



**SHAHZAD  
TEXTILE**

**FORM-8**

Date: 27-10-2023

**The General Manager,**  
Pakistan Stock Exchange Limited,  
Stock Exchange Building,  
Stock Exchange Road,  
Karachi

**Subject: Transmission of Quarterly Report for the Period Ended September 30, 2023**

Dear Sir,

We have to inform you that the Quarterly Report of the Company for the period ended September 30, 2023 has been transmitted through PUCARS and is also available on Company's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours Sincerely,  
**For SHAHZAD TEXTILE MILLS LIMITED**

  
**COMPANY SECRETARY**

Encl: As above

**1<sup>st</sup> Quarterly Report**  
**September 30, 2023**



**SHAHZAD TEXTILE MILLS LIMITED**

Certificate PK05/00526

SGS

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  
t +44 (0)151 350-6666 f +44 (0)151 350-6600 [www.sgs.com](http://www.sgs.com)

HC SGS 9001 2015 0818 M2

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Certificate PK05/00526, continued

SGS

**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: 34<sup>th</sup> km, Sheikhupura Road, Sheikhupura, Pakistan.

Site 02: 7km, Sheikhupura-Faisalabad Road, Sheikhupura, 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 – Sheikhupura Road, Sheikhupura, 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

*Noraf*

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](http://www.tuv.at)



ZERTIFIKAT | CERTIFICATE | CERTIFICAT | CERTIFICADO | СЕРТИФИКАТ | 證書 | 인증서

045824-20-8

SHAHZAD TEXTILE MILLS LIMITED

Verifizieren Sie die Echtheit dieser Zertifikate unter [www.tuv.at/certificates](http://www.tuv.at/certificates) oder unter der Telefonnummer +43 (0)1 235 235 235.



# 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

Certification Body  
at TÜV AUSTRIA CERT GMBH

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

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](http://www.tuv.at)



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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 – Sheikhupura Road, Sheikhupura, Pakistan.**

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

**Manufacturing of Socks**

Certificate Registration No. 20100233016369

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  
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SHAHZAD TEXTILE MILLS LIMITED

View online at [www.tuv.at/certificates](http://www.tuv.at/certificates) or contact TUV AUSTRIA CERT GMBH, Vienna, Austria. The registration of this document is subject to the approval of TÜV AUSTRIA CERT.

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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

### 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.

### Chief Financial Officer

Mr. Nabeel Naveed

### 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

### Company Secretary

Syed Imran Haider

### Auditors

Crowe Hussain Chaudhury & Co.  
 Chartered Accountants

### Mills

Unit # 1, 4 & Socks Hosiery Unit  
 34<sup>th</sup> KM Lahore Sheikhpura  
 Raod, Sheikhpura.

### Audit Committee

Syed Raza Ali Bokhari Chairman  
 Mian Parvez Aslam Member  
 Mr. Irfan Aslam Member

### Unit # 2

7<sup>th</sup> KM Sheikhpura Faisalabad  
 Road, Sheikhpura.

### Human Resources &

### Remuneration Committee

Dr. Ali Raza Khan Chairman  
 Mr. Danish Aslam Member  
 Mrs. Nazish Imran Member

## Directors' Report

On behalf of the Board of Directors of Shahzad Textile Mills Limited, I am presenting a brief review of the financial results and operations of your Company for the first quarter ended September 30, 2023

During the 1st quarter company earned pre-tax profit of Rs 28.62 million as compared to pre-tax profit of Rs 16.89 million in the corresponding period of last year. Current quarter sales closed at Rs 2.68 billion. (2022: 2.06 billion). High interest rates, rising inflation and energy costs led to the closure of many textile units in Pakistan. Due to these factors and lower demand in the market, spinning industry was not able to fetch reasonable price in the market and hence the margins remained very thin.

Our socks unit is performing well with healthy exports and gave decent contribution towards the profit of company. Due to low demand in the market for yarn and other economic adversities, the board of directors decided to shut down Unit no 1 and 4 from September 29, 2023. Our management have thoroughly evaluated associated risks and benefits, and we are confident that this action is in the best interest of our company and shareholders.

