

Half Yearly Report December 31, 2023



SHAHZAD TEXTILE MILLS LIMITED



CERTIFICATE



Management system as per ISO 45001:2018

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

Shahzad Textile Mills Limited (Socks Division)

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

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

Manufacturing of Socks

Certificate Registration No. 20116233016371

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

Certification Body
at TÜV AUSTRIA CERT GMBH

Vienna, 2023-03-17

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



Online-Verifikation



www.tuv.at/certcheck

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

04/SB21-20-B

Vorname Nachname | First name | Familienname | The controller of this document is authorized to be named as "TUV AUSTRIA CERT"



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



QR Code Certificate



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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 procedures and is subject to regular surveillance audits.

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Online Verification



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Company's Information

Board of Directors

Mian Parvez Aslam Chairman
 Mr. Imran Aslam Chief Executive Officer
 Mr. Irfan Aslam
 Mr. Danish Aslam
 Syed Raza Ali Bokhari
 Dr. Ali Raza Khan
 Mrs. Nazish Imran

Chief Financial Officer

Mr. Nabeel Naveed

Company Secretary

Syed Imran Haider

Auditors

Crowe Hussain Chaudhury & Co.
 Chartered Accountants

Audit Committee

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

Human Resources &

Remuneration Committee

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

Bankers

Habib Metropolitan Bank Ltd
 JS Bank Limited
 Meezan Bank Limited

Share Registrar

Hameed Majeed Associates (Pvt) Ltd
 H.M. House, 7-Bank Square Lahore.

Registered Office

19-A, Off. Zafar Ali Road,
 Gulberg-V, Lahore.
 Ph: +92(042)35754024-27
 Fax: +92(042) 35712313
 E-mail: info@shahzadtex.com
 Web: www.shahzadtex.com

Mills

Unit # 1, 4 & Socks Hosiery Unit
 34th KM Lahore Sheikhpura
 Raod, Sheikhpura.

Unit # 2

7th KM Sheikhpura Faisalabad
 Road, Sheikhpura.

Directors' Report

On behalf of the directors, of M/s Shahzad Textile Mills Limited, I am presenting review of condensed interim financial statements (reviewed by the statutory auditors) for second quarter and half year ended December 31, 2023.

The company's six-month loss after tax is Rs. 90.052 million that was Rs 76.598 million in the corresponding period of last year. In current quarter, this loss is Rs. 91.960 million that was Rs 82.571 million in the corresponding period of last year. The turnover for current six months including export sales of yarn and socks has increased to Rs. 4.94 billion as compared to sales of Rs. 3.69 billion in corresponding period of last year.

The current quarter remained challenging for the industry. High-energy prices and interest rates are the main factors that have eroded profit margins and resulted in loss during the period. Raw material prices also demonstrated higher trend during the period as the cotton price escalated to around Rs. 20,000/- per maund and polyester price to Rs. 360/-- per kg. Considering the current cash flow requirement of the company, the director has provided loan to the company as per terms disclosed in Note-8 to the accounts.

FUTURE OUTLOOK

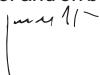
The Government policies, including trade regulations, energy, taxation, and incentives for the textile sector, had a direct impact on the profitability of spinning mills. Supportive policies could boost the industry, while unexpected changes might pose challenges. The decision to hike gas prices has further exacerbated the industry's plight. The Government should take into consideration the various factors hampering growth of exports. Providing regionally competitive energy tariff and reducing interest rates will bring turnaround in the textile sector. The management is fully aware of the present challenges and is fully committed to achieve better results in future.

Loss per share for the half year ended 31st December 2023 is Rs 5.01 as compared to loss per share of Rs 4.26 in the corresponding period of last year.

ACKNOWLEDGEMENT

The directors of our company take this opportunity to express their gratitude to all the stakeholder for their encouragement and support.

