



STYLERS
INTERNATIONAL LIMITED

Accounts for the Quarter Ended
September 2024

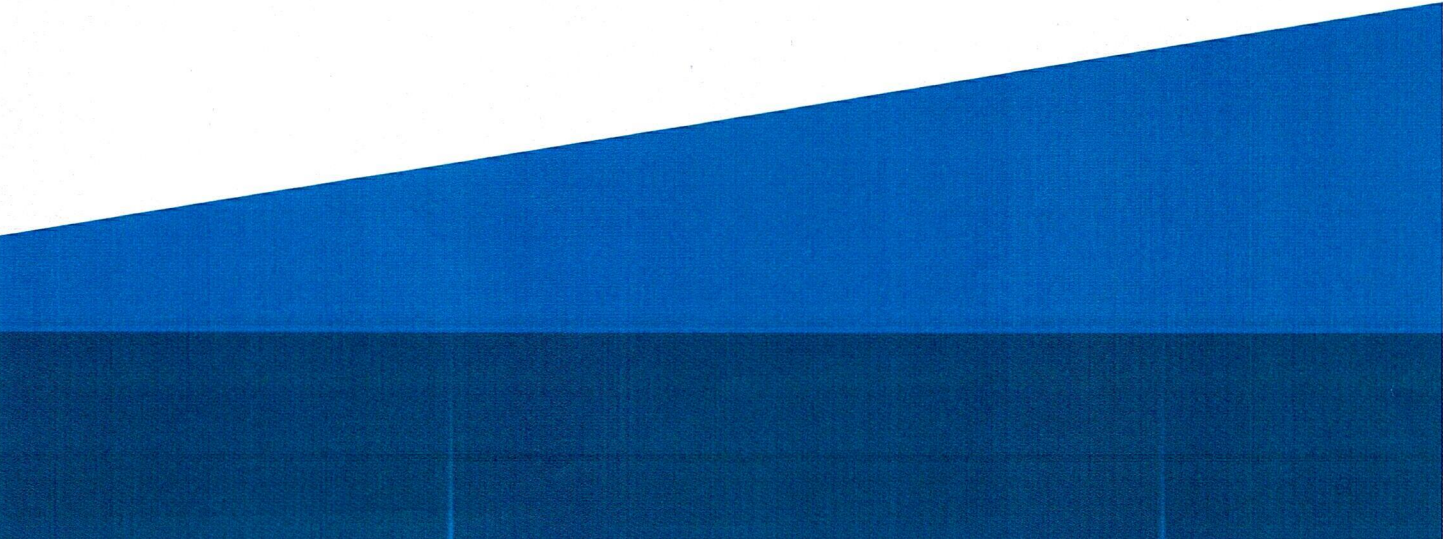


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Company Information

Board of Directors

Mr. Javed Arshad Bhatti	Director/Chairman
Mr. Mian Muhammad Ahsan	Director
Mr. Muhammad Umer	Director
Mr. Muhammad Saqib	Director
Mr. Mustanser Ahmed	Director/CEO
Mr. Jehanzeb Khan	Director-Independent
Ms. Samar Masood Soofi	Director-Independent

Audit Committee

Mr. Jehanzeb Khan	Chairman
Mr. Muhammad Umer	Member
Ms. Samar Masood Soofi	Member
Mr. Tariq Mehmood Noor	Secretary

Human Resource & Remuneration Committee

Ms. Samar Masood Soofi	Chairperson
Mr. Muhammad Saqib	Member
Mr. Mustanser Ahmed	Member
Mr. Tanweer Alam	Secretary

Chief Financial Officer

Mr. Muhammad Umer Kibria Majal

Company Secretary

Mr. Tariq Majeed

Shares Registrar

F.D. Registrar Services (Pvt.) Ltd.
Suite 1705-A 17th Floor,
Saima Trade Tower, I.I.
Chundrigar Road, Karachi
(92-21) 32271905-6, 32213243

Banks

Meezan Bank Ltd

Bank Alfalah Ltd

Bank Islami Pakistan Limited

Habib Metropolitan Bank Ltd

Bank Al-Habib Limited

Faysal Bank Limited

Habib Bank Limited

Auditors

M/s. Riaz Ahmad & Company Chartered Accountants

Legal Adviser

M/s. Ahmer Bilal Soofi & Co.