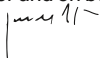
### FUTURE PROSPECTUS

The textile industry of Pakistan has immense potential to expand provided that the Government takes into consideration the various factors hampering growth of exports which require immediate and necessary actions such as reducing high interest rates, continuation of regionally competitive energy tariff and stabilization of currency. The management is fully aware of the present challenges and is fully committed to achieve better results in future.

Earnings per share for the 1st quarter is Rs. 0.11 as compared to Rs. 0.33 in corresponding period of last 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 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

  
Imran Aslam  
Chief Executive

  
Danish Aslam  
Director

Lahore.  
Dated: 26-10- 2023

## ڈائریکٹر رپورٹ

شہزاد ٹیکسٹائل ملز لمیٹڈ کرپورڈ آف ڈائریکٹر کی جانب سے 30 ستمبر 2023ء کو ختم ہونے والی پہلی سہ ماہی کیلئے آپ کی کمپنی کے مالیاتی نتائج اور آپریشنز کا ایک مختصر جائزہ پیش کر رہا ہوں۔

پہلی سہ ماہی کے دوران کمپنی نے 28.62 ملین روپے کا قبل از ٹیکس منافع حاصل کیا جو کہ گذشتہ سال کی اسی مدت میں 16.89 ملین روپے کا قبل از ٹیکس منافع تھا۔ موجودہ سہ ماہی کی فروخت 2.68 ملین روپے پر بند ہوئی۔ (2022: 2.06) سود کی بلند ترین شرح، بروقتی ہوئی مہنگائی اور توانائی کی قیمتیں پاکستان میں ٹیکسٹائل کے بہت سے یونٹس کی بندش کا باعث بنیں۔ ان عوامل اور مارکیٹ کیس کم مانگ کی وجہ سے سپنگ انڈسٹری مارکیٹ میں مناسب قیمتیں حاصل کرنے کے قابل نہیں رہی اور اسی وجہ سے مارجن بہت کم رہا۔

ہماری جرابوں کا پونٹ صحت مند برآمدات کے ساتھ اچھی کارکردگی کا مظاہرہ کر رہا ہے۔ اور اسی لیے کمپنی کے منافع میں معقول حصہ ڈالا ہے۔ یارن کی مارکیٹ میں کم مانگ اور دیگر معاشی مشکلات کی وجہ سے بورڈ آف ڈائریکٹرز نے پونٹ نمبر 1 اور 4 کو 29 ستمبر 2023 سے بند کرنے کا فیصلہ کیا۔ ہماری انتظامیہ نے متعلقہ خطرات اور فوائد کا بخوبی جائزہ لیا ہے۔ اور ہمیں یقین ہے کہ یہ کارروائی ہماری کمپنی اور شیئر ہولڈرز کے بہترین مفاد میں ہے۔

## مستقبل کا نقطہ نظر

پاکستان کی ٹیکسٹائل انڈسٹری میں توسیع کی بے پناہ صلاحیت ہے۔ بشرطیکہ حکومت برآمدات کی ترقی میں رکاوٹ بننے والے مختلف عوامل کو مد نظر رکھے جس کیلئے فوری اور ضروری اقدامات کی ضرورت ہے۔ جیسے کہ بلند شرح سود میں کمی، علاقائی سطح پر مسابقتی توانائی ٹیرف کا تسلسل اور کرنسی کا استحکام، انتظامیہ موجودہ چیلنجز سے پوری طرح آگاہ ہے اور مستقبل میں بہتر نتائج حاصل کرنے کیلئے پوری طرح پرعزم ہے۔

پہلی سہ ماہی کیلئے فی حصص آمدنی 0.11 روپے ہے گذشتہ پچھلے سال اسی مدت کے مقابلے میں جو کہ 0.33 روپے تھی۔

ہم اس موقع سے فائدہ اٹھاتے ہوئے اپنے صارفین اور شیئر ہولڈرز کا اپنی کمپنی پر ان کے غیر متزلزل اعتماد کیلئے اظہار تشکر کرنا چاہیں گے۔ ہم اس مشکل وقت میں پوعی ٹیم کی لگن اور محنت کو بھی تسلیم کرنا چاہتے ہیں۔ ہمیں یقین ہے کہ ہماری ٹیم کی چلک اور اختراعی جذبے کے ساتھ ہم اس مشکل دور سے پہلے سے بھی زیادہ مضبوط ہو کر نکلیں گے۔