For and on behalf of the board


Imran Aslam
Chief Executive


Irfan Aslam
Director

Lahore
February 28, 2024

ڈائریکٹرز رپورٹ

میسرز شہزاد ٹیکسٹائل ملز لمیٹڈ کے ڈائریکٹرز کی جانب سے 31 دسمبر 2023 کو ختم ہونے والی سہ ماہی اور ششماہی کے لیے غیر آڈٹ شدہ عبوری مالیاتی معلومات (قانونی آڈیٹرز کے ذریعے جانزہ) پیش کر رہے ہیں

کمپنی کا چھ ماہ کا بعد از ٹیکس خسارہ 90.052 ملین روپے ہے جو کہ گذشتہ سال کی اسی مدت میں 76.598 ملین روپے تھا موجودہ سہ ماہی میں یہ نقصان 91.960 ملین روپے ہے جو کہ گذشتہ سال کی اسی مدت میں 82.571 ملین روپے تھا۔ دھاگے اور جرابوں کی برآمدی فروخت سمیت موجودہ چھ ماہ میں 4.94 ارب روپے ہو گیا ہے۔ پچھلے سال ہی مدت میں 3.69 ملین روپے تھا

موجودہ سہ ماہی صنعت کے لیے بڑی چیلنجز رہی بڑھتی ہوئی توانائی کی قیمتیں اور شرح سود وہ اہم عوامل ہیں جنہوں نے منافع کے مارجن کو کم کیا۔ لہذا اس دورانیہ میں نقصان ہوا ہے اسی عرصے میں خام مال کی قیمتوں میں بھی زیادہ رجحان دیکھنے میں آیا۔ کیونکہ کپاس کی قیمت تقریباً 20,000 فی من اور پولیسٹر کی قیمت 360/ روپے فی کلوٹک رہی کمپنی کی موجودہ کیش فلوی ضرورت کو مد نظر رکھتے ہوئے ڈائریکٹرز نے قرض فراہم کیا جو کہ اکاؤنٹس کے نوٹ نمبر 8 میں بیان کیا ہے۔

مستقبل کا نقطہ نظر

حکوتی پالیسیاں جن میں تجارتی حواہی، توانائی، ٹیکس اور ٹیکسٹائل سیکٹر مراعات شامل ہوں براہ راست ٹیکسٹائل ملوں کے منافع پر اثر پڑتا ہے معادن پالیسیاں صنعت کو فروغ دے سکتی ہیں جبکہ غیر متوقع تبدیلیاں چیلنجز کا باعث بن سکتی ہیں۔ گیس کی قیمتوں میں اضافہ کے فیصلے نے صنعت کی حالت زار کو مزید بڑھا دیا ہے حکومت کو برآمدات کی ترقی میں رکاوٹ پہنچنے والے عوامل کو مد نظر رکھنا چاہیے علاقائی سطح پر مسابقتی توانائی ٹیرف کی فراہمی اور شرح سود میں کمی ٹیکسٹائل کے شعبے میں تبدیلی لائے گی۔

انتظامیہ موجودہ چیلنجز سے پوری طرح آگاہ ہے اور مستقبل میں بہتر نتائج حاصل کرنے کے لیے پوری طرح پرعزم ہیں

31 دسمبر 2023 کو ختم ہونے ششماہی کے لیے فی حصص کا نقصان (5.01) روپے ہے جبکہ پچھلے سال کی اسی مدت میں (4.26) روپے فی حصص نقصان تھا

ہماری کمپنی کے ڈائریکٹرز اس موقع کا فائدہ اٹھاتے ہوئے تمام اسٹیک ہولڈرز کی حوصلہ افزائی اور حمایت کے لیے ان کا شکریہ ادا کرتے ہیں

برائے اور بحکم پورڈ

—
عرفان اسلم
ڈائریکٹر

—
عمران اسلم
چیف ایگزیکٹو آفیسر

لاہور۔

28 فروری 2024ء

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF

SHAHZAD TEXTILE MILLS LIMITED

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **SHAHZAD TEXTILE MILLS LIMITED** ("the Company") as at December 31, 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures of the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the quarters ended December 31, 2023 and 2022 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2023.

