on its existing 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. These disbursement 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 and quarterly installments after grace period of one to two years. The unutilized portion of LTFF and SBP Financing Scheme for Renewable Energy are Rs.3,877.35 million and Rs.567 million respectively (June 30, 2022: Rs.5,210 million and nil respectively). The undisbursed portion of TERF is Nil (June 30, 2022: Rs.1,326 million).

	Note	(Un-audited)	(Audited)
		March 31, 2023	June 30, 2022
----- Rupees in '000 -----			
<b>9 TRADE AND OTHER PAYABLES</b>			
Creditors		3,544,874	2,040,467
Accrued liabilities		5,397,499	3,158,358
Workers' profits participation fund		385,761	172,383
Workers' welfare fund		34,812	42,710
Contract liabilities		72,533	50,778
Payable to provident fund		27,406	24,646
Derivative financial instruments		74	39,755
Current portion of Gas Infrastructure Development Cess		190,622	190,622
Current portion of government grant		108,009	45,372
Others		160,990	31,177
		<u>9,922,580</u>	<u>5,796,268</u>
<b>10 SHORT TERM BORROWINGS</b>			
Export re-finance	10.1	15,250,000	14,400,000
Term Finance	10.2	716,071	-
Export finance scheme	10.3	940,543	-
Running Finance		139,239	-
		<u>17,045,853</u>	<u>14,400,000</u>

**10.1** Represents utilized portion of export refinance facilities from various conventional and Islamic banks (Rs. 10,150 million and Rs. 5,100 million respectively), carrying mark-up at the rates ranging from, SBP Export refinance rate plus 0.25% to 1% (June 30, 2022: 0.25% to 1%) per annum and will expired by May 2023

**10.2** Term Finance from conventional bank carrying mark-up at 3M Kibor + 0.50% are 716.00 million (June 30, 2022: Rs nil) per annum. These are secured against first pari passu charge over stock-in-trade, receivables and the assets of the Company.

**10.3** It represents utilized portion of export finance scheme (EFS) facilities from various conventional banks (Rs. 940 million), carrying mark-up at the rates ranging from, SBP Export refinance rate plus 1.00 (June 30, 2022: Nil) per annum.

## 11 CONTINGENCIES AND COMMITMENTS

### 11.1 Contingencies

No contingencies exist as at the reporting date.

	Note	(Un-audited)	(Audited)
		March 31, 2023	June 30, 2022
		Rupees in '000	
11.2 Commitments			
Outstanding letter of credit		1,340,450	4,595,923
Outstanding letter of guarantee		1,352,778	1,390,025
Capital expenditure		269,201	4,184,280
Post dated cheques	11.2.1	4,897,412	4,781,418

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

	Note	(Un-audited)		(Un-audited)	
		Nine Months ended		Quarter Ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
		Rupees in '000			
12 COST OF SALES					
Opening stock of finished goods		2,744,841	2,542,945	4,204,720	3,053,933
Add: Cost of goods manufactured	12.1	32,515,147	32,586,040	12,589,252	11,656,800
		35,259,988	35,128,985	16,793,972	14,710,733
Less: Closing stock of finished goods		(2,418,606)	(3,117,181)	(2,418,606)	(3,117,181)
		32,841,382	32,011,804	14,375,366	11,593,552

### 12.1 Cost of goods manufactured

Raw material consumed	12.1.1	19,177,330	19,906,224	6,304,580	6,362,881
Stores and spares consumed		4,435,081	3,939,973	1,695,122	1,474,109
Salaries, wages and other benefits	12.1.2	5,210,025	4,546,216	1,965,466	1,494,714
Fuel, power and water		2,548,153	2,365,753	945,037	825,371
Insurance expense		54,239	59,332	26,039	21,506
Repair and maintenance		100,816	105,979	37,450	41,852
Communication and transportation		119,679	100,270	44,518	34,085
Rent		11,283	22,926	3,911	8,723
Depreciation		1,736,862	1,481,768	620,458	608,988
Amortization		4,695	4,685	1,510	1,569
Quality control and inspection		78,876	48,128	37,169	21,114
Other manufacturing expenses		11,882	18,603	5,960	1,737
		33,488,921	32,599,857	11,687,220	10,896,649
Opening work-in-process		2,511,302	3,136,835	4,387,108	3,910,803
Closing work-in-process		(3,485,076)	(3,150,652)	(3,485,076)	(3,150,652)
		32,515,147	32,586,040	12,589,252	11,656,800