برائے اور بحکم بورڈ

11/11/23

عمران اسلم

چیف ایگزیکٹو آفیسر

26 اکتوبر 2023ء

لاہور۔

دانش اسلم

ڈائریکٹر

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**  
**AS AT SEPTEMBER 30, 2023**

		<b>September 30, 2023</b>	<b>June 30, 2023</b>
	Note	<b>(Un-audited)</b>	<b>(Audited)</b>
		----- Rupees in thousand -----	
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorized capital:			
40,000,000 (June 30, 2023: 40,000,000)			
ordinary shares of Rs. 10 each		400,000	400,000
Issued, subscribed and paid up capital			
17,971,372 (June 30, 2023: 17,971,372)			
ordinary shares of Rs. 10 each		179,714	179,714
Reserves		1,998,698	1,993,253
Surplus on revaluation of property, plant and equipment		834,567	838,080
		3,012,979	3,011,047
<b>Non Current Liabilities</b>			
Long term financing	5	282,756	298,518
Deferred liability	6	383,608	389,707
		666,364	688,225
<b>Current Liabilities</b>			
Trade and other payables		998,045	740,815
Unclaimed dividend		146	146
Unpaid dividend		199	199
Accrued mark up		49,181	33,575
Current portion of non-current liabilities		181,674	181,674
Short term borrowings	8	582,269	387,471
Provision for taxation		134,586	101,801
		1,946,100	1,445,681
<b>Contingencies and Commitments</b>	9	-	-
		5,625,443	5,144,953
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	10	2,446,591	2,476,370
Investment property		93,730	93,730
Long term investment in associate		862,792	858,690
Long term deposits		3,847	3,847
		3,406,960	3,432,637
<b>Current Assets</b>			
Stores and spares		168,372	175,446
Stock in trade		940,554	688,627
Trade debts		303,960	235,242
Advances, trade deposits, prepayments and other receivables		288,401	189,700
Short term investments		35,564	35,563
Tax refunds due from the Government		379,404	319,291
Cash and bank balances		102,228	68,447
		2,218,483	1,712,316
		5,625,443	5,144,953

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 1ST QUARTER ENDED SEPTEMBER 30, 2023**

		September 30, 2023	September 30, 2022
	Note	---- Rupees in thousand ----	
Sales		2,684,231	2,058,691
Cost of sales	11	(2,553,243)	(1,919,614)
<b>Gross Profit</b>		130,988	139,077
Operating expenses:			
- Selling and distribution		(27,882)	(82,602)
- Administrative expenses		(73,857)	(67,173)
		(101,739)	(149,775)
<b>Operating Profit / (Loss)</b>		29,249	(10,698)
Finance cost		(36,117)	(23,185)
Other operating expenses		(2,546)	(1,245)
Other income		33,930	31,269
Share of net profit/(loss) of associate		4,102	20,755
		(631)	27,594
<b>Profit before taxation</b>		28,618	16,896
Taxation		(26,710)	(10,923)
<b>Net Profit for the Period</b>		1,908	5,973
<b>Earnings per Share - Basic</b>		0.11	0.33

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 COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2023**

	September 30, 2023	September 30, 2022
	---- Rupees in thousand ----	
<b>Net Profit for the Period</b>	1,908	5,973
<b>Other Comprehensive Income for the Period</b>		
Items that will not be reclassified subsequently to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
<b>Total Comprehensive Income for the Period</b>	<u>1,908</u>	<u>5,973</u>

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 CHANGES IN EQUITY (UN-AUDITED)  
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2023**