The engagement partner on the resulting in this independent auditor's review report is Amin Ali.



LAHORE

Dated: February 28, 2024

UDIN Number: RR202310051tmvoXM27h

CROWE HUSSAIN HAUDHURY & CO.

Chartered Accountants

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT DECEMBER 31, 2023

	Note	December 31, 2023	June 30, 2023
		(Un-audited)	(Audited)
		----- Rupees in thousand -----	
EQUITY AND LIABILITIES			
Share Capital and Reserves			
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		1,910,269	1,993,253
Surplus on revaluation of property, plant and equipment		830,816	838,080
		2,920,799	3,011,047
Non Current Liabilities			
Long term financing	5	259,978	298,518
Deferred tax liabilities		389,462	389,707
		649,440	688,225
Current Liabilities			
Trade and other payables		763,700	740,815
Unclaimed dividend		146	146
Unpaid dividend		199	199
Accrued mark up		47,060	33,575
Current portion of non-current liabilities	6	183,350	181,674
Short term borrowings	7	658,398	387,471
Provision for taxation		60,445	101,801
		1,713,298	1,445,681
Contingencies and Commitments	8	-	-
		5,283,537	5,144,953
ASSETS			
Non Current Assets			
Property, plant and equipment	9	2,416,680	2,476,370
Investment property		93,730	93,730
Long term investment in associate		873,806	858,690
Long term deposits		3,847	3,847
		3,388,063	3,432,637
Current Assets			
Stores and spares		200,614	175,446
Stock in trade		883,641	688,627
Trade debts		181,703	235,242
Advances, trade deposits, prepayments and other receivables		170,050	189,700
Short term investments		39,566	35,563
Tax refunds due from the Government		371,212	319,291
Cash and bank balances		48,688	68,447
		1,895,474	1,712,316
		5,283,537	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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023

		Half Year Ended December 31,		Quarter Ended December 31,	
		2023	2022	2023	2022
	Note	---- Rupees in thousand ----			
Sales		4,942,852	3,696,907	2,258,621	1,638,216
Cost of sales	10	(4,729,184)	(3,490,500)	(2,175,941)	(1,570,886)
Gross Profit		213,668	206,407	82,680	67,330
Operating expenses:					
- Selling and distribution		(67,340)	(114,736)	(39,458)	(32,134)
- Administrative expenses		(144,708)	(124,947)	(70,851)	(57,774)
		(212,048)	(239,683)	(110,309)	(89,908)
Operating Profit / (Loss)		1,620	(33,276)	(27,629)	(22,578)
Finance cost		(89,407)	(55,917)	(53,290)	(32,732)
Other operating expenses		(7,163)	(8,638)	(4,617)	(7,393)
Other income		52,612	27,490	18,682	(3,779)
Share of net profit of associate		15,116	33,855	11,014	13,100
		(28,842)	(3,210)	(28,211)	(30,804)
Loss before Taxation		(27,222)	(36,486)	(55,840)	(53,382)
Taxation	11	(62,830)	(40,112)	(36,120)	(29,189)
Net Loss for the Period		(90,052)	(76,598)	(91,960)	(82,571)
Loss per Share - Basic		(5.01)	(4.26)	(5.12)	(4.59)

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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023

	Half Year Ended December 31,		Quarter Ended December 31,	
	2023	2022	2023	2022
	---- Rupees in thousand ----			
Net Loss for the Period	(90,052)	(76,598)	(91,960)	(82,571)
Other Comprehensive Income for the Period				
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Total Comprehensive Loss for the Period	<u>(90,052)</u>	<u>(76,598)</u>	<u>(91,960)</u>	<u>(82,571)</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 HALF YEAR ENDED DECEMBER 31, 2023

