

**FIRST QUARTER
FINANCIAL STATEMENTS**

2023-24



***The National Silk
& Rayon Mills Ltd.***

Manufacturer & Exporter of Quality Textile Products

Company Information

Board of Directors	Sh. Faisal Tauheed Sh. Kashif Tauheed Mrs. Samira Faisal Mrs. Tahira Kashif Sh Mustafa Faisal Tauheed Mr. Muhammad Arif Mr. Shehzad Ehsan	(Executive Director) -do- Non Executive Director Non Executive Director/Chairman Non Executive Director Independent Director Independent Director
Board Audit Committee	Mr. Shahzad Ehsan Sh Mustafa Faisal Tauheed Mrs. Tahira Kashif	(Chairman)
Board Human Resource and Remuneration Committee	Mr. Shehzad Ehsan Mrs. Samira Faisal Mrs. Tahira Kashif	(Chairman)
Management Team	Sh. Faisal Tauheed Puri Muhammad Islam Haider Imran Zafar Qaiser Ali Faheem	(Chief Executive) (Chief Financial Officer) (Company Secretary) (Internal Auditor)
Auditors	Riaz Ahmad and Company Chartered Accountants	
Bankers	National Bank of Pakistan The Bank of Punjab Bank Alfalah Limited Habib Metropolitan Bank Limited Askari Bank Limited Bank Al-Habib Limited MCB Limited Meezan Bank Limited	
Registered Office	House No. 8/3, Aziz Avenue, Canal Road, Gulberg V, Lahore.	
Factory	Dhuddiwala, Jaranwala Road, Faisalabad.	
Share Registrar	Corplink (pvt.) Ltd. Share Registrar & Corporate Consultants Wings Arcade, 1-K Commercial, Model Town, Lahore. Tel: 035916714, 35916719, 035839182 Fax: 92-42-35869037	
Legal Advisor	Sahibzada Muhammad Arif Advocate High Court, Chamber No.52, District Courts, Faisalabad.	

Directors' Report

The Board of Directors of your company are pleased to present Financial Statements of the company for the quarter ended September 30, 2023.

The financial performance of your Company during the first quarter ended on September 30, 2023 is as follow:

Operating Results	Quarter ended September 30	
	2023	2022
	RUPEES	
Gross profit	23,829,719	28,949,211
Selling, administrative and operating expenses	14,317,739	14,248,206
Profit before taxation	9,708,388	12,503,524
Taxation	3,758,466	4,989,720
Profit after taxation	5,949,922	7,513,804
Earning per share	0.38	0.48

The Company remains committed to deliver on its long-term objective of sustainable growth and value creation. This is being achieved through continued focus on operational excellence, product portfolio diversification, cost reduction and a strong capital structure.

The company recorded sale of Rs. 416,973,413/- in its first quarter as compared to Rs. 394,185,422/- during the first quarter of the last year showing increase in sale 6%.

Future Outlook and Challenges:

Pakistan's economy is expected to stabilize with inflation figures are expected to come down in near future and macro indicators are now showing signs of recovery. The management of the Company is working hard to optimize the cost levels and finding new avenues of revenue generation in all segments of the company to maximize benefit to the shareholders.

However, we are confident about the future prospects of your Company as the demand of cloth processing is expected to increase further in the years to come. We are also working internally to become more efficient by becoming more cost effective, focusing on energy conservation and expenditure reduction techniques.

Appreciation

We would like to thank all of our staff members for the way they have responded to challenges of the year. Their hard work and commitment is greatly appreciated and is reflected in these results.

We are also thankful for the encouragement and support which we received from our suppliers, shareholders, bankers and financial institutions.