Particulars	Share Capital	Share Premium Reserve	Unappropriated Profit	Surplus on Revaluation	Total Equity
----- Rupees in thousand -----					
<b>Balance as at June 30, 2022</b>	179,714	5,796	2,108,809	849,365	3,143,684
Net profit for the period	-	-	5,973	-	5,973
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	5,973	-	5,973
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period (net of deferred tax)	-	-	13,174	(13,174)	-
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	-	-	-	6,694	6,694
Share in incremental depreciation of revalued property, plant and equipment of associate (net of deferred tax)	-	-	-	-	-
Dividend paid during the period	-	-	-	-	-
<b>Balance as at September 30, 2022</b>	<u>179,714</u>	<u>5,796</u>	<u>2,127,956</u>	<u>842,885</u>	<u>3,156,351</u>
<b>Balance as at June 30, 2023</b>	179,714	5,796	1,987,457	838,080	3,011,047
Net profit for the period	-	-	1,908	-	1,908
Other comprehensive income	-	-	-	-	-
Total comprehensive profit for the period	-	-	1,908	-	1,908
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period (net of deferred tax)	-	-	3,537	(3,537)	-
Surplus on revaluation of property, plant and equipment related to export	-	-	-	24	24
Share in incremental depreciation of revalued property, plant and equipment of associate (net of deferred tax)	-	-	-	-	-
<b>Balance as at September 30, 2023</b>	<u>179,714</u>	<u>5,796</u>	<u>1,992,902</u>	<u>834,567</u>	<u>3,012,979</u>

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**

1st Quarter Ended September 30, 2023

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2023**

	September 30, 2023	September 30, 2022
	--- Rupees in thousand ---	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	28,618	16,896
Adjustments for:		
- Depreciation	29,779	32,384
- Share of net profit of associate	(4,102)	(20,755)
- Gain on disposal of property, plant and equipment - Net	-	(3,807)
- Provision for gratuity	-	17,395
- Exchange loss / (gain)	437	(18,816)
- Provision for workers' profit participation fund	1,536	907
- Provision for workers' welfare fund	572	338
- Finance cost	36,117	23,185
	64,339	30,831
<b>Operating Profit before Working Capital Changes</b>	92,957	47,727
Decrease / (Increase) in current assets		
- Stores and spares	7,074	(29,814)
- Stock in trade	(251,927)	(7,090)
- Trade debts	(69,156)	15,113
- Advances, trade deposits, prepayments, and other receivables	(71,410)	31,856
- Short term investment	-	(1,561)
- Tax refunds due from the Government	(60,112)	(53,580)
Increase in current liabilities		
- Trade and other payables	285,515	77,831
	(160,016)	32,755
<b>Net Cash (Used) / generated from Operations</b>	(67,059)	80,482
Income tax paid	(27,291)	(29,120)
Gratuity paid	-	(11,321)
Workers' (profit) participation fund paid	(30,393)	-
Repayment of GIDC	-	(4,378)
Finance cost paid	(20,512)	(18,697)
<b>Net Cash (Used) / generated from Operating Activities</b>	(145,255)	16,966
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment purchased	-	(697)
Proceed from Disposal of property, plant and equipment	-	5,300
Capital work in progress	-	(6,288)
<b>Net Cash Used in Investing Activities</b>	-	(1,685)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term financing received	-	-
Repayment of long term financing	(15,762)	4,350
Short term borrowings	194,798	9,935
<b>Net Cash generated from Financing Activities</b>	179,036	14,285
<b>Net increase in Cash and Cash Equivalents</b>	33,781	29,566
Cash and cash equivalents at the beginning of the period	68,447	143,225
<b>Cash and Cash Equivalents at the End of the period</b>	102,228	172,791

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 1ST QUARTER ENDED SEPTEMBER 30, 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, 2023. Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2023 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 September 30, 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, 2023.
- 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, 2023.

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, 2023.

Note 5

**Long Term Financing**

		September 30, 2023 (Un-audited) Rupees in thousand	June 30, 2023 (Audited)
Loan from banking companies - Secured			
Habib Metro Bank Limited - SBP LTFF	5.1	302,030	317,792
Meezan Bank Limited - Diminishing Musharka	5.2	56,130	56,130
JS Bank Limited - Loan as per SBP refinance scheme	5.3	-	-
		358,160	373,922
Less: Current portion		(75,404)	(75,404)
		282,756	298,518

# 1st Quarter Ended September 30, 2023

- 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. Mark up 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

		September 30, 2023	June 30, 2023
	Note	(Un-audited)	(Audited)
		----- Rupees in thousand -----	
Deferred tax liability - net		383,608	389,707
Gas infrastructure development cess (GIDC)	6.1	-	-
Deferred grant	6.2	-	-
		<u>383,608</u>	<u>389,707</u>
<b>6.1 Gas Infrastructure Development Cess</b>			
Opening balance		106,270	110,602
Payments made during the year		-	(4,378)
Interest expense		-	46
		<u>106,270</u>	<u>106,270</u>
Less: current portion		<u>(106,270)</u>	<u>(106,270)</u>
		<u>-</u>	<u>-</u>