Particulars	Share Capital	Share Premium Reserve	Unappropriated Profit	Surplus on Revaluation of Property, Plant and Equipment	Total Equity
----- Rupees in thousand -----					
Balance as at June 30, 2022	179,714	5,796	2,108,809	849,364	3,143,683
Net loss for the period	-	-	(76,598)	-	(76,598)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	(76,598)	-	(76,598)
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period (net of deferred tax)	-	-	8,134	(8,134)	-
Surplus on revaluation of property, plant and equipment related to export	-	-	-	10,054	10,054
Balance as at December 31, 2022	<u>179,714</u>	<u>5,796</u>	<u>2,040,345</u>	<u>851,284</u>	<u>3,077,139</u>
Balance as at June 30, 2023	179,714	5,796	1,987,457	838,080	3,011,047
Net loss for the period	-	-	(90,052)	-	(90,052)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	(90,052)	-	(90,052)
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period (net of deferred tax)	-	-	7,068	(7,068)	-
Surplus on revaluation of property, plant and equipment related to export	-	-	-	(196)	(196)
Balance as at December 31, 2023	<u>179,714</u>	<u>5,796</u>	<u>1,904,473</u>	<u>830,816</u>	<u>2,920,799</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 CASH FLOWS (UN-AUDITED)**FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

	Half Year Ended December 31,	
	2023	2022
	--- Rupees in thousand --- (Re-arranged)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(27,222)	(36,486)
Adjustments for:		
- Depreciation	59,558	64,863
- Gain loss on disposal of property, plant and equipment	(167)	(6,370)
- Share of net profit of associate	(15,116)	(33,855)
- Finance cost	89,407	53,663
- Profit on saving account and term deposit receipt	(3,396)	(1,465)
- Unwinding of deferred liability	-	46
- Amortization of deferred grant	-	(256)
- Unwinding of long term financing	-	256
- Provision for workers' welfare fund	-	856
- Allowance for doubtful debts	-	3,781
- Interest on workers' welfare fund	1,211	1,952
- Provision for gratuity	-	34,770
- Exchange loss / (gain)	7,163	(7,515)
	138,660	110,726
Operating Profit before Working Capital Changes	111,438	74,240
(Increase) / decrease in current assets		
- Stores and spares	(25,168)	(22,868)
- Stock in trade	(195,014)	(159,893)
- Trade debts	46,376	207,781
- Advances, trade deposits, prepayments, and other receivables	(37,752)	54,537
- Tax refunds due from the Government	(51,921)	(139,130)
Increase in current liabilities		
- Trade and other payables	54,482	45,172
	(208,997)	(14,401)
Cash (used in) / generated from Operations	(97,559)	59,839
Income tax paid	(46,603)	(43,614)
Gratuity paid	(32,810)	(30,455)
Workers' (profit) participation fund paid	-	(34,214)
Repayment of GIDC	-	(4,378)
Finance cost paid	(75,922)	(45,654)
Net Cash Used in Operating Activities	(252,894)	(98,476)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	300	8,500
Property, plant and equipment purchased	-	(42,615)
Short term investments purchased	(39,566)	(28,563)
Encashment of short term investment	35,563	27,563
Receipt on profit on saving account and TDRs	2,775	2,444
Net Cash Used in Investing Activities	(928)	(32,671)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing received	-	26,828
Repayment of long term financing	(36,864)	(44,956)
Loan from director obtained	80,000	-
Short term borrowings - net	190,927	140,388
Net Cash Generated from Financing Activities	234,063	122,260
Net Decrease in Cash and Cash Equivalents	(19,759)	(8,887)
Cash and cash equivalents at the beginning of the period	68,447	143,225
Cash and Cash Equivalents at the End of the period	48,688	134,338

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 HALF YEAR ENDED DECEMBER 31, 2023

Note 1

The Company and its Operations

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

The 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 Statement of compliance**

2.1.1 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.

