



mtm

Masood Textile Mills

moving towards
sustainable future

1st **QUARTERLY REPORT**

30 SEPTEMBER 2023

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COMPANY INFORMATION

CHAIRMAN

MR. NASEER AHMAD SHAH

CHIEF EXECUTIVE OFFICER

MR. SHAHID NAZIR AHMAD

DIRECTORS

MR. SHABIR AHMAD ABID
(Independent Director)

MR. SHAHID IQBAL
(Independent Director)

MR. SHOAIB AHMAD KHAN
(NIT-Nominee)

MS. CHEN YAN
(Nominee-Shanghai Challenge
Textile Co. Ltd.)

MR. SHIBIN YANG
(Nominee-Shanghai Challenge
Textile Co. Ltd.)

COMPANY SECRETARY

MR. NISAR AHMAD ALVI, ACA

CHIEF FINANCIAL OFFICER

MR. MUHAMMAD SHAHID
NAVEED
FCA (ICAP), ACA (ICAEW)

AUDIT COMMITTEE

MR. SHABIR AHMAD ABID
(Chairman)
MR. NASEER AHMAD SHAH
MR. SHAHID IQBAL

HR & REMUNERATION COMMITTEE

MR. SHAHID IQBAL (Chairman)
MR. SHAHID NAZIR AHMAD
MR. SHABIR AHMAD ABID

RISK MANAGEMENT COMMITTEE

MR. SHAHID NAZIR AHMAD
(Chairman)
MR. NASEER AHMAD SHAH
MR. SHAHID IQBAL

NOMINATION COMMITTEE

MR. NASEER AHMAD SHAH
(Chairman)
MR. SHABIR AHMAD ABID
MR. SHAHID IQBAL

AUDITORS

M/S RIAZ AHMAD & COMPANY
CHARTERED ACCOUNTANTS

SHARE REGISTRAR

corptec associates (pvt.) limited
503-e, johar town, lahore,
tel:042-35170336-7
fax: 042-35170338,
web: www.corptec.com.pk

REGISTERED OFFICE

Universal House, 17/1, New Civil
Lines, Bilal Road, Faisalabad.
Phone: 041-2600176-276
Fax: 041-2600976

MILLS

32-K.M., SHEIKHUPURA ROAD,
FAISALABAD.

DIRECTORS' REPORT TO THE MEMBERS

The Board of Directors is pleased to present the un-audited condensed interim financial information of the Company for the first quarter ended 30 September 2023.

FINANCIAL RESULTS:

The financial results of the Company for the period ended 30 September 2023 are as follow:

Description	30 Sep 2023	30 Sep 2022
	(RUPEES IN THOUSAND)	
Revenue from contracts with customers	15,169,993	15,234,791
Cost of sales	<u>(12,061,356)</u>	<u>(13,648,995)</u>
Gross profit	3,108,637	1,585,796
Distribution cost	(1,002,722)	(1,159,940)
Administrative expenses	(329,459)	(371,877)
Other expenses	(38,430)	(16,104)
Other income	97,799	1,396,062
Finance cost	<u>(1,029,883)</u>	<u>(532,554)</u>
Profit before taxation	805,942	901,383
Taxation	<u>(296,080)</u>	<u>(226,097)</u>
Profit after taxation	<u>509,862</u>	<u>675,286</u>
Earnings per share - Basic (Rupees)	<u>7.30</u>	<u>9.83</u>
- Diluted (Rupees)	<u>6.57</u>	<u>8.87</u>

For the first quarter ended 30 September 2023, the Company earned revenue amounting to Rs. 15.170 billion as compared to Rs. 15.235 billion during the corresponding first quarter of previous financial year, a slide decline from the Same Period Last Year (SPLY). The company earned profit after tax of Rs. 509.862 million (Earnings per share: Rs. 7.30) as compared to Rs. 675.286 million (Earnings per share: Rs. 9.83) for the SPLY.

Despite an extremely challenging environment of the country due to political and economic uncertainty, high rise in prices of inputs and utilities, the management of the company is striving hard to deliver sustainable profit.

INDUSTRY / MARKET OVERVIEW:

Major economies across the globe are experiencing a decline in growth. Higher working capital costs, rising level of inflation, slower demand of commodities are the main reasons. The humanitarian crisis in the Russia-Ukraine war and the conflict between Israel and Palestine have the potential of fueling another inflationary pressure and even causing the global economy into a recession.

Owing to reliance on low value-added products, Pakistan's competitiveness is hitting due to increase in energy, cotton and other inputs prices. Other Pakistan-specific factors includes growing working capital cost and supply-side bottlenecks. The volatility in country's macroeconomic indicators further worsen the situation. Inflation has consistently remained at elevated levels and large hike in fuel and utilities prices increased the cost of doing business.