- 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
Amortization of grant	-	(256)
Deferred grant outstanding	-	-
Less: Current portion	-	-
	<u>-</u>	<u>-</u>

Note 7

## Current Portion of Non-Current Liabilities

	September 30, 2023	June 30, 2023
	(Un-audited)	(Audited)
	----- Rupees in thousand -----	
Long term financing	75,404	75,404
Deferred liability - GIDC	106,270	106,270
	<u>181,674</u>	<u>181,674</u>

Note 8

## Short Term Borrowings

	September 30, 2023	June 30, 2023
	(Un-audited)	(Audited)
	----- Rupees in thousand -----	
From banking companies - Secured		
Cash / packing finances	582,269	387,471

- 8.1** The Company obtained various funded and unfunded financial facilities from different banks for a total sanctioned limit of Rs. 2,484 million (2023: Rs. 2,484 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 December 31, 2023. Mark up on these facilities is charged from 1 to 6 months KIBOR plus a spread of 1% to 1.25% (2023: 1 to 6 months KIBOR plus a spread of 1% to 1.25%) payable quarterly. These facilities are secured by ranking and hypothecation charge on property, plant and equipment, stocks and receivables of the Company; lien over export and import documents and personal



guarantee of sponsoring directors of the Company. The above balance represents the utilized portion of the funded facilities. The Company has also utilized foreign bill discounting facility and un-funded facilities amounting to Rs. nil (2023: Nil) and Rs. 350,749 million (2023: Rs. 463,875 million) respectively. Unutilized amount of funded and unfunded facilities are Rs. 1,605.76 million (2023: Rs. 1,632.65 million).

Note 9

### Contingencies and Commitments

#### 9.1 Contingencies

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

	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
	----- Rupees in thousand -----	
- Sui Northern Gas Pipelines Limited	79,748	79,748
- Lahore Electric Supply Company	10,430	10,430
- Excise and Taxation Office	38,400	34,400
- SBP Banking Services Corporation	17,929	17,929
	<b>146,507</b>	<b>142,507</b>

9.1.2 The Company is contingently liable for Rs. 41.052 million (2023: Rs. 37.605 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:

	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
	----- Rupees in thousand -----	
Letters of credit	<b>204,242</b>	<b>321,368</b>

Note 10

### Property, Plant and Equipment

	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
	---- Rupees in thousand ----	
Operating fixed assets	2,439,631	2,469,410
Capital work in progress	6,960	6,960
	<b>2,446,591</b>	<b>2,476,370</b>
<b>10.1 Operating fixed assets</b>		
Opening written down value	2,469,410	2,555,402
Additions during the period / year (at cost)	-	46,843
Revaluation adjustment	-	-
	<b>2,469,410</b>	<b>2,602,245</b>
Disposals during the period / year (at written down value)	-	(2,129)
	<b>2,469,410</b>	<b>2,600,116</b>
Revaluation adjustment	-	-
Depreciation charged for the period / year	(29,779)	(130,706)
	<b>2,439,631</b>	<b>2,469,410</b>

Note 11

**Cost of Sales**

	September 30, 2023	September 30, 2022
	---- (Un-audited) ----	
	---- Rupees in thousand ----	
Raw materials consumed	1,937,760	1,408,462
Stores and spares consumed	51,632	38,526
Packing materials consumed	64,082	48,860
Salaries, wages and other benefits	228,543	191,856
Fuel and power	362,319	246,888
Insurance	4,785	3,202
Repairs and maintenance	3,566	6,290
Other manufacturing expenses	3,556	5,577
Depreciation	27,063	29,021
	2,683,306	1,978,682
Opening work in process	109,993	84,732
Closing work in process	(114,863)	(82,278)
	(4,870)	2,454
Cost of goods manufactured	2,678,436	1,981,136
Opening finished goods	191,503	152,967
Closing finished goods	(316,696)	(214,489)
	(125,193)	(61,522)
	2,553,243	1,919,614

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			September 30, 2023	September 30, 2022
Related party	Relationship	Nature of Transaction	---- (Un-audited) ----	---- Rupees in thousand ----
Sargodha Jute Mills Limited	Associate 24.94%	Purchase of materials, goods and services	318	-
		Sale of materials and goods	248	150

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, 2023.