Registered Office

20-KM, Glaxo Town, Ferozepur Road, Lahore

Production Units

Unit 1: 20-KM, Glaxo Town, Ferozepur Road, Lahore

Unit 2: Village Bhuchoki Mahja, Tehsil Raiwind, Raiwind Road, Lahore

Regional Office

Office No. 601, 6th Floor, Charlie Trade Tower, 123, Block A, SMCH Society, Karachi

Website

www.stylersintl.com

DIRECTORS' REPORT

For Quarter Ended September 30, 2024

The Directors of Stylers International Limited are pleased to present their report along with the un-audited financial statements of the Company for the quarter ended September 30, 2024.

FINANCIAL HIGHLIGHTS

Financial performance of the Company for quarter ended September 30, 2024, is as under:

Description	QUARTER ENDED	
	September 30, 2024 (PKR)	September 30, 2023 (PKR)
Revenue	4,884,544,824	2,585,578,226
Cost of sales	(4,056,991,485)	(2,053,020,806)
Gross profit	827,553,339	532,557,420
Administrative / Distribution / Other Expense	(443,496,151)	(256,335,457)
Other Income	72,040,749	75,908,603
Finance Cost	(52,666,928)	(63,361,220)
Profit / (loss) before Taxation	403,431,009	288,769,346
Profit / (loss) after Taxation	290,031,909	256,910,191
Earnings / (loss) per share (PKR)	0.63	0.59

During the quarter, despite increase of 118% in volume, Stylers generated a total revenue of PKR 4.88 billion which was 89% higher than same period last year. This was essentially due to lower selling prices and customer/product mix in Q1 of 2024 and lower exchange rate (Q1 of 2024 PKR278, 2023 PKR 291.6). Gross profit (GP) was down from 20.5% to 17.0%. The other main factor which contributed to lower GP was the manpower cost due to increase in minimum wages and adjustment given to employees when the inflation was at peak in October 2023.

Administrative expenses increased considerably primarily in the heads of salaries (already explained), airfreight and depreciation. The increase in airfreight was to cater for shipment of additional volume and depreciation charge increased due to partial capitalization of expansion project Sunshine.

The income tax charge was higher due to change in tax regime. Previously exports were charged at 1% of export sales value whereas from this year exports related businesses are also in normal tax regime (NTR) which attracts a higher rate of tax.

EARNINGS PER SHARE (EPS)

The EPS for the quarter ended September 30, 2024 is PKR 0.63 compared to PKR 0.59 for the previous year's corresponding quarter. Had the tax regime not changed, the EPS for the quarter ended September 30, 2024 would have been PKR 0.75 instead of PKR 0.63.

ECONOMIC & INDUSTRY OVERVIEW

Pakistan's economy showed significant growth factors for the quarter ended September 2024. The highlight of September 24 was securing external financing from IMF and receipt of first tranche of funds. The IMF package comes with some very stringent conditions and implementing them will be a herculean task. The quarter also witnessed some very positive news from the economic front. Inflation coming down to single digit, reduction of 500bps (since Jul-24) in the State Bank of Pakistan's interest rates. Furthermore, the current account balance turned positive for the month, reflecting an improvement in external finances. Gross Domestic Product also showed an upward trajectory, while the Pakistan Stock Exchange touching new heights, signifying enhanced investor confidence. While these developments signal a period of recovery, the long-term outlook will depend on the government's ability to meet IMF requirements and maintain sustainable economic reforms.

The Pakistan textile sector remains a cornerstone of the national economy, playing a critical role in employment, export earnings and industrial output. During the period under review, the sector faced a challenging yet dynamic environment. Despite global economic uncertainties and supply chain disruptions, the industry demonstrated resilience and increased export demand in key markets. However, the change in tax regime from previously 1% of export sales value to normal tax regime (NTR), increased the incident of tax by almost 100%.