2.1.2 These condensed interim financial statements comprise of the condensed interim statement of financial position of the Company, as at December 31, 2023 and the related condensed interim (unaudited) statement of profit or loss, condensed interim (unaudited) statement of comprehensive income, condensed interim (unaudited) statement of changes in equity and condensed interim statement of cash flows together with the notes forming part thereof.

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

2.1.4 These condensed interim financial statements comprise of the condensed interim statement of financial position of the Company, as at December 31, 2023 and the related condensed interim (unaudited) statement of profit or loss, condensed interim (unaudited) statement of comprehensive income, condensed interim (unaudited) statement of changes in equity and condensed interim statement of cash flows together with the notes forming part thereof.

2.1.5 These condensed interim financial statements are unaudited and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 ("the Act"); these are however, subject to limited scope review by external auditors as required by the Act and Listed Companies (Code of Corporate Governance) Regulations, 2019.

2.2 Functional and presentation currency

These condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

Note 3

Judgments and Estimates

The preparation of these condensed interim financial statements (un-audited) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Note 4

Significant Accounting Policies

The Company's accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements (un-audited) are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2023.

Note 5

Long Term Financing

		December 31, 2023	June 30, 2023
	Note	(Un-audited)	(Audited)
		----- Rupees in thousand -----	
Loan from banking companies - Secured			
Habib Metro Bank Limited - SBP LTFF	5.1	286,268	317,792
Meezan Bank Limited - Diminishing Musharka	5.2	50,790	56,130
		337,058	373,922
		(77,080)	(75,404)
Less: Current portion		259,978	298,518

- 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 3 to 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 (June 30, 2023: Rs. 100 million) and is secured by way of exclusive charge over imported machinery with 15% margin and personal guarantee of sponsoring directors of the Company. This facility is repayable in 16 equal quarterly instalments, latest by June 2027 and carries markup @ 3 months KIBOR plus 1.25% (June 30, 2023: 3 month KIBOR plus 1.25%) per annum, payable on quarterly basis.

Note 6

Current Portion of Non-Current Liabilities

	December 31, 2023	June 30, 2023
	(Un-audited)	(Audited)
	----- Rupees in thousand -----	
Long term financing	77,080	75,404
The Gas Infrastructure Development Cess	106,270	106,270
	183,350	181,674

Note 7

Short Term Borrowings

		December 31, 2023	June 30, 2023
		(Un-audited)	(Audited)
		----- Rupees in thousand -----	
From banking companies - Secured			
Cash / packing finances	7.1	578,398	387,471
From director of the company - Secured			
Loan from Chief Executive Officer	7.2	80,000	-
		658,398	387,471

- 7.1** The Company obtained various funded and unfunded financial facilities from different banks for a total sanctioned limit of Rs. 2,493 million (June 30, 2023: Rs. 2,484 million) towards working capital requirements, retirement of local and foreign LCs and discounting of local bills / receivables. Mark up on these facilities is charged @ 1 to 6 months KIBOR plus a spread of upto 1.25% (June 30, 2023: 1 to 6 months KIBOR plus a spread of upto 1.25%) payable quarterly. These facilities are secured by ranking and hypothecation charge on property, plant and equipment; stocks and receivables of the Company; lien over export and import documents and personal guarantee of sponsoring directors of the Company. The Company has utilized un-funded facilities amounting to Rs. 178.946 million (June 30, 2023: Rs. 463.875 million) as at reporting date. Unutilized amount of funded and unfunded facilities is Rs. 1,735.681 million (June 30, 2023: Rs. 1,632.65 million).
- 7.2** This represents unsecured short term borrowing obtained from Chief Executive Officer / Director of the company to meet its working capital requirements and is repayable on demand. This loan carries mark-up @ 3 months KIBOR (June 30, 2023: Nil) per annum.