On behalf of the Board



Sh. Faisal Tauheed Puri
Chief Executive



Sh. Kashif Tauheed
Director

LAHORE:
October 30, 2023

Condensed Interim Profit or Loss Account (un-audited)

FOR THE QUARTER ENDED SEPTEMBER 30, 2023

		QUARTER ENDED	
		September 30, 2023	September 30, 2022
		Rupees	
	Note		
Revenue from Contracts with Customers	10	416,973,413	394,185,422
Cost against Services Provided		393,143,694	365,239,211
Gross profit		23,829,719	28,946,211
Distribution costs		377,550	347,742
Administrative expenses		13,781,564	13,242,384
Other expenses		158,625	658,080
		14,317,739	14,248,206
		9,511,980	14,698,005
Other income	11	230,684	221,692
		9,742,664	14,919,696
Finance costs		34,276	2,416,172
Profit before taxation		9,708,388	12,503,524
Taxation:			
Current		4,169,734	4,535,397
Deferred	6.1	(411,268)	454,323
		3,758,466	4,989,720
Profit for the period		5,949,922	7,513,804
		-----R u p e e s-----	
Earnings per share- Basic and Diluted		0.38	0.48

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Comprehensive Income (un-audited)

FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	THREE MONTH ENDED	
	September 30, 2023	September 30, 2022
	Rupees	
Profit for the period	5,949,922	7,513,804
Other comprehensive income	-	-
Total comprehensive income for the period	<u>5,949,922</u>	<u>7,513,804</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Cash Flow Statement (un-audited)

FOR THE QUARTER ENDED SEPTEMBER 30, 2023

		THREE MONTH ENDED	
		September 30, 2023	September 30, 2022
	Note	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Generated from Operations	A	14,401,063	45,514,075
Taxes Paid		(7,074,201)	(6,114,644)
Finance cost paid		(374,658)	(1,954,970)
Long term deposits and prepayments		-	-
Gratuity paid		-	-
		<hr/>	<hr/>
Net cash used in operating activities		6,952,204	37,444,461
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		-	(1,675,466)
Sale proceeds from fixed assets		-	-
		<hr/>	<hr/>
Net cash used in investing activities		-	(1,675,466)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings		(31,071,080)	(12,212,165)
		<hr/>	<hr/>
Net cash (used in) / generated from financing activities		(31,071,080)	(12,212,165)
Net increase in cash and cash equivalents		(24,118,875)	23,556,831
Cash and Cash Equivalents at the Beginning of the Period		94,400,337	10,973,293
Cash and Cash Equivalents at the End of the Period	B	<hr/> <hr/>	<hr/> <hr/>
		70,281,461	34,530,123

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Notes to the Condensed Interim Cash Flow Statement (un-audited)

FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	THREE MONTH ENDED	
	September 30, 2023	September 30, 2022
	Rupees	
A - CASH GENERATED FROM OPERATIONS		
Profit before taxation	9,708,388	12,503,524
Adjustments of non cash and other items:		
Depreciation	7,120,209	7,003,785
Gain on disposal of fixed assets	-	-
Finance cost	34,276	2,416,172
	7,154,485	9,419,957
Cash Flows Before Working Capital Changes	16,862,873	21,923,481
EFFECT ON CASH FLOW OF WORKING CAPITAL CHANGES		
(Increase)/Decrease in current assets		
Stores and spare parts	(14,573,016)	(6,095,479)
Trade debts	(15,365,752)	(3,661,993)
Loan and advances	951,541	3,300,244
Trade deposit and short term prepayments	(78,694)	1,430,593
Short Term Investment	(1,000,000)	-
Sales Tax Refundable	37,415	2,223,754
Increase/(Decrease) in current liabilities		
Trade and other payables	27,566,696	26,393,474
	(2,461,810)	23,590,593
CASH USED IN OPERATIONS	14,401,063	45,514,074
B - CASH AND CASH EQUIVALENTS		
Cash and bank balances	70,281,461	34,530,123
	70,281,461	34,530,123

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Changes in Equity (un-audited)

FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	SHARE CAPITAL	REVENUE RESERVE UNAPPROPRIATED PROFIT	SUB TOTAL	CAPITAL RESERVE - SURPLUS ON REVALUATION OF FREEHOLD LAND	TOTAL
	-----R u p e e s-----				
Balance as at June 30, 2022- Audited	155,531,740	148,679,684	304,211,424	561,529,091	865,740,515
Profit for the three months ended September 30, 2022	-	7,513,804	7,513,804	-	7,513,804
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income	-	7,513,804	7,513,804	-	7,513,804
Balance as at September 30, 2022- Un-audited	<u>155,531,740</u>	<u>156,193,488</u>	<u>311,725,228</u>	<u>561,529,091</u>	<u>873,254,319</u>
Balance as at June 30, 2023- Audited	155,531,740	125,746,948	281,278,688	1,123,279,091	1,404,557,779
Profit for the three months ended September 30, 2023	-	5,949,922	5,949,922	-	5,949,922
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income	-	5,949,922	5,949,922	-	5,949,922
Balance as at September 30, 2023- Un-audited	<u>155,531,740</u>	<u>131,696,870</u>	<u>287,228,610</u>	<u>1,123,279,091</u>	<u>1,410,507,701</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Notes to the Condensed Interim Financial Information (un-audited)

FOR THE QUARTER ENDED SEPTEMBER 30, 2023

1 THE COMPANY AND NATURE OF ITS BUSINESS

The Company is a Public Limited Company, incorporated in Pakistan on June 27, 1950 under the Companies Act, 1913 (Now Companies Act, 2017). The Company is quoted on Pakistan Stock Exchange Limited. The registered office of the Company is situated at House No. H-8-3, Aziz Avenue, Canal road, Gulberg V, Lahore. The factory is located at Dhuddiwala, Jaranwala Road, Faisalabad in the province of Punjab. The principal activity of the company is dyeing, bleaching, finishing and embroidery of fabrics.

2 BASIS OF PREPARATION

2.1 Statement Of Compliance

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 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 do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with Company's annual audited financial statements for the year ended June 30, 2023.

2.3 Critical Accounting Estimates And Judgments

Judgments and estimates made by the management in the preparation of the condensed interim financial statements were the same as those applied to the financial statements as at and for the year ended June 30, 2023.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the financial statements for the year ended June 30, 2023 except those stated in note 3.2 (a) below.

3.2 Change in accounting standards, interpretations and amendments to published accounting and reporting standards

a) Standards and amendments to published accounting and reporting standards which were effective during the three months ended September 30, 2023

There were certain amendments to accounting and reporting standards which became mandatory for the Company's annual accounting period which began on July 1, 2023. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

b) Standards and amendments to approved accounting and reporting standards that are not yet effective

There is a new standard an interpretation and certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2023. However, these will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

4 AUTHORIZED SHARE CAPITAL

Note	September 30, 2023 Rupees (Un-audited)	June 30, 2023 Rupees (Audited)
20,000,000 (June 30, 2023: 20,000,000) A - Class Ordinary shares of Rs. 10 each	200,000,000	200,000,000
400,000 (June 30, 2023: 400,000) B - Class Ordinary shares of Rs. 10 each	4,000,000	4,000,000
	204,000,000	204,000,000

