

3rd Quarterly Report March 31, 2024



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 – 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

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 Deuschstraße 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 company name of the client is indicated in the "Customer" field in the "Data" tab of the certificate.



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 – Sheikhpura Road, Sheikhpura, 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
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Vienna, 2023-03-17

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TÜV AUSTRIA CERT GMBH Deutschstraße 10 A-1230 Wfen www.tuv.at



Online Verification



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0429/5-26-8

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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

Syed Imran Haider

Company Secretary

Mr. Muhammad Amjad Tayyab

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 Shahzad Textile Mills Limited, it is our privilege to present before you the Un-Audited Financial Statements of your Company for the third quarter and nine months period ended March 31, 2024.

During the nine months period under review, the Company net sales increased to Rs. 8.064 billion as compared to net sales of Rs. 5.981 billion in the corresponding period of the last year. The Company's pretax loss is Rs. 2.46 million in nine month's period as compared to loss Rs. 59.73 million in corresponding period of the last year. However, current quarter's profit before tax is Rs. 24.761 million as compared to loss of Rs.23.244 million in corresponding quarter of the previous year.

Although current, quarter remained challenging due to high energy and increased raw material prices. The Company still manages to earn pretax profit as stated above, indicating positive sign for upcoming period. The raw material prices are rotating around Rs. 23,000 per maund for cotton, Rs. 367 per kg and Rs. 480 per kg for Polyester and viscose respectively.

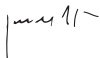
FUTURE PROSPECTUS

The management is trying to enhance the financial performance of the company through, strategic planning, meticulous analysis, and decisive actions to navigate with the business challenges. Their aims encompassed implementing cost saving measures, optimizing resource allocation, and fostering innovation to enhance productivity and efficiency across the organization. With unwavering dedication and a focus on long-term sustainability, the management worked tirelessly to achieve better financial results in future to ensure the Company's continued success and prosperity. Furthermore, the electoral process has been completed in the Country and we hope that newly elected government will take immediate measures for textile industry.

Loss per share for nine months period ended March 31, 2024 is Rs. 5.82 as compared to loss per share of Rs. 8.09 in corresponding period of the last year.

The directors openly acknowledge and cordially appreciate the confidence manifested by the valued customers, excellent cooperation extended by the financial institutions and dedication by the officials and employees of the company during these challenging times.

For and on behalf of the Board


Imran Aslam
Chief Executive


Irfan Aslam
Director

Lahore
April 25, 2024

ڈائریکٹرز رپورٹ

شہزاد ٹیکسٹائل ملز لمیٹڈ کے ڈائریکٹرز کی جانب سے 31 مارچ 2024 کو ختم ہونے والی سہ ماہی اور نو ماہ کی مدت کیلئے آپ کی کمپنی کے غیر آڈٹ شدہ مالیاتی گوشواروں کو آپ کے سامنے پیش کرنا ہمارا اعزاز ہے

زیر جائزہ نو ماہ کی مدت کے دوران کمپنی کی خالص فروخت بڑھ کر 18.064 ارب روپے ہو گئی ہے۔ جو کہ گذشتہ سال اسی مدت میں 5.981 ارب روپے تھی۔ کمپنی کا قبل از خسارہ نو ماہ کی مدت میں 2.46 ملین روپے تھا۔ تاہم ٹیکس سے پہلے موجودہ سہ ماہی کا منافع 24.761 ملین روپے ہے۔ جو کہ گذشتہ سال اسی سہ ماہی کے مقابلے میں 23.244 ملین روپے تھا۔

اگرچہ موجودہ سہ ماہی توانائی اور خام مال کی وجہ سے بڑی چیلنجنگ رہی۔ جس کا اوپر بیان کیا گیا ہے کہ کمپنی پہلے سے ٹیکس منافع کمانے کے انتظام کرتی ہے۔ جو کہ آنے والی مدت کیلئے مثبت علامت کی نشاندہی کرتا ہے۔ خام مال کپاس کی قیمتیں 23000 روپے فی من کے لگ بھگ گھوم رہی ہیں۔ پولیستر 367 روپے فی کلوگرام اور ویسکوز 480 روپے فی کلوگرام بالترتیب ہیں۔