The global economic landscape during the period under review experienced significant shifts, influenced by a range of factors including geopolitical tensions and supply chain disruptions. Recent supply chain challenges in the region have created significant opportunities for Pakistan's textile industry, and it appears that this favorable shift will persist in the foreseeable future. As global conditions evolve, businesses must adapt to rising costs, changing trade patterns and shifting regulations.

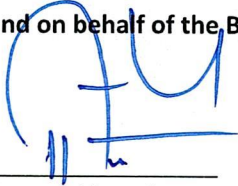
FUTURE PROSPECTS

Looking ahead, the company remains optimistic about its future prospects, underpinned by a strategic expansion project "Sunshine" currently progressing as per plan. This expansion is aimed at enhancing our production capacity and improving operational efficiencies, which will position us to capitalize on future market opportunities. Upon completion, the project is expected to contribute significantly to the company's growth by increasing our capacity to meet rising demand from customers.

ACKNOWLEDGEMENT

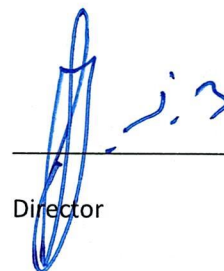
We take this opportunity to thank our valued customers and all the stakeholders who reposed their trust and confidence in the company and acknowledge the efforts and the hard work of the entire Stylers team and look forward to their continued support.

For and on behalf of the Board of Directors



Mustanser Ahmed
Chief Executive Officer

Place: Lahore
Dated: October 28, 2024



Director

STYLERS INTERNATIONAL LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

	Un-Audited 30 September 2024 Rupees	Audited 30 June 2024 Rupees
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
560,000,000 (30 June 2024: 560,000,000) Ordinary shares of Rupees 10 each	5,600,000,000	5,600,000,000
Issued, subscribed and paid-up share capital		
488,827,773 (30 June 2024: 435,287,420) Ordinary shares of Rupees 10 each	4,888,277,730	4,352,874,200
Reserves	7,997,689,231	5,914,055,496
Total equity	12,885,966,961	10,266,929,696
LIABILITIES		
NON-CURRENT LIABILITIES		
Musharaka Long term Loan	562,524,608	585,233,198
Leave encashment	22,007,791	20,365,121
Deferred taxation	122,244,760	122,244,760
	706,777,159	727,843,079
CURRENT LIABILITIES		
Trade and other payables	3,068,636,102	2,803,058,044
Short term borrowings	1,235,284,303	2,653,387,252
Current portion of non-current liabilities	37,475,392	14,766,802
Net defined benefit liabilities	40,805,478	16,392,144
Unclaimed dividend	67,527	67,527
Provision for taxation and levy - net	108,716,233	106,231,095
	4,490,985,035	5,593,902,864
TOTAL LIABILITIES	5,197,762,194	6,321,745,943
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	18,083,729,155	16,588,675,639

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


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 CHIEF FINANCIAL OFFICER

ASSETS

NON-CURRENT ASSETS

Property, plant and equipment	9,997,949,460	9,202,373,138
Right-of-use assets	-	-
Investment properties	444,794,000	444,794,000
Intangible assets	21,900	54,750
Long term investment	1,085,284,303	957,723,343
Long term deposits	45,884,729	44,784,729
Long term loan	269,036	672,599

CURRENT ASSETS

Stores, spare parts and loose tools	26,645,960	21,983,570
Stock-in-trade	2,350,649,034	2,113,777,675
Trade debts	1,641,096,660	2,010,585,847
Loans, advances, deposits and prepayments	148,613,339	169,767,365
Other receivables	8,700,029	11,047,679
Due from the Government	1,280,172,966	858,231,395
Cash and bank balances	1,053,647,739	752,879,549


TOTAL ASSETS

18,083,729,155 16,588,675,639

STYLERS INTERNATIONAL LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS
FOR THE QUARTER ENDED SEPTEMBER 30, 2024 (UN-AUDITED)