		September 30, 2023 Rupees (Un-audited)	June 30, 2023 Rupees (Audited)
5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
Issued for Cash			
15,051,267 (June 30, 2023: 15,051,267) A - Class Ordinary Shares of Rs.10 each		150,512,670	150,512,670
320,100 (June 30, 2023: 320,100) B - Class Ordinary Shares of Rs.10 each		3,201,000	3,201,000
		<u>153,713,670</u>	<u>153,713,670</u>
Issued as Bonus Shares			
181,807 (June 30, 2023: 181,807) Ordinary Shares of Rs.10 each		1,818,070	1,818,070
		<u>155,531,740</u>	<u>155,531,740</u>
6 DEFERRED LIABILITIES			
Deferred taxation	6.1	20,656,106	21,067,374
6.1 Deferred Taxation			
This is composed of the following:			
Deferred tax liability on taxable temporary differences arising in respect of:			
Accelerated tax depreciation		31,802,893	32,425,778
		<u>31,802,893</u>	<u>32,425,778</u>
Deferred tax asset on deductible temporary differences arising in respect of:			
Gratuity payable - ceased		(57,152)	(62,851)
Provision for doubtful receivables		(1,403,639)	(1,505,864)
Provision for GIDC		(7,861,821)	(7,861,821)
Minimum tax available for carry forward		(1,824,175)	(1,927,868)
		<u>(11,146,787)</u>	<u>(11,358,404)</u>
		<u>20,656,106</u>	<u>21,067,374</u>
Balance as at July 01,		21,067,374	23,755,892
Add: Reversal for the period/ year to			
Statement of profit or loss		(411,268)	(2,688,518)
Statement of comprehensive income		-	-
		<u>20,656,106</u>	<u>21,067,374</u>
7 SHORT TERM BORROWINGS			
Secured			
Cash finance	7.1	719	49,000,487
Letter of Credits Payable		37,919,881	37,919,881
		<u>37,920,600</u>	<u>86,920,368</u>
Others - unsecured			
From other related parties	7.2	17,928,688	-
		<u>55,849,288</u>	<u>86,920,368</u>
7.1			
There is no major change in the terms and conditions of the loan from banking companies as disclosed in the annual audited financial statements of the company as at and for the year ended June 30, 2023.			
7.2 From other related parties			
This represents loan received from following related parties:			
Mr. Faisal Tauheed (Chief Executive)		-	-
Mr. Sheikh Kashif Tauheed (Director)		17,928,688	-
Ms. Tahira Kashif (Director)		-	-
		<u>17,928,688</u>	<u>105,900,706</u>
8 CONTINGENCIES AND COMMITMENTS			
8.1 Contingencies			
- There is no change in status of contingencies as disclosed in note 14 to the audited annual financial statements of the Company for the year ended June 30, 2023.			
8.2 Commitments			
- Commitments in respect of letters of credit for capital expenditures were amounting Rs. nil (June 30, 2023: Rs.nil).			
- Commitments in respect of letters of credit other than for capital expenditures were amounting Rs. 57.05 million (June 30, 2023: Rs.52.75 million).			

		September 30, 2023 (Un-audited) Rupees	June 30, 2023 (Audited) Rupees
9 PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets	9.1	1,359,278,918	1,366,046,875
Capital work in progress	9.2	-	-
		<u>1,359,278,918</u>	<u>1,366,046,875</u>
9.1 OPERATING FIXED ASSETS			
Opening book value		1,366,046,875	818,689,017
Add: Additions during the period / year-cost		-	580,590,476
Less: Disposal during the period / year-book value		-	(4,649,327)
		<u>1,366,046,875</u>	<u>1,394,630,166</u>
Less: Depreciation charged for the period / year		(6,767,957)	(28,583,291)
		<u>1,359,278,918</u>	<u>1,366,046,875</u>
9.2 CAPITAL WORK IN PROGRESS			
Machinery		-	-
		<u>-</u>	<u>-</u>
10 SALES			
		QUARTER ENDED	
		September 30, 2023	September 30, 2022
		-----Rupees-----	
Processing receipts		492,022,019	461,196,944
Less: Sales tax		(75,048,606)	(67,011,522)
		<u>416,973,413</u>	<u>394,185,422</u>
11 OTHER INCOME			
Income from financial assets			
Profit on bank deposits		65,299	8,492
Income from non financial assets			
Gain on disposal of fixed assets		-	-
Sale of scrap		201,770	249,444
Less: Sales tax		(36,385)	(36,244)
		<u>165,385</u>	<u>213,200</u>
Profit on sale of vehicles		-	-
		<u>230,684</u>	<u>221,692</u>
12 TRANSACTIONS WITH RELATED PARTIES			
Transactions with related parties have been disclosed in the relevant notes to the financial statements, except that:			
Loan received from Chief Executive- Mr. Faisal Tauheed		-	-
Loan received from Director- Mr. Sheikh Kashif Tauheed		17,928,688	-
Remuneration to Chief Executive- Mr. Faisal Tauheed		1,500,000	1,500,000
Remuneration to Director- Mr. Sheikh Kashif Tauheed		1,500,000	1,500,000

13 FINANCIAL RISK MANAGEMENT

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

14 DATE OF AUTHORISATION

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

15 FIGURES

Figures in these condensed interim financial statements have been rounded off to the nearest of rupee.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