Note 8

Contingencies and Commitments

	December 31, 2023	June 30, 2023
	(Un-audited)	(Audited)
	----- Rupees in thousand -----	
8.1 Contingencies		
8.1.1 The Company has provided bank guarantees in favour of following parties:		
- Sui Northern Gas Pipelines Limited	88,696	79,748
- Lahore Electric Supply Company	10,430	10,430
- Excise and Taxation Office	42,400	34,400
- SBP Banking Services Corporation	17,929	17,929
	159,455	142,507

8.1.2 The Company is contingently liable for Rs. 44.376 million (June 30, 2023: Rs. 35.656 million) on account of electricity duty on self generation. However, the Company has not admitted the said duty and case is pending before the Supreme Court of Pakistan.

8.1.3 Further, there is no material change in the status of contingencies as reported in the financial statements for the year ended June 30, 2023.

8.2 Commitments

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

		December 31, 2023	June 30, 2023
		(Un-audited)	(Audited)
		----- Rupees in thousand -----	
Operating fixed assets		2,409,720	2,469,411
Capital work in progress	9.1	6,960	6,960
		2,416,680	2,476,371

Note 9

Property, Plant and Equipment

Half Year ended December 31, 2023

9.1 Operating fixed assets

Opening written down value
 Additions during the period / year (at cost)
 Disposals during the period / year (at written down value)

Depreciation charged for the period / year

	December 31, 2023	June 30, 2023
	2,469,411	2,555,402
	-	46,843
	(133)	(7,688)
	2,469,278	2,594,557
	(59,558)	(125,146)
	2,409,720	2,469,411

Note 10

Cost of Sales

	Half Year Ended		Quarter Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	---- (Un-audited) ----			
	---- Rupees in thousand ----			
Raw materials consumed	3,444,228	2,618,015	1,506,468	1,209,553
Stores and spares consumed	103,392	70,043	51,760	31,517
Packing materials consumed	113,479	92,664	49,397	43,804
Salaries, wages and other benefits	370,754	368,227	142,211	176,371
Fuel and power	683,069	441,415	320,750	194,527
Insurance	7,995	7,435	3,210	4,233
Repairs and maintenance	7,114	9,863	3,548	3,573
Toll manufacturing charges	-	1,259	-	1,259
Other manufacturing expenses	8,424	7,083	4,868	1,506
Depreciation	54,126	57,993	27,063	28,972
	4,792,581	3,673,997	2,109,275	1,695,315
Opening work in process	109,993	84,732	114,863	82,278
Closing work in process	(111,712)	(78,895)	(111,712)	(78,895)
	(1,719)	5,837	3,151	3,383
Cost of goods manufactured	4,790,862	3,679,834	2,112,426	1,698,698
Opening finished goods	191,503	152,967	316,696	214,489
Closing finished goods	(253,181)	(342,301)	(253,181)	(342,301)
	(61,678)	(189,334)	63,515	(127,812)
	4,729,184	3,490,500	2,175,941	1,570,886

Note 11

Taxation

	Half Year Ended		Quarter Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	---- (Un-audited) ----			
	---- Rupees in thousand ----			
Current:				
- Current period	60,445	43,542	27,660	19,738
- Prior years	2,826	5,260	2,826	5,260
	63,271	48,802	30,486	24,998
Deferred Tax	(441)	(8,690)	5,634	4,191
	62,830	40,112	36,120	29,189

Note 12

Transactions with Related Parties

Related parties comprise related group companies, associated companies, directors and key management personnel. Transactions with related parties and associated companies, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

Transaction during the period

Related party	Relationship	Nature of Transaction	December 31, 2023	December 31, 2022
			---- (Un-audited) ---- ---- Rupees in thousand ----	
Sargodha Jute Mills Limited	Associate	Purchase of materials, goods and services	538	145
		Sale of materials and goods	476	381
Mr. Imran Aslam	Chief Executive Officer	Loan obtained by the Company	80,000	-
		Markup on loan	5,175	-

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:

	Yarn	Socks	Total
	---- (Un-audited) ----		
	---- Rupees in thousand ----		
14.1			
Segment Results for the period ended December 31 2023			
Revenue	4,414,759	528,093	4,942,852
Operating (loss) / profit	(8,047)	9,667	1,620
Finance cost	(81,442)	(7,965)	(89,407)
Other income	8,629	32,944	41,573
Other operating expenses			(7,163)
Other income			11,039
Share of net profit from associate			15,116
Loss before taxation			(27,222)

Segment Results for the period ended December 31, 2022

Revenue	3,018,062	678,845	3,696,907
Operating (loss) / profit	(45,715)	12,439	(33,276)
Finance cost	(45,845)	(10,072)	(55,917)
Other income	23,108	4,382	27,490
Other operating expense			(8,638)
Share of net profit from associate			33,855
Profit before taxation			(36,486)

14.2

Segment financial position as at December 31, 2023

	Yarn	Socks	Total
	---- (Un-audited) ----		
	---- Rupees in thousand ----		
Assets			
Property plant and equipment	1,348,528	1,068,152	2,416,680
Store and spares	143,424	57,190	200,614
Stock in trade	724,415	159,226	883,641
Trade debts	65,686	116,017	181,703
Advances to suppliers	29,350	8,048	37,398
	2,311,403	1,408,633	3,720,036

	Yarn	Socks	Total
	---- (Un-audited) ----		
	---- Rupees in thousand ----		

Unallocated Assets

Investment property			93,730
Long term investments			873,806
Long term deposits			3,847
Advances, trade deposits, prepayments and other receivables			132,652
Short term investments			39,566
Tax refunds due from the Government			371,212
Cash and bank balances			48,688
			5,283,537

Liabilities

Long term financing	50,790	286,268	337,058
Trade creditors	128,904	44,815	173,719
Short term borrowings	658,398	-	658,398
Accrued mark up	33,816	13,244	47,060
	871,908	344,327	1,216,235

Unallocated Liabilities

Deferred tax liability - net			389,462
Deferred liabilities - GIDC			106,270
Trade and other payables			589,981
Unclaimed dividends			146
Unpaid dividend			199
Provision for taxation - net			60,445
			2,362,738

Segment financial position as at June 30, 2023

Half Year ended December 31, 2023

Note 14, Segment Information, continued.....

	Yarn	Socks	Total
	---- (Un-audited) ----		
	--- Rupees in thousand ---		
Assets			
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 Debts	188,384	46,858	235,242
Advances to supplier	11,868	7,424	19,292
	<u>2,239,456</u>	<u>1,355,521</u>	<u>3,594,977</u>
Unallocated Assets			
Investment property			93,730
Long term investments			858,690
Long term deposits			3,847
Advances, trade deposits, prepayments and other receivables			170,408
Short term investments			35,563
Tax refunds due from the Government			319,291
Cash and bank balances			68,447
			<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	387,471	-	387,471
Accrued mark	20,000	13,575	33,575
	<u>537,305</u>	<u>390,292</u>	<u>927,597</u>
Unallocated Liabilities			
Deferred tax liability - net			389,707
Gas infrastructure development cess			106,270
Trade and other payables			608,186
Unclaimed dividends			146
Unpaid dividends			199
Provision for taxation - net			101,801
			<u>2,133,906</u>

14.3 Information about products:

Yarn
Socks

December 31, 2023	December 31, 2022
Percentage (Un-audited)	Percentage (Un-audited)
89.32%	80.95%
10.68%	18.30%

14.4 Major customers:

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

14.5 Geographical Information:

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

	December 31, 2023	December 31, 2022
	(Un-audited) (Un-audited)	
	----- Rupees in thousand -----	
Pakistan	4,406,671	2,629,385
Europe	317,810	946,656
United State of America	218,371	120,866
	<u>4,942,852</u>	<u>3,696,907</u>

Note 15

Authorization of Interim Financial Information

These condensed interim financial statements (un-audited) for the half year ended December 31, 2023 were approved and authorized for issuance by the Board of Directors on February 28, 2024.

Note 16

General

Corresponding figures are rearranged for better presentation and comparison. No re-arrangements have 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