		SEPTEMBER 30,	
		2024	2023
		Rupees	Rupees
REVENUE	8	4,884,544,824	2,585,578,226
COST OF SALES	9	(4,056,991,485)	(2,053,020,806)
GROSS PROFIT		827,553,339	532,557,420
DISTRIBUTION COST		(283,188,834)	(106,803,169)
ADMINISTRATIVE EXPENSES		(119,010,119)	(77,101,659)
OTHER EXPENSES		(41,297,198)	(72,430,629)
		(443,496,151)	(256,335,457)
		384,057,188	276,221,963
OTHER INCOME		72,040,749	75,908,603
PROFIT FROM OPERATIONS		456,097,937	352,130,565
FINANCE COST		(52,666,928)	(63,361,220)
PROFIT BEFORE TAXATION		403,431,009	288,769,345
TAXATION		(113,399,100)	(31,859,155)
PROFIT AFTER TAXATION		290,031,909	256,910,190
EARNING PER SHARE - BASIC AND DILUTED	10	0.63	0.59

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

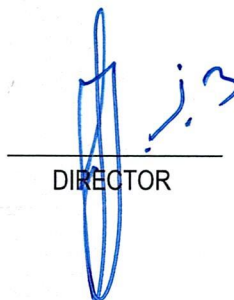
STYLERS INTERNATIONAL LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2024 (UN-AUDITED)

	SEPTEMBER 30,	
	2024	2023
	Rupees	Rupees
Profit After Taxation	290,031,909	256,910,190
Other Comprehensive Income / (Loss)		
Items that will not be reclassified subsequently to profit or loss:	-	-
Items that may be reclassified subsequently to profit or loss:	-	-
Other comprehensive income / (loss) for the period - net of tax	-	-
Total Comprehensive Income For The Period	290,031,909	256,910,190

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



 CHIEF EXECUTIVE



 DIRECTOR

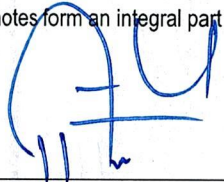


 CHIEF FINANCIAL OFFICER

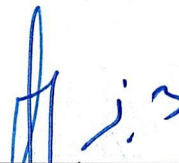
STYLERS INTERNATIONAL LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
AS AT 30 SEPTEMBER 2024 (UN-AUDITED)

	CAPITAL RESERVE		MERGER RESERVE	REVENUE RESERVE	SHARE DEPOSIT MONEY	TOTAL EQUITY	
	SHARE PREMIUM RESERVE	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		UNAPPROPRIATED PROFITS			
----- (Rupees) -----							
Balance as at 30 June 2023 (Audited)	4,304,874,200	-	1,524,820,773	64,536,002	3,457,493,668	-	9,351,724,643
Profit for the period	-	-	-	-	256,910,190	-	256,910,190
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	256,910,190	-	256,910,190
Balance as at 30 September 2023 (Un-Audited)	<u>4,304,874,200</u>	<u>-</u>	<u>1,524,820,773</u>	<u>64,536,002</u>	<u>3,714,403,858</u>	<u>-</u>	<u>9,608,634,833</u>
Balance as at 30 June 2024 (Audited)	4,352,874,200	-	1,371,345,527	16,536,002	4,526,173,967	-	10,266,929,696
Share capital Issued	535,403,530	-	-	-	-	-	535,403,530
Share premium	-	1,793,601,826	-	-	-	-	1,793,601,826
Profit for the period	-	-	-	-	290,031,909	-	290,031,909
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	290,031,909	-	290,031,909
Balance as at 30 September 2024 (Un-Audited)	<u>4,888,277,730</u>	<u>1,793,601,826</u>	<u>1,371,345,527</u>	<u>16,536,002</u>	<u>4,816,205,876</u>	<u>-</u>	<u>12,885,966,961</u>

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



 CHIEF EXECUTIVE OFFICER



 DIRECTOR



 CHIEF FINANCIAL OFFICER

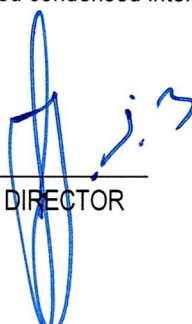
STYLERS INTERNATIONAL LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED SEPTEMBER 30, 2024 (UN-AUDITED)