مستقبل کا نقطہ نظر

انتظامیہ کاروباری چیلنجز سے نمٹنے کیلئے حکمت عملی کی منصوبہ بندی باریک بینی سے تجزیہ اور فیصلہ کن اقدامات کے ذریعے کمپنی کی مالی کارکردگی کو بڑھانے کی کوشش کر رہی ہے۔ ان مقاصد میں لاگت کی پخت کے اقدامات کو نافذ کرنا، وسائل کی تخصیص کو بہتر بنانا اور پیداواریت کو اور کارکردگی کو بڑھانے کیلئے جدت کو فروغ دینا شامل ہے۔

غیر متنزل لگن اور طویل مدتی پائیداری پر توجہ کے ساتھ انتظامیہ نے کمپنی کے مسلسل کامیابی اور خوشحالی کو یقینی بنانے کیلئے مستقبل میں بہتر مالی نتائج حاصل کرنے کیلئے انتھک محنت کی۔ مزید برآں ملک میں انتخابی عمل مکمل ہو چکا ہے اور ہمیں امید ہے کہ نئی منتخب حکومت ٹیکسٹائل انڈسٹری کیلئے فوری اقدامات کرے گی۔

31 مارچ 2024 کو ختم ہونے والی نو ماہ کی مدت کیلئے فی حصص نقصان 5.82 روپے ہے جبکہ گذشتہ سال اسی مدت میں 8.09 روپے فی حصص نقصان تھا۔

ڈائریکٹرز اس مشکل وقت میں اپنے قابل قدر صارفین کے اعتماد، مالیاتی اداروں کی طرف سے بہترین تعاون اور کمپنی کے عہدے داران اور ملازمین کی لگن کو کھلے دل سے تسلیم کرتے اور سراہتے ہیں

برائے اور بحکم بورڈ

—
عرفان اسلم
ڈائریکٹر

—
عمران اسلم
چیف ایگزیکٹو آفیسر

لاہور۔

25 اپریل 2024

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT MARCH 31, 2024

	Note	March 31, 2024 (Un-audited)	June 30, 2023 (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		1,899,328	1,993,253
Surplus on revaluation of property, plant and equipment		827,031	838,080
		2,906,073	3,011,047
Non Current Liabilities			
Long term financing	5	240,708	298,518
Deferred liability		390,639	389,707
		631,347	688,225
Current Liabilities			
Trade and other payables		754,483	740,815
Unclaimed dividend		146	146
Unpaid dividend		199	199
Accrued mark up		56,707	33,575
Current portion of non-current liabilities	6	183,350	181,674
Short term borrowings	7	837,225	387,471
Provision for taxation		98,754	101,801
		1,930,864	1,445,681
Contingencies and Commitments			
	8	-	-
		5,468,284	5,144,953
ASSETS			
Non Current Assets			
Property, plant and equipment	9	2,387,452	2,476,370
Investment property		93,730	93,730
Long term investment in associate		885,573	858,690
Long term deposits		3,847	3,847
		3,370,602	3,432,637
Current Assets			
Stores and spares		191,192	175,446
Stock in trade		1,015,125	688,627
Trade debts		217,523	235,242
Advances, trade deposits, prepayments and other receivables		206,019	189,700
Short term investments		35,567	35,563
Tax refunds due from the Government		361,839	319,291
Cash and bank balances		70,417	68,447
		2,097,682	1,712,316
		5,468,284	5,144,953

The annexed notes 1 to 15 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 NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2024

	Nine Months Ended		Quarter Ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Notes	---- Rupees in thousand ----			
Sales	8,063,776	5,981,342	3,120,924	2,284,435
Cost of sales	(7,693,698)	(5,750,846)	(2,964,514)	(2,260,346)
Gross Profit	370,078	230,496	156,410	24,089
Operating expenses:				
- Selling and distribution	(101,435)	(160,143)	(34,095)	(45,407)
- Administrative expenses	(220,013)	(184,727)	(75,304)	(59,780)
	(321,448)	(344,870)	(109,399)	(105,187)
Operating Profit / (Loss)	48,630	(114,374)	47,011	(81,098)
Finance cost	(142,319)	(87,965)	(52,912)	(32,048)
Other operating expenses	(5,096)	(1,408)	2,067	7,230
Other income	69,440	80,309	16,828	52,819
Share of net profit of associate	26,883	63,708	11,767	29,853
	(51,092)	54,644	(22,250)	57,854
(Loss) / Profit before taxation	(2,462)	(59,730)	24,761	(23,244)
Taxation	(102,053)	(85,585)	(39,223)	(45,473)
Net Loss for the Period	(104,515)	(145,315)	(14,462)	(68,717)
Earnings per Share - Basic	(5.82)	(8.09)	(0.81)	(3.83)