FUTURE OUTLOOK

The textile industry has gone through a very difficult time in Pakistan. Our production costs are very high. Unexpected changes in currency exchange rate is another factor that hit Pakistan's textile sector hard. Cost of production is mostly affected due to increase in prices of imported source of energy, input accessories dyes and chemicals.

The political situation has stabilized a little bit. The Pakistan Textile Association, along with other relevant associations, are actively engaged with government of Pakistan in addressing these issues, particularly to save the exporting industry. They are pursuing the government to review its policies to promote exports, stabilize the currency exchange rates, relax import restrictions to mitigate disruption in supply chain and to attract the world market. We are fully committed and hopeful that above initiatives will improve the economic situation.

COMPOSITION OF BOARD

Total Number of Directors:	07
(a) Male	06
(b) Female	01
Composition:	
(a) Independent Directors	02
(b) Non-Executive Directors	03
(c) Executive Director	01
(d) Female Director	01

Committees of the Board

Audit Committee of the Board:

Sr. #	Name of Directors	
1-	Mr. Shabir Ahmad Abid	Chairman/Member
2-	Mr. Naseer Ahmad Shah	Member
3-	Mr. Shahid Iqbal	Member

Human Resource & Remuneration (HR&R) Committee:

Sr. #	Name of Directors	
1-	Mr. Shahid Iqbal	Chairman/Member
2-	Mr. Shahid Nazir Ahmad	Member
3-	Mr. Shabir Ahmad Abid	Member

Risk Management Committee:

Sr. #	Name of Directors	
1-	Mr. Shahid Nazir Ahmad	Chairman/Member
2-	Mr. Naseer Ahmad Shah	Member
3-	Mr. Shahid Iqbal	Member

Nomination Committee:

Sr. #	Name of Directors	
1-	Mr. Naseer Ahmad Shah	Chairman/Member
2-	Mr. Shabir Ahmad Abid	Member
3-	Mr. Shahid Iqbal	Member

Directors' Remuneration:

The Company does not pay remuneration to its non-executive directors including independent directors except for meeting fee. Aggregate amount of remuneration paid to executive and non-executive directors have been disclosed in note 10 of the annexed financial statements.

Acknowledgement:

Directors are pleased and thankful to the employees for their continued dedication and efforts for the Company, and also the support of its shareholders, banks and customers. We look forward to same dedication and cooperation from them in the future as well.



FAISALABAD

30th October, 2023

CHIEF EXECUTIVE OFFICER

DIRECTOR

ممبران کے لئے ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کو 30 ستمبر 2023 کو اختتام پذیر ہونے والی پہلی سہ ماہی کے لئے کمپنی کے غیر آڈٹ شدہ مالی نتائج پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

مالی نتائج:

کمپنی کی 30 ستمبر 2023 کو اختتام پذیر ہونے والی مدت کے مالی نتائج مندرجہ ذیل ہیں۔

تفصیل	30 ستمبر 2023	30 ستمبر 2022
	روپے ہزاروں میں	روپے ہزاروں میں
آمدنی	15,169,993	15,234,791
لاگت سیلز	(12,061,356)	(13,648,995)
مجموعی نفع	3,108,637	1,585,796
ڈسٹری بیوشن خرچہ	(1,002,722)	(1,159,940)
کاروبار کے انتظامی اخراجات	(329,459)	(371,877)
دیگر اخراجات	(38,430)	(16,104)
دیگر آمدن	97,799	1,396,062
مالی لاگت	(1,029,883)	(532,554)
نفع ٹیکس سے پہلے	805,942	901,383
ادا کردہ ٹیکسز	(296,080)	(226,097)
نفع ٹیکس کی ادائیگی کے بعد	509,862	675,286
آمدنی فی حصص بنیادی (روپیہ)	7.30	9.83
آمدنی فی حصص ڈائیلیٹ کی کر کے (روپیہ)	6.57	8.87

30 ستمبر 2023 کو اختتام ہونے والی پہلی سہ ماہی میں خالص فروخت 15.170 بلین روپے رہی جو کہ پچھلی پہلی سہ ماہی کے دوران 15.235 بلین روپے تھی، جس میں پچھلی اسی مدت کے دوران تھوڑی سی کمی واقع ہوئی ہے۔ کمپنی کو بعد از ٹیکس ادائیگی کے 509.862 (7.30 روپے فی حصص کمائی) بلین روپے منافع ہوا ہے۔ جو کہ گزشتہ اسی مدت کے مقابلے میں بعد از ٹیکس ادائیگی 675.286 (9.83 روپے فی حصص کمائی) بلین روپے منافع تھا۔ سیاسی اور اقتصادی غیر یقینی صورتحال، ان پٹ اور پوٹیلٹیئر کی قیمتوں میں بلند اضافے کی وجہ سے ملک کے انتہائی مشکل ماحول کے باوجود، کمپنی کی انتظامیہ پائیدار منافع کمانے کے لئے کوشاں ہے۔