	NOTE	September 30,	
		2024	2023
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	11	584,095,818	279,581,660
Gratuity paid		(15,319,999)	(44,007,152)
Leave encashment paid		(957,330)	(1,325,453)
Financial and other charges paid		(52,666,928)	(63,361,220)
Income tax paid		(110,913,962)	(28,568,073)
Net cash generated from operating activities		<u>404,237,598</u>	<u>142,319,762</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(885,307,292)	(605,107,959)
Ravi Urban Development Authority (RUDA)		(127,560,960)	-
Long term security deposits		(1,100,000)	-
Long term loans		(403,563)	-
Net cash used in investing activities		<u>(1,014,371,815)</u>	<u>(605,107,959)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of share capital		535,403,530	-
Share premium		1,793,601,826	-
Short term borrowings obtained		-	503,749,368
Short term borrowings repaid		(1,418,102,949)	-
Repayment of lease liability		-	(22,075,585)
Net cash from financing activities		<u>910,902,407</u>	<u>481,673,783</u>
Net (decrease) / increase in cash and cash equivalents		300,768,190	18,885,585
Cash and cash equivalents at the beginning of the year		752,879,549	1,236,528,699
Cash and cash equivalents at the end of the year		<u><u>1,053,647,739</u></u>	<u><u>1,255,414,284</u></u>

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



 CHIEF EXECUTIVE OFFICER



 DIRECTOR



 CHIEF FINANCIAL OFFICER

STYLERS INTERNATIONAL LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2024 (UN-AUDITED)

1 THE COMPANY AND ITS OPERATIONS

- 1.1 Stylers International Limited (the Company) was incorporated in Pakistan as a private limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) on 27 November 1991 and was converted into a public limited company with effect from 21 May 2021. The Company's shares have been listed on the Pakistan Stock Exchange (PSX) on 22 January 2024. The Company is principally engaged in carrying out manufacturing, marketing of ready made garments and processing services.
- 1.2 On 21 December 2023, Honourable Lahore High Court, Lahore sanctioned the Scheme of Arrangement for the merger of AEL Textiles Limited (AEL) with and into the Company. Resultantly, AEL's assets, rights, privileges (including status of listing on Pakistan Stock Exchange Limited (PSX) and eligibility for induction with Central Depository Company) and all its liabilities and obligations have been merged with and into the Company effective from 31 March 2023. As consideration for the merger, shares of the Company have been issued to AEL's shareholders on 10 January 2024, and the Company's shares have been listed on the Pakistan Stock Exchange (PSX) on 22 January 2024, with AEL being de-listed and dissolved.

2 BASIS OF PREPARATION

- 2.1 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 annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2024. These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

3 MATERIAL ACCOUNTING POLICY INFORMATION

All material accounting policy information and methods of computations adopted for the preparation of these condensed interim financial statements are the same as applied in the preparation of the preceding audited annual financial statements of the Company for the year ended 30 June 2024.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these condensed interim financial statements, 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 preceding audited annual financial statements of the Company for the year ended 30 June 2024.

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Un-Audited 30 September 2024	Audited 30 June 2024		Un-Audited 30 September 2024	Audited 30 June 2024
-----Number of shares-----			----- (Rupees) -----	
435,287,420	435,287,420	Ordinary shares of Rs. 10 each fully paid in cash	4,352,874,200	4,352,874,200
53,540,353	-	Ordinary shares of Rs. 10 each issued as right shares	535,403,530	-
<u>488,827,773</u>	<u>435,287,420</u>		<u>4,888,277,730</u>	<u>4,352,874,200</u>