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2024

	Nine Months Ended		Quarter Ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	---- Rupees in thousand ----			
Net Loss for the Period	(104,515)	(145,315)	(14,462)	(68,717)
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	(104,515)	(145,315)	(14,462)	(68,717)

The annexed notes 1 to 15 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 NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2024**

Particulars	Share Capital	Share Premium Reserve	Unappropriated Profit	Surplus on Revaluation	Total Equity
----- Rupees in thousand -----					
Balance as at June 30, 2022	179,714	5,796	2,108,809	849,365	3,143,684
Net Loss for the period	-	-	(145,315)	-	(145,315)
Other comprehensive income	-	-	-	-	-
Total comprehensive Loss for the period	-	-	(145,315)	-	(145,315)
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period (net of deferred tax)	-	-	12,032	(12,032)	-
Surplus on revaluation of property, plant and equipment related to export	-	-	-	6,407	6,407
Balance as at March 31, 2023	179,714	5,796	1,975,526	843,740	3,004,776
Balance as at June 30, 2023	179,714	5,796	1,987,457	838,080	3,011,047
Net Loss for the period	-	-	(104,515)	-	(104,515)
Other comprehensive income	-	-	-	-	-
Total comprehensive Loss for the period	-	-	(104,515)	-	(104,515)
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period (net of deferred tax)	-	-	10,590	(10,590)	-
Surplus on revaluation of property, plant and equipment related to export	-	-	-	(459)	(459)
Balance as at March 31, 2024	179,714	5,796	1,893,532	827,031	2,906,073


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2024

	Nine Months Ended	
	March 31, 2024	March 31, 2023
	--- Rupees in thousand ---	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(2,462)	(59,730)
Adjustments for:		
- Depreciation	89,342	97,766
- Share of net profit of associate	(26,883)	(63,708)
- Gain on disposal of property, plant and equipment - Net	(167)	(6,370)
- Provision for gratuity	-	52,271
- Exchange loss / (gain)	5,096	(40,754)
- Provision for workers' welfare fund	-	1,408
- Interest on workers' profit participation fund	-	1,952
- Amortization of deferred grant	-	(256)
- Unwinding of long term financing	-	256
- Finance cost	142,319	86,013
	209,707	128,578
Operating Profit before Working Capital Changes	207,245	68,848
Decrease / (Increase) in current assets		
- Stores and spares	(15,747)	(526)
- Stock in trade	(326,499)	(242,750)
- Trade debts	12,622	328,861
- Advances, trade deposits, prepayments, and other receivables	(56,324)	(6,433)
- Short term investment	(3)	(6,561)
- Tax refunds due from the Government	(42,501)	(156,580)
Increase in current liabilities		
- Trade and other payables	58,283	160,682
	(370,169)	76,693
Net Cash (Used) / generated from Operations	(162,924)	145,541
Income tax paid	(64,667)	(108,280)
Gratuity paid	(45,826)	(50,550)
Workers' (profit) participation fund paid	-	(34,214)
Workers' welfare fund paid	-	(11,976)
Repayment of GIDC	-	(4,378)
Finance cost paid	(126,445)	(68,045)
Net Cash (Used) in Operating Activities	(399,862)	(131,902)
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(557)	(46,843)
Proceed from Disposal of property, plant and equipment	300	8,500
Capital work in progress	-	(6,960)
Net Cash Used in Investing Activities	(257)	(45,303)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing received	-	26,828
Repayment of long term financing	(47,665)	(55,718)
Short term borrowings	449,754	247,388
Net Cash generated from Financing Activities	402,089	218,498
Net increase in Cash and Cash Equivalents	1,970	41,293
Cash and cash equivalents at the beginning of the period	68,447	143,225
Cash and Cash Equivalents at the End of the period	70,417	184,518


CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

**NOTES TO AND FORMING PART OF
CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2024**

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 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 March 31, 2024 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 March 31, 2024 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.