صنعت / مارکیٹ کا جائزہ

دنیا بھر کی بڑی مشینیں ترقی میں کمی کا سامنا کر رہی ہیں۔ زیادہ کام کرنے والے سرمائے کی لاگت، افراط زر کی بڑھتی ہوئی سطح، ایشیا کی سست مانگ اس کی بنیادی وجوہات ہیں۔ روس-یوکرین جنگ میں انسانی بحران اور اسرائیل اور فلسطین کے درمیان تنازعہ کمپنی کے ایک اور دباؤ کو ہوا دینے اور یہاں تک کہ

عالمی معیثیت کو کساد بازی میں ڈالنے کی صلاحیت رکھتا ہے۔

کم ویلیو ایڈڈ مصنوعات پر انحصار، توانائی، کپاس اور دیگر اشیاء کی قیمتوں میں اضافے کی وجہ سے پاکستان کی مسابقت متاثر ہو رہی ہے۔ پاکستان سے متعلق دیگر عوامل میں بڑھتی ہوئی ورکنگ کپٹل لاگت اور پلائی سائڈز کا وٹس شامل ہیں، ملک کے میکرو اکنامک اشاریوں میں اتار چڑھاؤ صورت حال کو مزید خراب کرتا ہے، مزید گائی مسلسل بلنڈس پر رہی ہے اور ایندھن اور یوٹیلٹی کی قیمتوں میں بڑے اضافے نے کاروبار کرنے کی لاگت میں اضافہ کیا ہے۔

مستقبل کا نقطہ نظر:

پاکستان میں ٹیکسٹائل انڈسٹری بہت مشکل وقت سے گزر رہی ہے۔ ہماری پیداواری لاگت بہت زیادہ ہے۔ کرنسی کی شرح تبادلہ میں غیر متوقع تبدیلیاں ایک اور عنصر ہے جس نے پاکستان کی ٹیکسٹائل سیکٹر کو سخت نقصان پہنچایا۔ پیداواری لاگت زیادہ تر توانائی کے درآمدی ذرائع، ان پٹ لوازمات رنگوں اور کیمیکلز کی قیمتوں میں اضافے کی وجہ سے متاثر ہوتی ہے۔

سیاسی صورتحال قدرے مستحکم ہوئی ہے۔ پاکستان ٹیکسٹائل ایسوسی ایشن، دیگر متعلقہ ایسوسی ایشنز کے ساتھ مل کر حکومت پاکستان کے ساتھ ان مسائل کو حل کرنے کی خاطر برآمدی صنعت کو بچانے کے لیے سرگرم عمل ہے۔ یہ برآمدات کو فروغ دینے، کرنسی کی شرح تبادلہ کو مستحکم کرنے، پلائی چین میں رکاوٹ کو کم کرنے اور عالمی منڈی کو راغب کرنے کے لیے درآمدی پابندیاں میں نرمی کے لئے اپنی پالیسیوں پر نظر ثانی کرنے کے لئے حکومت پر زور دے رہے ہیں۔ ہم پوری طرح پرعزم ہیں اور پر امید ہیں کہ مزکورہ بالا اقدامات سے معاشی صورتحال میں بہتری آئے گی۔

بورڈ کی ترتیب:

7	ڈائریکٹرز کی کل تعداد
6	(a) مرد
1	(b) عورت

ترتیب:

2	(a) آزاد ڈائریکٹرز
3	(b) نان ایگزیکٹو ڈائریکٹرز
1	(c) ایگزیکٹو ڈائریکٹرز
1	(d) فی میل ڈائریکٹرز

بورڈ کی کمیٹیاں

بورڈ کی آڈٹ کمیٹی:-

نمبر شمار	ڈائریکٹرز کے نام	عہدہ
1	جناب شہیر احمد عابد	چیئرمین / ممبر
2	جناب نصیر احمد شاہ	ممبر
3	جناب شاہد اقبال	ممبر

انسانی وسائل اور معاوضہ کمیٹی:-

نمبر شمار	ڈائریکٹرز کے نام	عہدہ
1	جناب شاہد اقبال	چیئر مین / ممبر
2	جناب شاہد نذیر احمد	ممبر
3	جناب شبیر احمد عابد	ممبر