6 CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) Guarantees of Rupees 304.843 million (Jun. 2024: Rupees 35.650 million) are issued by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Lahore Electric Supply Company Limited for electricity connections, Total PARCO Pakistan Limited against purchase of furnace oil, Excise & Taxation against cess and to State Bank of Pakistan.
- ii) Post dated cheques of Rupees 4,252.395 million (Jun. 2024: Rupees 4,326.57 million) are issued to customs authorities in respect of duties and taxes on imported as well as local items availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- iii) For tax years 2014, 2017 and 2018, the income tax authorities issued refund orders dated 21 September 2020, 26 August 2020 and 26 August 2020 respectively to Advance Fashion (Private) Limited (now merged into Stylers International Limited) under section 170(4) of the Income Tax Ordinance, 2001 where in the Deputy Commissioner Inland Revenue rejected income tax refund claims amounting to Rupees 0.626 million, Rupees 15.749 million and Rupees 11.886 million respectively. Being aggrieved, the Company filed appeals before the Commissioner Inland Revenue (Appeals). Appeals for tax years 2017 and 2018 are still pending adjudication whereas appeal for tax year 2014 was remanded back by Commissioner Inland Revenue (Appeals) vide order dated 28 July 2021. In remanded back proceedings for the tax year 2014, the DCIR passed order dated 27 June 2024 against the Company. The Company has filed appeal before Commissioner Inland Revenue (Appeals).
- iv) Deputy Commissioner Inland Revenue (DCIR) passed Orders against the show cause notices dated 01 April 2022 and 22 March 2022 issued to the Company for tax periods from July 2020 to June 2021 and July 2021 to November 2021 respectively, claiming that the Company has adjusted input sales tax against output tax on the purchase of specific goods / items, mainly coal, accessories and spare parts for plant and machinery, that were not admissible under the law, resulting in short payments of sales tax amounting to Rupees 15.473 million (including penalty of Rupees 0.736 million) and Rupees 13.819 million (including penalty of Rupees 0.658 million) respectively as per Sales Tax Act, 1990, asserting that these goods were not used in taxable activity. Being aggrieved, the Company filed appeal against the orders of the DCIR before the Commissioner Inland Revenue (Appeals)[CIR (A)] who vide order dated 18 July 2022 rejected the Company's stance and passed order by upholding the DCIR's stance. Being aggrieved, the Company preferred an appeal before Appellate Tribunal Inland Revenue who vide its order dated 03 August 2023 remand back the case for re-adjudication on merits after examination of the record.
- v) The Additional Commissioner Inland Revenue (ADCIR) passed orders on 31 May 2022 and 12 September 2022 for tax years 2016 and 2017 respectively against Advance Fashion (Private) Limited (AFL), now merged into Stylers International Limited (SIL), stating that the AFL claimed tax credits under section 65(D) of the Income tax Ordinance, 2001, whereby a company shall be given tax credit against tax payable arising on taxable income for a period of five years subject to the condition that the company will not discontinue its business in the subsequent five years after the credit has been allowed. As per ADCIR, AFL after merger with the Company effectively discontinued its operation before expiry of 5 years and hence violated the condition for eligibility of the credit thus, rejecting the tax credit claimed under section 65(D) of the Income Tax Ordinance, 2001 amounting to Rupees 10.523 million and 13.960 million for tax years 2016 and 2017 respectively and creating an additional tax demand of Rupees 0.312 million and Rupees 0.208 million for tax years 2016 and 2017 respectively. The Company being aggrieved, filed appeal before the Commissioner Inland Revenue (Appeals)[CIR(A)], citing that despite the merger with SIL, AFL is still conducting business as an industrial undertaking. For tax year 2016, the CIR (A) has confirmed the order of the ADCIR by confirming ground taken by the ADCIR while rejecting the tax credit claimed under section 65(D) of the Income Tax Ordinance, 2001 through appellate order dated 21 February 2023. Being aggrieved by the treatment meted out by the CIR (A), the Company preferred appeal before the Appellate Tribunal Inland Revenue, which is pending adjudication. For tax year 2017, the CIR(A) vide its order dated 09 June 2023 rejected the Company's stance and confirmed the amended order of the ADCIR. Being aggrieved, the Company has filed an appeal before ATIR which is pending adjudication.
- vi) The Additional Commissioner Inland Revenue passed order dated 04 October 2021 under Section 122(5A) of Income Tax Ordinance, 2001 and amended the original assessment on various grounds for tax year 2016 created a tax demand of Rupees 18.348 million. Being aggrieved, the Company filed an appeal before CIR (A) who vide order dated 10 March 2022 remanded back the issues relating to treatment of CMT sales, tax credit under Section 65(B) of the Income Tax Ordinance, 2001. Being aggrieved, the Company filed an appeal before ATIR which is pending adjudication.
- vii) The Additional Commissioner Inland Revenue (ADCIR) passed order dated 28 September 2023 under Section 122(5A) of Income Tax Ordinance, 2001 for tax year 2018 and amended the original assessment on various grounds for tax year 2018 created a tax demand of Rupees 464.245 million. Being aggrieved, the Company filed an appeal before CIR (A) who vide order dated 18 March 2024 give partial relief to the Company. Being aggrieved, the Company filed an appeal before ATIR which is pending adjudication.