2.2 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

		March 31, 2024	June 30, 2023
		(Un-audited)	(Audited)
		----- Rupees in thousand -----	
Loan from banking companies - Secured			
Habib Metro Bank Limited - SBP LTFF	5.1	270,506	317,792
Meezan Bank Limited - Diminishing Musharka	5.2	47,282	56,130
		317,788	373,922
Less: Current portion		(77,080)	(75,404)
		240,708	298,518

3rd Quarter Ended March 31, 2024

- 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 musharika 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

	March 31, 2024	June 30, 2023
	(Un-audited)	(Audited)
	----- Rupees in thousand -----	
Long term financing	77,080	75,404
Deferred liability - GIDC	106,270	106,270
	<u>183,350</u>	<u>181,674</u>

Note 7

Short Term Borrowings

		March 31, 2024	June 30, 2023
		(Un-audited)	(Audited)
		----- Rupees in thousand -----	
From banking companies - Secured			
Cash / packing finances	7.1	682,225	387,471
From related parties - Unsecured			
Loan from directors	7.2	155,000	-
		<u>837,225</u>	<u>387,471</u>

- 7.1** The Company obtained various funded and unfunded financial facilities from different banks for a total sanctioned limit of Rs. 2,356 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. 403.491 million (June 30, 2023: Rs. 463.875 million) as at reporting date. Unutilized amount of funded and unfunded facilities is Rs. 1,270.927 million (June 30, 2023: Rs. 1,632.65 million).
- 7.2** This represents unsecured short term borrowing obtained from Chief Executive Officer / Directors 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

8.1 Contingencies

- 8.1.1** The Company has provided bank guarantees in favour of following parties:

	March 31, 2024	June 30, 2023
	(Un-audited)	(Audited)
	----- Rupees in thousand -----	
- Sui Northern Gas Pipelines Limited	104,052	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
	<u>174,811</u>	<u>142,507</u>

- 8.1.2** The Company is contingently liable for Rs. 49.024 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.

8.2 Commitments

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

	March 31, 2024	June 30, 2023
	(Un-audited)	(Audited)
	----- Rupees in thousand -----	
Letters of credit	228,681	211,397

Note 9

Property, Plant and Equipment

	March 31, 2024	June 30, 2023
	(Un-audited)	(Audited)
	---- Rupees in thousand ----	
Operating fixed assets	2,380,492	2,469,410
Capital work in progress	6,960	6,960
	<u>2,387,452</u>	<u>2,476,370</u>
9.1 Operating fixed assets		
Opening written down value	2,469,410	2,555,402
Additions during the period / year (at cost)	557	46,843
Revaluation adjustment	-	-
	<u>2,469,967</u>	<u>2,602,245</u>
Disposals during the period / year (at written down value)	(133)	(2,129)
	<u>2,469,834</u>	<u>2,600,116</u>
Revaluation adjustment	-	-
Depreciation charged for the period / year	(89,342)	(130,706)
	<u>2,380,492</u>	<u>2,469,410</u>