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:

**1st Quarter Ended September 30, 2023**

14.1

**Segment Results for the period ended September 30, 2023**

	Yarn	Socks	Total
	Rupees in Thousand		
Revenue	2,373,818	310,413	2,684,231
Operating profit	22,574	6,675	29,249
Finance cost	(32,227)	(3,890)	(36,117)
Other income	-	23,195	23,195
Other operating expense			(2,546)
Other income			10,735
Share of net profit from associate			4,102
Profit before taxation			28,618

**Segment Results for the period ended September 30, 2022**

	Yarn	Socks	Total
	Rupees in Thousand		
Revenue	1,682,438	376,253	2,058,691
Operating profit	(13,170)	2,472	(10,698)
Finance cost	(17,387)	(4,543)	(21,930)
Other income	-	3,866	3,866
Finance cost			(1,255)
Other operating expense			(1,245)
Other income			27,403
Share of net profit from associate			20,755
Profit before taxation			16,896

14.2

**Segment financial position for the period ended September 30, 2023**
**Assets**

Property plant and equipment	1,366,432	1,080,159	2,446,591
Store and spares	118,731	49,641	168,372
Stock in trade	754,345	186,209	940,554
Trade Debts	122,908	181,052	303,960
Advances to suppliers	21,996	22,944	44,940
	2,384,411	1,520,006	3,904,417

**Unallocated Assets**

Investment property	93,730
Long term Investments	862,792
Long term deposits	3,847
Advances, trade deposits, prepayments and other receivables	243,461
Short term investments	35,564
Tax refunds due from the Government	379,404
Cash and bank balances	102,228
	5,625,443

**Liabilities**

	Yarn	Socks	Total
	Rupees in Thousand		
Long term financing	56,130	302,030	358,160
Trade creditors	316,405	33,411	349,816
Short term borrowings	582,269	-	582,269
Accrued mark up	45,291	3,890	49,181
	1,000,095	339,331	1,339,426

**Unallocated liabilities**

Deferred tax liability - net	383,608
Gas infrastructure development cess	106,270
Trade and other payables	648,229
Unclaimed dividends	146
Unpaid dividends	199
Provision for taxation - net	134,586
	2,612,464

## Segment financial position for the year ended June 30, 2023

## Assets

	Yarn	Socks	Total
	Rupees in Thousand		
Property plant and equipment	1,391,163	1,085,207	2,476,370
Store and spares	114,016	61,430	175,446
Stock in trade	534,025	154,602	688,627
Trade Debt	188,383	46,858	235,241
Advances to supplier	11,868	7,424	19,292
	<u>2,239,455</u>	<u>1,355,521</u>	<u>3,594,976</u>

## Unallocated Assets

Investment property			93,730
Long term investments			858,690
Long term deposits			3,847
Advances, trade deposits, prepayments and other receivables			170,409
Short term investments			35,563
Tax refunds due from the Government			319,291
Cash and bank balances			<u>68,447</u>
			<u>5,144,953</u>

## Liabilities

Long term financing	56,130	317,792	373,922
Trade creditors	73,704	58,925	132,629
Short term borrowings	387,470		387,470
Accrued mark	20,000	13,575	33,575
	<u>537,304</u>	<u>390,292</u>	<u>927,596</u>

## Unallocated liabilities

Deferred tax liability - net			389,709
Gas infrastructure development cess			106,270
Trade and other payables			608,186
Unclaimed dividends			146
Unpaid dividends			199
Provision for taxation - net			<u>101,801</u>
			<u>2,133,907</u>

## 14.3 Information about products:

	September 30, 2023	June 30, 2023
	Percentage (Un-audited)	Percentage Audited
Yarn	88.06%	89.62%
Socks	11.44%	10.38%

## 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:

	September 30, 2023	June 30, 2023
	(Un-audited)	(Un-audited)
	----- Rupees in thousand -----	
Pakistan	2,377,081	7,125,745
Europe	185,828	1,128,127
United State of America	121,321	144,758
	<u>2,684,231</u>	<u>8,398,630</u>

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 October 26, 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

19-A, Off Zafar Ali Road,  
Gulberg-V, Lahore