viii) Assistant Commissioner Inland Revenue issued notices to the Company under various Sections of Income Tax Ordinance, 2001 for the tax years 2019 and 2021 vide notices dated 09 February 2021 and 21 November 2022 respectively and required from the Company information / explanations / records. The Company has duly replied the notices. However, the proceedings are still pending to date.

ix) The Additional Commissioner Punjab Revenue Authority passed order dated 22 November 2023 for the tax periods July 2022 to June 2023 on account of non-withholding of tax on certain payments and created demand of Rupees 216.178 million (including penalty of Rupees 10.294 million). Being aggrieved, The company has filed appeal before Commissioner (Appeals) Punjab Revenue Authority which is pending for adjudications.

x) The Company filed writ petition in Honourable Sindh High Court, Karachi against infrastructure cess imposed by the Province of Sindh through Sindh Finance Act, 1994 and its subsequent versions including the final version i.e. Sindh Development and Maintenance of Infrastructure Cess Act, 2017, whereby stay was granted and directions were given to provide bank guarantees in favor of Director Excise and Taxation, Karachi. The Honourable Sindh High Court, Karachi passed order dated 04 June 2021 against the Company and directed that bank guarantees should be encashed. Being aggrieved by the order, the Company along with others filed petitions for leave to appeal before Honourable Supreme Court of Pakistan against the Sindh High Court's judgment in relation to Sindh infrastructure development cess. On 01 September 2021, after hearing the petitioners, the Honourable Supreme Court dictated the order in open court granting leave to appeal to the petitioners and restraining the Sindh Government from encashing the bank guarantees furnished in pursuance of the interim orders passed by the Sindh High Court. The Honourable Supreme Court also directed the release of future consignments subject to furnishing of bank guarantees for the disputed amount. Upto 30 Sep. 2024, the bank of the Company has issued guarantees of Rupees 30.00 million to Excise and Taxation against cess.

The Company is actively pursuing the above matters at respective forums. Based on the advice of the legal counsel, the Company is hopeful for the favourable outcome of the matters. Hence, no provision has been made in these financial statements.

b) Commitments

i) Contracts for capital expenditure are approximately of Rupees 1,610 million (Jun. 2024: Rupees 901 million).

ii) Letters of credit other than for capital expenditure are of Rupees 1,415 million (Jun. 2024: Rupees 1,525 million).

iii) Outstanding foreign currency contract of Rupees 805 million (Jun. 2024: Rupees 815 million)