Note 10

Cost of Sales

	Nine Months Ended		Quarter Ended	
	March 31,2024	March 31,2023	March 31,2024	March 31,2023
	---- (Un-audited) ----			
	---- Rupees in thousand ----			
Raw materials consumed	5,502,764	4,156,728	2,058,536	1,538,713
Stores and spares consumed	170,810	106,505	67,418	36,462
Packing materials consumed	178,739	133,875	65,260	41,211
Salaries, wages and other benefits	560,241	546,662	189,487	178,435
Fuel and power	1,166,159	716,339	483,090	274,924
Insurance	11,633	10,911	3,638	3,476
Repairs and maintenance	8,828	12,893	1,714	3,030
Toll manufacturing charges	-	1,476	-	217
Other manufacturing expenses	12,099	12,947	3,675	5,864
Depreciation	81,190	87,703	27,064	29,710
	<u>7,692,463</u>	<u>5,786,039</u>	<u>2,899,882</u>	<u>2,112,042</u>
Opening work in process	109,993	84,732	111,712	78,895
Closing work in process	(138,611)	(80,277)	(138,611)	(80,277)
	<u>(28,618)</u>	<u>4,455</u>	<u>(26,899)</u>	<u>(1,382)</u>
Cost of goods manufactured	<u>7,663,845</u>	<u>5,790,494</u>	<u>2,872,983</u>	<u>2,110,660</u>
Opening finished goods	191,503	152,967	253,181	342,301
Closing finished goods	(161,650)	(192,615)	(161,650)	(192,615)
	<u>29,853</u>	<u>(39,648)</u>	<u>91,531</u>	<u>149,686</u>
	<u>7,693,698</u>	<u>5,750,846</u>	<u>2,964,514</u>	<u>2,260,346</u>

Note 11

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	March 31, 2024	March 31, 2023
			---- (Un-audited) ----	
---- Rupees in thousand ----				
Sargodha Jute Mills Limited	Associate 24.94%	Purchase of materials, goods and services	732	422
		Sale of materials and goods	577	643
Mr. Imran Aslam	Director	Loan obtained by the Company	95,000	-
Mr. Parvez Aslam	Director	Loan obtained by the Company	40,000	-
Ms. Nazish Imran	Director	Loan obtained by the Company	20,000	-
		Markup on Directors' Loan	10,877	-

Note 12

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 13

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:

13.1	Yarn	Socks	Total
	Rupees in Thousand		
Segment Results for the period ended March 31, 2024			
Revenue	7,266,685	797,091	8,063,776
Operating profit	36,943	11,687	48,630
Finance cost	(130,679)	(11,640)	(142,319)
Other income	9,217	38,522	47,739
Other operating expense			(5,096)
Other income			21,701
Share of net profit from associate			26,883
Loss before taxation			(2,462)

13.2	Yarn	Socks	Total
	Rupees in Thousand		
Segment Results for the period ended March 31, 2023			
Revenue	5,196,030	785,312	5,981,342
Operating profit	(129,493)	15,119	(114,374)
Finance cost	(72,458)	(14,252)	(86,710)
Other income	-	4,382	4,382
Finance cost			(1,255)
Other operating expense			(1,408)
Other income			75,927
Share of net profit from associate			63,708
Loss before taxation			(59,730)

13.2 Segment financial position for the period ended March 31, 2024

Assets			
Property plant and equipment	1,330,763	1,056,689	2,387,452
Store and spares	135,342	55,850	191,192
Stock in trade	774,608	240,517	1,015,125
Trade Debts	112,749	104,774	217,523
Advances to suppliers	21,246	10,179	31,425
	2,374,708	1,468,009	3,842,717

Unallocated Assets	
Investment property	93,730
Long term Investments	885,573
Long term deposits	3,847
Advances, trade deposits, prepayments and other receivables	174,594
Short term investments	35,567
Tax refunds due from the Government	361,839
Cash and bank balances	70,417
	5,468,284

Note 13, Segment Information, cont ...

	Yarn	Socks	Total
	Rupees in Thousand		
Liabilities			
Long term financing	47,282	270,506	317,788
Trade creditors	158,008	62,918	220,926
Short term borrowings	837,225	-	837,225
Accrued mark up	32,829.62	23,877	56,707
	<u>1,075,345</u>	<u>357,301</u>	<u>1,432,646</u>

Unallocated liabilities

Deferred tax liability - net			390,639
Gas infrastructure development cess			106,270
Trade and other payables			533,557
Unclaimed dividends			146
Unpaid dividends			199
Provision for taxation - net			98,754
			<u>2,562,211</u>

Segment financial position for the year ended June 30, 2023**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	188,383	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			170,409
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	387,470	-	387,470
Accrued markup	20,000	13,575	33,575
	<u>537,304</u>	<u>390,292</u>	<u>927,596</u>

Unallocated liabilities

Deferred tax liability - net			389,708
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>

13.3 Information about products:

	March 31, 2024	March 31, 2023
	Percentage	Percentage
	(Un-audited)	(Un-audited)
Yarn	90.12%	86.43%
Socks	9.88%	12.94%

13.4 Major customers:

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

13.5 Geographical Information:

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

	March 31, 2024	March 31, 2023
	(Un-audited)	(Un-audited)
Pakistan	7,246,551	4,807,852
Europe	464,278	1,009,421
United State of America	352,947	164,068
	<u>8,063,776</u>	<u>5,981,342</u>

Note 14

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 April 25, 2024.