ریسک مینجمنٹ کمیٹی:-

نمبر شمار	ڈائریکٹرز کے نام	عہدہ
1	جناب شاہد نذیر احمد	چیئر مین / ممبر
2	جناب نصیر احمد شاہ	ممبر
3	جناب شاہد اقبال	ممبر

نامزدگی کمیٹی:-

نمبر شمار	ڈائریکٹرز کے نام	عہدہ
1	جناب نصیر احمد شاہ	چیئر مین / ممبر
2	جناب شبیر احمد عابد	ممبر
3	جناب شاہد اقبال	ممبر

ڈائریکٹرز کا معاوضہ:

کمیٹی اپنے نائین ایگزیکٹو ڈائریکٹرز سمیت آزاد ڈائریکٹرز کو اجلاس فیس کے علاوہ معاوضہ ادا نہیں کرتی۔ ایگزیکٹو اور نائین ایگزیکٹو ڈائریکٹرز کو ادا کئے گئے معاوضہ کی مجموعی رقم منسلک مالی حسابات کے نوٹ 10 میں درج کی گئی ہے۔

اظہار تشکر اور اعتراف:

ڈائریکٹرز ملازمین کی طرف سے ان کی مسلسل لگن اور کمیٹی کے لئے کوششوں اور اس کے حصص یافتگان، بینکوں اور صارفین کی حمایت کے لئے ان کی شکرگزاری کرتے ہوئے خوشی محسوس کرتے ہیں۔ ہم مستقبل میں بھی ان کی طرف سے اسی لگن اور تعاون کے منتظر ہیں۔

از طرف بورڈ

فیصل آباد

30 اکتوبر، 2023

چیف ایگزیکٹو آفیسر

ڈائریکٹر

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2023

	NOTE	Un-audited 30 September 2023 (RUPEES IN THOUSAND)	Audited 30 June 2023
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1200 000 000 (30 June 2023: 1200 000 000) ordinary shares of Rupees 10 each		12,000,000	12,000,000
60 000 000 (30 June 2023: 60 000 000) preference shares of Rupees 10 each		600,000	600,000
		<u>12,600,000</u>	<u>12,600,000</u>
Issued, subscribed and paid up share capital	3	950,000	950,000
Reserves			
Capital reserves			
Share premium		1,375,000	1,375,000
Redemption fund		128,333	128,333
Capital contribution		2,000,000	2,000,000
Surplus on revaluation of freehold land		3,574,318	3,574,318
		7,077,651	7,077,651
Revenue reserves		9,697,681	9,187,819
Total reserves		16,775,332	16,265,470
Total equity		17,725,332	17,215,470
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	4	1,998,463	2,356,062
Lease liabilities		111,584	11,438
Staff retirement gratuity		1,880,572	1,722,219
		3,990,619	4,089,719
CURRENT LIABILITIES			
Trade and other payables		9,683,606	9,666,047
Unclaimed dividend		8,943	8,944
Accrued mark-up		725,986	787,782
Short term borrowings		19,803,308	20,607,236
Current portion of non-current liabilities		1,867,768	1,914,878
Provision for taxation		1,201,323	951,134
		33,290,934	33,936,021
TOTAL LIABILITIES		37,281,553	38,025,740
CONTINGENCIES AND COMMITMENTS	5		
TOTAL EQUITY AND LIABILITIES		<u>55,006,885</u>	<u>55,241,210</u>

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



CHIEF EXECUTIVE OFFICER

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2023

	NOTE	Un-audited 30 September 2023 (RUPEES IN THOUSAND)	Audited 30 June 2023 (RUPEES IN THOUSAND)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	16,312,844	15,343,727
Right-of-use assets	7	155,572	58,605
Long term advances		14,577	17,174
Long term security deposits		66,813	75,560
		16,549,806	15,495,066
CURRENT ASSETS			
Stores, spare parts and loose tools		4,511,669	3,936,547
Stock in trade		13,976,930	12,703,259
Trade debts		13,895,880	16,726,515
Loans and advances		864,369	744,733
Income tax		1,253,957	1,061,618
Short term deposits and prepayments		487,833	298,453
Other receivables		3,138,323	3,252,398
Short term investments		9,001	8,630
Cash and bank balances		319,117	1,013,991
		38,457,079	39,746,144
TOTAL ASSETS		55,006,885	55,241,210



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)

FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2023

	30 September 2023	30 September 2022
(RUPEES IN THOUSAND)		
REVENUE FROM CONTRACTS WITH CUSTOMERS	15,169,993	15,234,791
COST OF SALES	(12,061,356)	(13,648,995)
GROSS PROFIT	<u>3,108,637</u>	<u>1,585,796</u>
DISTRIBUTION COST	(1,002,722)	(1,159,940)
ADMINISTRATIVE EXPENSES	(329,459)	(371,877)
OTHER EXPENSES	(38,430)	(16,104)
OTHER INCOME	97,799	1,396,062
FINANCE COST	(1,029,883)	(532,554)
PROFIT BEFORE TAXATION	<u>805,942</u>	<u>901,383</u>
TAXATION	(296,080)	(226,097)
PROFIT AFTER TAXATION	<u><u>509,862</u></u>	<u><u>675,286</u></u>
EARNINGS PER SHARE - BASIC (RUPEES)	<u>7.30</u>	<u>9.83</u>
- DILUTED (RUPEES)	<u>6.57</u>	<u>8.87</u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)

FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2023

	30 September 2023	30 September 2022
	(RUPEES IN THOUSAND)	
PROFIT AFTER TAXATION	509,862	675,286
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the period	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>509,862</u>	<u>675,286</u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



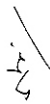
CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUATY (Un-audited)

FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2023

	RESERVES							TOTAL EQUITY			
	CAPITAL			REVENUE							
	SHARE CAPITAL	Redemption fund	Capital Contribution	Surplus on revaluation of freehold land	Sub total	General	Unappropriated profit		Sub total	TOTAL	
	(RUPEES IN THOUSAND)										
Balance as at 30 June 2022 - (Audited)	950,000	1,375,000	1,28,333	2,000,000	2,447,552	5,950,885	714,500	5,881,589	6,596,089	12,546,974	13,496,974
Profit for the three months ended 30 September 2022	-	-	-	-	-	-	-	675,286	675,286	675,286	675,286
Other comprehensive income for the three months ended 30 September 2022	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 September 2022 - (Un-audited)	950,000	1,375,000	1,28,333	2,000,000	2,447,552	5,950,885	714,500	6,556,875	7,271,375	13,222,260	14,172,260
Total comprehensive income for the three months ended 30 September 2022	-	-	-	-	-	-	-	675,286	675,286	675,286	675,286
Transactions with owners:	-	-	-	-	-	-	-	(32,081)	(32,081)	(32,081)	(32,081)
Dividend at the rate of Rupees 1166 per share (Preference shares)	-	-	-	-	-	-	-	12,277	12,277	12,277	-
Transfer from surplus on revaluation of freehold land on disposal of freehold land	-	-	-	-	(12,277)	(12,277)	-	-	-	-	-
Profit for the nine months ended 30 June 2023	-	-	-	-	1,139,043	1,139,043	-	1,975,903	1,975,903	1,975,903	1,975,903
Other comprehensive income for the nine months ended 30 June 2023	-	-	-	-	-	-	-	(39,655)	(39,655)	(39,655)	1,099,388
Total comprehensive income for the nine months ended 30 June 2023	-	-	-	-	1,139,043	1,139,043	-	1,936,248	1,936,248	3,075,291	3,075,291
Balance as at 30 June 2023 - (Audited)	950,000	1,375,000	1,28,333	2,000,000	3,574,318	7,077,651	714,500	8,473,319	9,187,819	16,265,470	17,215,470
Profit for the three months ended 30 September 2023	-	-	-	-	-	-	-	509,862	509,862	509,862	509,862
Other comprehensive income for the three months ended 30 September 2023	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the three months ended 30 September 2023	-	-	-	-	-	-	-	509,862	509,862	509,862	509,862
Balance as at 30 September 2023 - (Un-audited)	950,000	1,375,000	1,28,333	2,000,000	3,574,318	7,077,651	714,500	8,983,181	9,697,631	16,775,332	17,253,332

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)

FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2023

		30 September 2023	30 September 2022
	NOTE	(RUPEES IN THOUSAND)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	8	3,146,634	1,313,734
Finance cost paid		(1,086,558)	(433,795)
Mark-up paid against lease liabilities		(5,121)	(2,830)
Income tax paid		(239,353)	(249,868)
Dividend paid to ordinary shareholders		(1)	(21)
Staff retirement gratuity paid		(59,659)	(24,801)
Net decrease in long term advances		2,597	1,348
Net decrease / (increase) in long term security deposits		8,747	(6,499)
Net cash generated from operating activities		1,767,286	597,268
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		14,964	14,304
Capital expenditure on property, plant and equipment		(1,243,524)	(223,182)
Investment made		(371)	(228)
Net cash used in investing activities		(1,228,931)	(209,106)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		81,250	-
Repayment of long term financing		(483,316)	(498,269)
Repayment of lease liabilities		(27,235)	(27,473)
Short term borrowings - net		(803,928)	47,528
Net cash used in financing activities		(1,233,229)	(478,214)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(694,874)	(90,052)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1,013,991	708,885
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		319,117	618,833