### 12.1.1 Raw material consumed

Opening stock		4,640,524	2,757,422	8,909,505	6,109,659
Purchases during the period		24,969,409	21,636,878	7,827,679	4,741,299
		29,609,933	24,394,300	16,737,184	10,850,958
Less: closing stock		(10,432,603)	(4,488,076)	(10,432,603)	(4,488,076)
		19,177,330	19,906,224	6,304,580	6,362,881

12.1.2 This includes an amount of Rs. 80.85 million (March 31, 2022: Rs. 59.42 million) in respect of staff provident fund and Rs. 181.54 million in respect of staff gratuity fund (March 31, 2022: 206.18 million).

13 OTHER EXPENSES	(Un-audited)		(Un-audited)	
	Nine Months ended		Quarter Ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	Rupees in '000			
Property, plant and equipment - write-off	879	317	-	317
Workers' profit participation fund	385,761	171,226	248,050	79,903
Workers' welfare fund	33,392	31,174	15,008	11,361
Allowance for expected credit loss	38,473	3,646	13,829	835
Donations	17,331	13,681	4,635	5,549
Auditors' remuneration	4,405	3,503	965	378
Provision for slow moving, obsolete stores and spares	17,347	28,720	-	-
	<b>497,588</b>	<b>252,267</b>	<b>282,487</b>	<b>98,343</b>

14 OTHER INCOME	(Un-audited)		(Un-audited)	
	Nine Months ended		Quarter Ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	Rupees in '000			
Gain/(Loss) on disposal of operating fixed asset - net	7,148	861	3,414	392
Interest on bank deposit and TDR	31,176	35,603	5,641	7,762
Dividend income on open ended mutual fund units	461,211	217,065	-	85,837
Exchange gain / (loss)	3,922,047	539,246	2,908,704	426,501
Reversal of provision against doubtful advances	1,461	42,069	-	2,190
	<b>4,423,043</b>	<b>834,844</b>	<b>2,917,759</b>	<b>522,682</b>

### 15 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise associates, directors, major shareholders of the Company, key management personnel, staff provident fund and staff 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:

Nature of transaction	(Un-audited)		(Un-audited)	
	Nine Months ended		Quarter Ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	Rupees in '000			
<i>Transactions with associates</i>				
Sale of goods	2,240,880	4,427,134	860,061	1,569,448
Purchases	6,408	32,523	3,621	2,079
Marketing Fee	1,536,793	1,370,102	704,650	502,741
Lease rental paid	245,671	141,642	57,832	21,955
Rent expense	1,912	6,257	637	-
Donation	1,500	985	-	-
<i>Transaction with directors</i>				
Meeting fee	8,600	10,440	3,460	2,920
<i>Transaction with key management personnel</i>				
Remuneration paid	61,598	49,569	19,912	15,923
Post-employment benefits	3,535	2,785	1,179	945
<i>Transaction with other related party</i>				
Contribution to staff provident fund	113,443	98,395	37,416	33,025
Contribution to staff gratuity fund	181,539	206,177	60,513	60,640

## **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, 2022. There have been no change in any risk management policies since June 30, 2022.

## **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, 2022: 99%) of the total gross revenue of the Company.
- All non-current assets of the Company as at March 31, 2023 and 2022 are located in Pakistan.
- Sales made by the Company to its two major customers during the period constituted 56% (March 31, 2022: 54%) of total quantity sold.

## **19 DATE OF AUTHORISATION**

These condensed interim financial statements were authorised for issue on April 29, 2023 by the Board of Directors of the Company.

## **20 GENERAL**

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

**Javeria Siddiqui**  
Chief Financial Officer

**Rehan Rahman**  
Chief Executive Officer

**Nasim Hyder**  
Director