Note 15

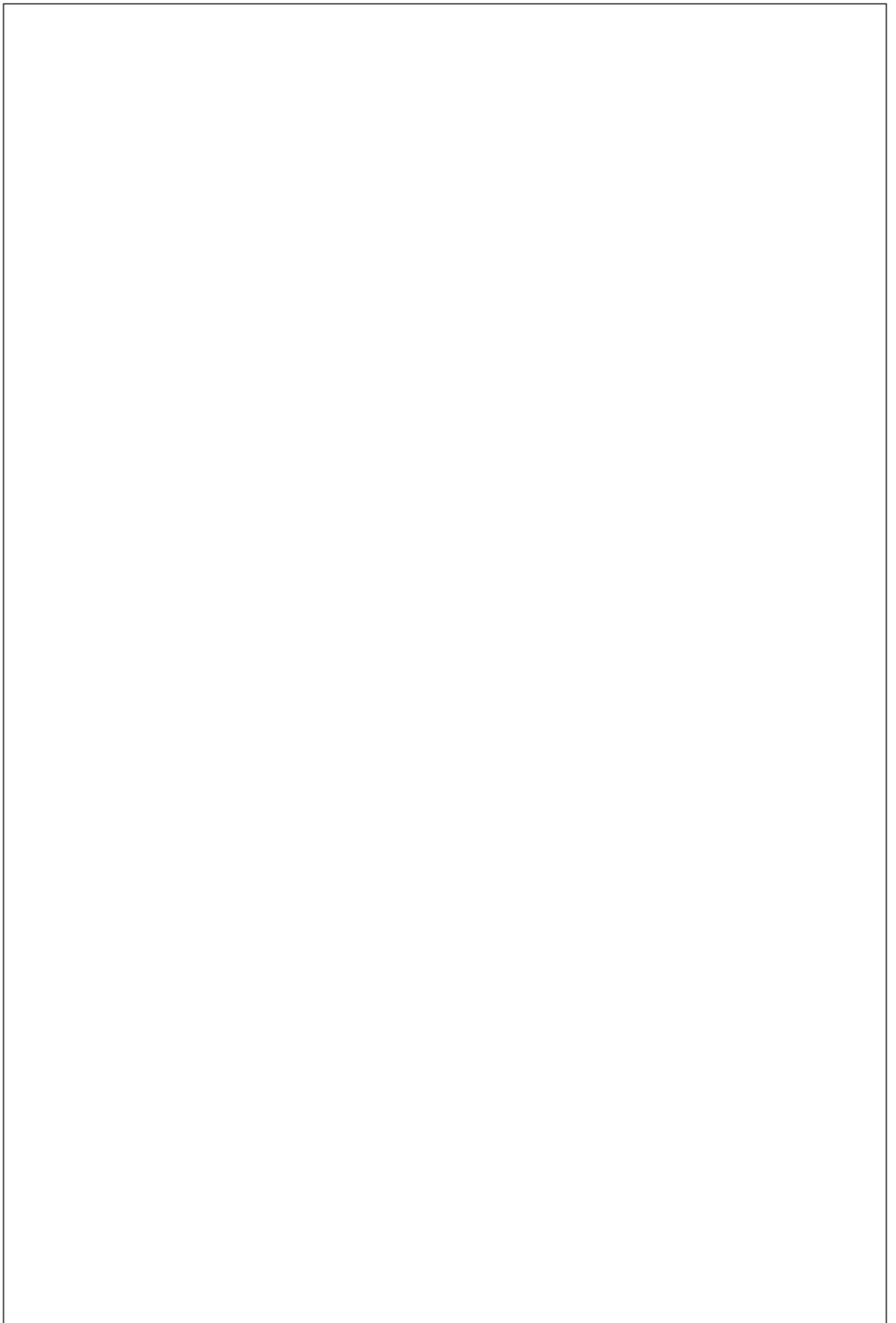
General

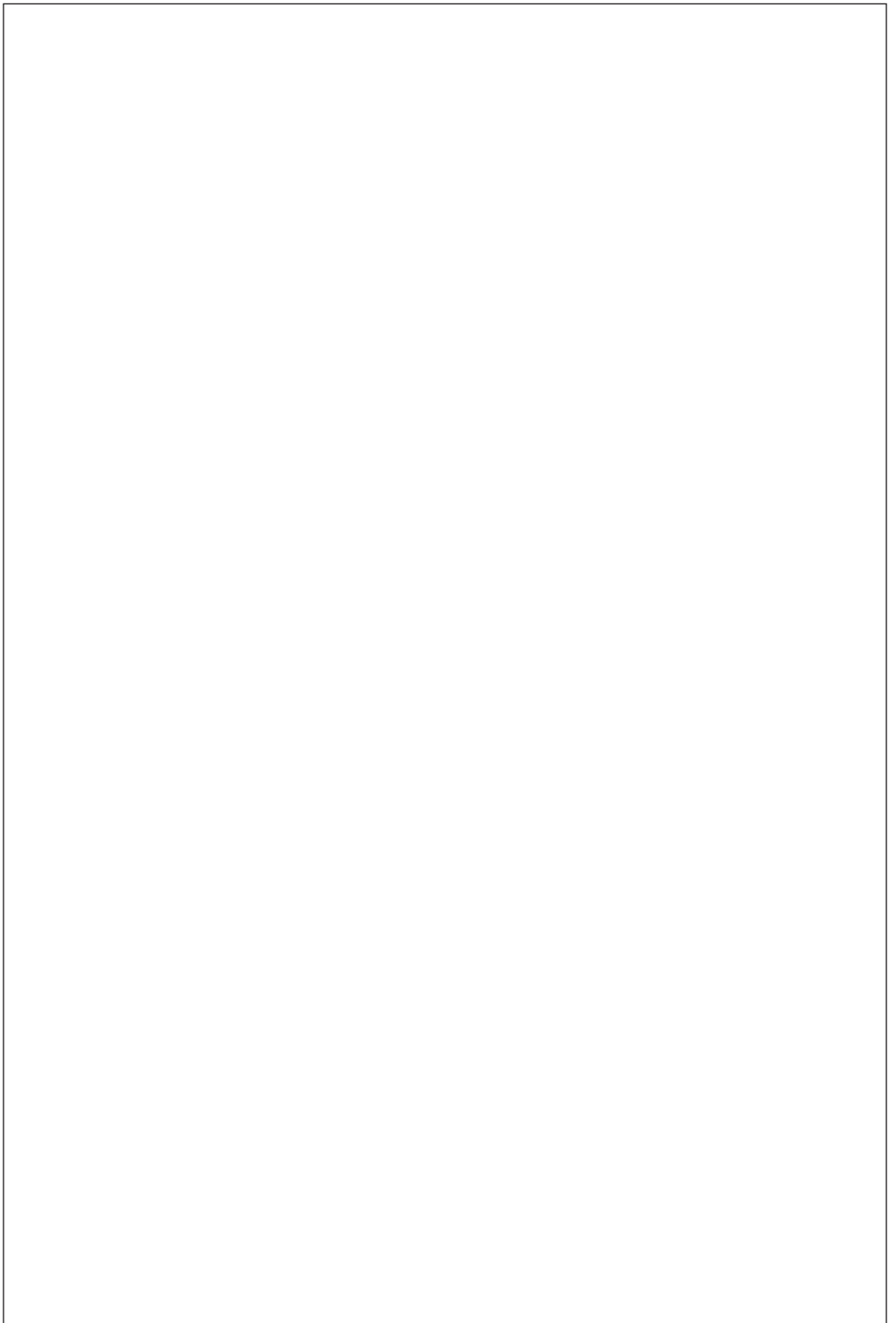
Comparative figures have been re-arranged, wherever necessary, to facilitate comparison. No significant re-arrangement has been made in these condensed interim financial statements (un-audited).


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR





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