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2023

1. THE COMPANY AND ITS OPERATIONS

Masood Textile Mills Limited is a public limited company incorporated under the Companies Act, 1913 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited (PSX). Its registered office is situated at Universal House, P-17/1, New Civil Lines, Bilal Road, Faisalabad. The main objects of the Company are manufacturing and sale of cotton / synthetic fiber yarn, knitted / dyed fabrics and garments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

a) Statement of compliance

- i) 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 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 requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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

b) Accounting policies and computation method

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

2.2 Critical accounting estimates and judgments

In preparing these condensed interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the audited annual financial statements of the Company for the year ended 30 June 2023.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

Un-audited 30 September 2023 (NUMBER OF SHARES)	Audited 30 June 2023		Un-audited 30 September 2023 (RUPEES IN THOUSAND)	Audited 30 June 2023 (RUPEES IN THOUSAND)
67 500 000	67 500 000	Ordinary shares of Rupees 10 each fully paid in cash	675,000	675,000
27 500 000	27 500 000	Cumulative preference shares (non-voting) of Rupees 10 each fully paid in cash	275,000	275,000
<u>95 000 000</u>	<u>95 000 000</u>		<u>950,000</u>	<u>950,000</u>

- 3.1 17 396 833 ordinary shares (30 June 2023: 17 396 833) of the Company are held by Shanghai Challenge Textile Company Limited - an associate.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2023

4. LONG TERM FINANCING - SECURED

	Un-audited 30 September 2023 (RUPEES IN THOUSAND)	Audited 30 June 2023
Opening balance	4,206,619	5,948,897
Add: Obtained during the period / year	81,250	190,429
Amortization during the period / year	-	6,401
	<u>4,287,869</u>	<u>6,145,727</u>
Less: Repaid during the period / year	483,316	1,939,108
	<u>3,804,553</u>	<u>4,206,619</u>
Less: Current portion shown under current liabilities	1,806,090	1,850,557
	<u>1,998,463</u>	<u>2,356,062</u>

5. CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) Guarantees of Rupees 461.495 million (30 June 2023: Rupees 403.495 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited (SNGPL) against gas connections, to Faisalabad Electric Supply Company (FESCO) against electricity connections and to Total Parco Pakistan Limited and Gas and Oil Pakistan Limited against fuel cards.
- ii) On 13 August 2020, the Supreme Court of Pakistan upheld the Gas Infrastructure Development Cess (GIDC) Act, 2015 to be constitutional and intra vires. In connection with this decision, the Company filed a writ petition in Lahore High Court, Lahore on 14 September 2020 against the charge of GIDC at the rate of captive power consumer instead of industrial consumer. Lahore High Court, Lahore suspended the payment of Rupees 23.625 million (30 June 2023: Rupees 23.625 million) related to this difference, subject to furnishing of post dated cheques which are being submitted by the Company. This writ petition was decided in favour of the Company. Against this decision, SNGPL filed an Intra Court Appeal No. 73521/2021 in Lahore High Court, Lahore on 27 September 2021 which is pending for adjudication. Keeping in view the opinion of the legal counsel of the Company, the related provision is not made in these financial statements as there are strong grounds of favourable outcome of the petition.
- iii) The Company has filed a writ petition in the Lahore High Court, Lahore on 29 June 2022 against the demand of fifty percent increase on social security contribution as penalty having an amount of Rupees 137.713 million (30 June 2023: Rupees 137.713 million) by Punjab Employees Social Security Institution. Keeping in view of the opinion of the legal counsel of the Company, the related provision is not made in these financial statements as there are strong grounds of favorable outcome of the petition.

b) Commitments

- i) Contracts / letters of credit for capital expenditure are amounting to Rupees 97.412 million (2023: Rupees 241.975 million) and for other than capital expenditure are of Rupees 2,257,569 million (30 June 2023: Rupees 1,740,946 million).
- ii) Ijarah commitments are amounting to Rupees 643.491 million (30 June 2023: Rupees 488.597 million).