ڈائریکٹرز کی جائزہ رپورٹ

آپ کی کمپنی کے بورڈ ڈائریکٹرز 30 ستمبر 2023 کو ختم ہونے والی سہ ماہی کے لیے کمپنی کا مالیاتی بیان پیش کرنے پر خوش ہیں۔
30 ستمبر 2023 کو ختم ہونے والی پہلی سہ ماہی کے دوران آپ کی کمپنی کی مالی کارکردگی درج ذیل ہے:

آپریٹنگ نتائج

30 ستمبر کو ختم ہونے والی سہ ماہی

2022	2023	مالیاتی کارکردگی
RUPEES		
28,949,211	23,829,719	خالص نفع
14,248,206	14,317,739	فروخت، انتظامی اور آپریٹنگ اخراجات
12,503,524	9,708,388	منافع قبل از ٹیکس
4,989,720	3,758,466	ٹیکسیشن
7,513,804	5,949,922	منافع (انقصان) بعد از ٹیکس
0.48	0.38	نی آمدنی حصص

کمپنی پائیدار ترقی اور قدر کی تخلیق کے اپنے طویل مدتی مقصد کو پورا کرنے کے لیے پرعزم ہے۔ یہ آپریٹنگ ایکسیلسنس، پروڈکٹ پورٹ فولیو میں تنوع، لاگت میں کمی اور مضبوط سرمائے کے ڈھانچے پر مسلسل توجہ کے ذریعے حاصل کیا جا رہا ہے۔

کمپنی نے اپنی پہلی سہ ماہی میں -/416,973,413 کی فروخت ریکارڈ کی جبکہ روپے کے مقابلے میں۔ گزشتہ سال کی پہلی سہ ماہی کے دوران -/394,185,422 فروخت میں 6 فیصد اضافہ دکھاتا ہے۔

مستقبل کا آؤٹ لک اور چیلنجز:

مستقبل قریب میں مہنگائی کے اعداد و شمار میں کمی کے ساتھ پاکستان کی معیشت مستحکم ہونے کی توقع ہے اور میکرو اینڈ میکروزاب بحالی کے آثار دکھارہے ہیں۔ کمپنی کی انتظامیہ لاگت کی سطح کو بہتر بنانے اور حصص یافتگان کو زیادہ سے زیادہ فائدہ پہنچانے کے لیے کمپنی کے تمام حصوں میں آمدنی پیدا کرنے کی نئی راہیں تلاش کرنے کے لیے سخت محنت کر رہی ہے۔

تاہم، ہمیں آپ کی کمپنی کے مستقبل کے امکانات کے بارے میں یقین ہے کیونکہ آنے والے سالوں میں کپڑوں کی پروسیسنگ کی مانگ میں مزید اضافہ متوقع ہے۔ ہم توانائی کے تحفظ اور اخراجات میں کمی کی تکنیکیوں پر توجہ مرکوز کرتے ہوئے زیادہ لاگت سے موثر بننے کے لیے اندرونی طور پر بھی کام کر رہے ہیں۔

تعریف

ہم اپنے تمام عملے کے ارکان کا شکریہ ادا کرنا چاہیں گے کہ انہوں نے سال کے چیلنجوں کا جس طرح جواب دیا ہے۔ ان کی محنت اور عزم کو بہت سراہا جاتا ہے اور ان نتائج سے ظاہر ہوتا ہے۔ ہم اپنے سپلائرز، شیئرز، بینکرز اور مالیاتی اداروں سے ملنے والی حوصلہ افزائی اور حمایت کے لیے بھی شکریہ ادا کرتے ہیں۔



شیخ فیصل توحید
چیف ایگزیکٹو



شیخ کاشف توحید
ڈائریکٹر

لاہور:

30 اکتوبر 2023



The National Silk & Rayon Mills Ltd.

Manufacturer & Exporter of Quality Textile Products

Jaranwala Road, Faisalabad-Pakistan

Tel: 0092 41 8721760-61, Fax: 0092 41 8712216

Email: info@nationalsilk.com - www.nationalsilk.com