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2023

	Un-audited 30 September 2023 (RUPEES IN THOUSAND)	Audited 30 June 2023
6. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 6.1)	15,804,029	14,806,641
Capital work-in-progress	508,815	537,086
	16,312,844	15,343,727
6.1 Operating fixed assets		
Opening book value	14,806,641	13,704,433
Add:		
Surplus on revaluation of freehold land	-	1,139,043
Cost of additions during the period / year (Note 6.11)	1,271,795	1,421,177
	16,078,436	16,264,653
Less: Book value of deletions during the period / year (Note 6.1.2)	4,112	442,604
	16,074,324	15,822,049
Less: Depreciation charged during the period / year	270,295	1,015,408
	15,804,029	14,806,641
6.1.1 Cost of additions during the period / year		
Freehold land	-	180,875
Buildings on freehold land	62,370	107,872
Plant and machinery	858,261	669,440
Electric and gas installations	40,916	112,298
Factory equipment	43,028	34,027
Telephone installations	67	447
Furniture and fixtures	18,088	60,070
Office equipment	56	528
Computer equipment	36,085	29,776
Vehicles	212,924	225,844
	1,271,795	1,421,177
6.1.2 Book value of deletions during the period / year		
Freehold land	-	408,974
Plant and machinery	1,391	335
Factory equipment	15	-
Vehicles	2,706	33,295
	4,112	442,604
7. RIGHT-OF-USE ASSETS		
Opening book value	58,605	128,998
Add: Additions during the period / year - Buildings	124,739	42,017
	183,344	171,015
Less: Book value of assets eliminated due to termination of lease / transferred to operating fixed assets	-	9,514
	183,344	161,501
Less: Depreciation charged during the period / year	27,772	102,896
	155,572	58,605

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2023

	(Un-audited)	
	30 September 2023	30 September 2022
	(RUPEES IN THOUSAND)	
8. CASH GENERATED FROM OPERATIONS		
Profit before taxation	805,942	901,383
Adjustments for non-cash charges and other items:		
Depreciation	298,067	270,155
Provision for gratuity	171,091	138,841
Gain on sale of property, plant and equipment	(10,852)	(6,548)
Finance cost	1,029,883	532,554
Allowance for expected credit losses reversed	(1,183)	-
Amortization of deferred income - Government grant	-	(4,254)
Working capital changes (Note 8.1)	853,686	(518,397)
	<u>3,146,634</u>	<u>1,313,734</u>
8.1 Working capital changes		
(Increase) / Decrease in current assets:		
Stores, spare parts and loose tools	(575,122)	(454,280)
Stock in trade	(1,273,671)	62,663
Trade debts	2,831,817	(916,939)
Loans and advances	(119,636)	(357,634)
Short term deposits and prepayments	(188,257)	18,637
Other receivables	114,075	(258,270)
	789,206	(1,905,823)
Increase in trade and other payables	64,480	1,387,426
	<u>853,686</u>	<u>(518,397)</u>

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE 1st QUARTER ENDED 30 SEPTEMBER 2023

9. SEGMENT INFORMATION

9.1 Segment results

	Spinning (Un-audited)		Knitting (Un-audited)		Processing and Garments (Un-audited)		Elimination of inter-segment transactions (Un-audited)		Total - Company (Un-audited)	
	Quarter Ended 30 September 2023	30 September 2022	Quarter Ended 30 September 2023	30 September 2022	Quarter Ended 30 September 2023	30 September 2022	Quarter Ended 30 September 2023	30 September 2022	Quarter Ended 30 September 2023	30 September 2022
Revenue	1,637,219	1,107,528	264,856	201,824	13,267,918	13,325,439	-	-	15,169,993	15,234,791
External intersegment	2,441,383	2,450,113	4,816,397	5,985,958	18,649	19,151	(7,276,429)	(8,264,562)	15,169,993	15,234,791
Cost of sales	(3,979,339)	(3,264,644)	(1,971,409)	(1,086,330)	(10,379,037)	(12,344,390)	(7,276,429)	(8,264,562)	(4,081,936)	(13,646,995)
Gross profit	912,263	857,997	107,048	2,899,592	2,899,901	14,000,049	-	-	3,008,059	1,587,796
Cost of distribution	(28,013)	(28,327)	(31,155)	(31,525)	(1,356,367)	(1,356,367)	-	-	(359,473)	(371,672)
Administrative expenses	(62,177)	(61,202)	(63,322)	(65,724)	(1,180,682)	(1,383,831)	-	-	(1,353,181)	(1,531,817)
Profit before taxation and unallocated income and expenses	29,086	21,795	20,322	14,009	1,756,848	18,115	-	-	1,776,456	53,979
Unallocated income and expenses:										
Other expenses	-	-	-	-	-	-	-	-	(38,430)	(16,104)
Other income	-	-	-	-	-	-	-	-	97,799	1,396,062
Finance cost	-	-	-	-	-	-	-	-	(1,236,980)	(1,236,980)
Taxation	-	-	-	-	-	-	-	-	559,662	575,266
Profit after taxation	-	-	-	-	-	-	-	-	24,982,446	25,849,676

9.2 Reconciliation of reportable segment assets and liabilities:

	Spinning (Un-audited)		Knitting (Un-audited)		Processing and Garments (Un-audited)		Total - Company (Un-audited)	
	Quarter Ended 30 September 2023	30 June 2023	Quarter Ended 30 September 2023	30 June 2023	Quarter Ended 30 September 2023	30 June 2023	Quarter Ended 30 September 2023	30 September 2023
Segment assets	5,540,092	5,050,510	3,603,532	3,603,298	25,913,391	25,475,103	34,957,015	31,128,911
Unallocated assets	-	-	-	-	-	-	20,049,870	24,112,299
Total assets as per condensed interim statement of financial position	5,540,092	5,050,510	3,603,532	3,603,298	25,913,391	25,475,103	55,006,885	55,241,210
Segment liabilities	1,475,012	1,383,788	1,683,917	2,399,921	9,140,178	8,392,355	12,299,107	12,176,064
Unallocated liabilities	-	-	-	-	-	-	24,982,446	25,849,676
Total liabilities as per condensed interim statement of financial position	1,475,012	1,383,788	1,683,917	2,399,921	9,140,178	8,392,355	37,281,553	38,025,740

9.3 Segment wise and geographical location wise disaggregation of revenue

	Spinning (Un-audited)		Knitting (Un-audited)		Processing and Garments (Un-audited)		Total - Company (Un-audited)	
	Quarter Ended 30 September 2023	30 September 2022	Quarter Ended 30 September 2023	30 September 2022	Quarter Ended 30 September 2023	30 September 2022	Quarter Ended 30 September 2023	30 September 2022
America and Canada	29,243	-	-	-	8,963,461	10,302,846	8,963,461	8,963,461
Europe and Australia	1,677,753	260,983	1,841,146	1,420,913	1,841,146	1,420,913	1,841,146	1,420,913
Africa and Pakistan	1,446,066	846,965	264,856	201,824	1,167,106	655,448	2,008,879	1,580,879
	1,637,219	1,107,528	264,856	201,824	13,267,918	13,325,439	15,169,993	15,234,791

The Company's revenue from external customers in respect of product is detailed below:

	Spinning (Un-audited)		Knitting (Un-audited)		Processing and Garments (Un-audited)		Total - Company (Un-audited)	
	Quarter Ended 30 September 2023	30 September 2022	Quarter Ended 30 September 2023	30 September 2022	Quarter Ended 30 September 2023	30 September 2022	Quarter Ended 30 September 2023	30 September 2022
Yarn	1,655,891	1,090,276	25,945	59,846	640,445	300,545	1,691,636	1,149,122
Knitting / dyeing income	-	-	238,911	142,978	12,407,658	13,375,456	12,407,658	13,375,456
Finished fabric / garments	11,268	17,256	-	-	219,815	249,438	231,143	260,690
Waste	1,637,219	1,107,528	264,856	201,824	13,267,918	13,325,439	15,169,993	15,234,791

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2023

10. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated company, other related parties and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties are as follows:

		Un-audited Quarter Ended	
		30 September 2023	30 September 2022
		(RUPEES IN THOUSAND)	
i) Transactions			
	Other related parties		
	Remuneration paid to Chief Executive Officer, Directors and Executives	171,462	135,490
		Un-audited 30 September 2023	Audited 30 June 2023
		(RUPEES IN THOUSAND)	
ii) Period end balances			
	Associated company		
	Trade debts	279,490	311,665
	Other related parties		
	Long term advances	14,197	16,630
	Loans and advances	24,615	27,991

11. RECOGNIZED FAIR VALUE MEASUREMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into following three levels. An explanation of each level follows underneath the table:

	Level 1	Level 2	Level 3	Total
	(RUPEES IN THOUSAND)			
Financial assets - recurring fair value measurement				
At fair value through profit or loss	9,001	-	-	9,001
At 30 September 2023 - un-audited	<u>9,001</u>	<u>-</u>	<u>-</u>	<u>9,001</u>
At fair value through profit or loss	8,630	-	-	8,630
At 30 June 2023 - audited	<u>8,630</u>	<u>-</u>	<u>-</u>	<u>8,630</u>

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2023

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to the short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further there was no transfer out of level 3 measurements.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as equity securities) is based on quoted market prices at the end of the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

12. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company for the year ended 30 June 2023.

13. DATE OF AUTHORIZATION

These condensed interim financial statements were approved by the Board of Directors of the Company and authorized for issue on 30 October 2023.

14. CORRESPONDING FIGURES

In order to comply with the requirements of IAS 34, the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.

15. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

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