7 PROPERTY, PLANT AND EQUIPMENT

	Un-audited 30 September 2024 Rupees	Audited 30 June 2024 Rupees
Operating fixed assets (Note 7.1)	7,050,644,944	7,115,520,270
Capital work-in-progress (Note 7.2)	2,947,304,516	2,086,852,868
	<u>9,997,949,460</u>	<u>9,202,373,138</u>
7.1 Operating fixed assets		
Opening book value	7,115,520,270	4,127,940,746
Add: Cost of additions during the period / year (Note 7.1.1)	26,094,642	3,267,921,690
Add: Assets transferred upon merger	-	-
Add: Surplus on revaluation incorporated during the period / year	-	-
	<u>7,141,614,912</u>	<u>7,395,862,436</u>
Less: Book value of deletions during the period / year (Note 7.1.2)	(1,239,000)	(17,191,292)
	<u>7,140,375,912</u>	<u>7,378,671,144</u>
Less: Depreciation charged during the period / year	(89,730,968)	(263,150,874)
	<u>7,050,644,944</u>	<u>7,115,520,270</u>
7.1.1 Cost of additions		
Freehold land	-	16,917,300
Buildings on freehold land	-	2,657,148,380
Plant and machinery	13,083,814	243,748,934
Electric installations	6,746,298	220,190,295
Tools and equipment	-	25,125,767
Furniture and fittings	91,966	4,088,442
IT equipment	6,172,564	24,575,241
Vehicles	-	75,951,932
Office equipment	-	175,399
	<u>26,094,642</u>	<u>3,267,921,690</u>
7.1.2 Book value of deletions		
Plant and machinery	-	223,420
Tools and equipment	-	16,545
IT equipment	1,239,000	301,943
Vehicles	-	16,649,384
	<u>1,239,000</u>	<u>17,191,292</u>
7.2 Capital work-in-progress		
Advances against purchase of land	150,000,000	-
Advances to supplier	152,176,897	5,623,360
Civil works	1,304,130,352	1,117,582,134
Plant and machinery	733,525,654	643,779,249
Stores, spares and loose tools	483,030,426	179,226,237
Electric installation	124,441,187	140,641,888
	<u>2,947,304,516</u>	<u>2,086,852,868</u>

8 REVENUE

8.1 In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition.

Description	SEPTEMBER 30,	
	Un-audited	Un-audited
	2024	2023
	----- (Rupees) -----	
Region		
Europe	4,656,088,807	2,447,558,972
America	169,372,999	-
Pakistan	59,083,018	138,019,254
	4,884,544,824	2,585,578,226
Timing of revenue recognition		
Products and services transferred at a point in time	4,884,544,824	2,585,578,226
Products and services transferred over time	-	-
	4,884,544,824	2,585,578,226
Major products / service lines		
Garments	4,878,714,229	2,545,639,767
Processing Income	5,830,595	39,938,459
	4,884,544,824	2,585,578,226

SEPTEMBER 30,

Un-audited Un-audited
2024 2023

----- (Rupees) -----

9 COST OF SALES

Raw materials consumed	2,957,231,940	1,431,791,105
Processing charges	154,175,052	7,682,765
Salaries, wages and other benefits	1,009,319,498	497,709,630
Stores, spare parts and loose tools consumed	28,125,842	13,990,048
Repairs and maintenance	13,591,253	12,253,990
Fuel and power	160,890,760	101,745,534
Insurance	1,737,765	1,175,817
Freight and octroi - inward	22,784,434	9,407,352
Rent, rates and taxes	29,963,091	2,233,752
Depreciation on property, plant and equipment	71,784,776	42,719,468
Depreciation on right-of-use asset	-	7,297,675
Other expenses	100,830	1,076,028
	4,449,549,588	2,129,083,164
Work-in-process		
Opening stock	997,158,846	658,267,601
Closing stock	(960,304,115)	(560,569,857)
	36,854,731	97,697,744
Cost of goods manufactured	4,486,404,319	2,226,780,908
Finished goods		
Opening stock	366,866,748	492,882,088
Closing stock	(796,279,582)	(666,642,189)
	(429,412,834)	(173,760,101)
	4,056,991,485	2,053,020,806

10 EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share which is based on:

		SEPTEMBER 30,	
		Un-audited 2024	Un-audited 2023
Profit attributable to ordinary shareholders	(Rupees)	290,031,909	256,910,190
Weighted average number of ordinary shares	(Numbers)	460,527,463	434,046,367
Earnings per share	(Rupees)	0.63	0.59

11 CASH GENERATED FROM OPERATIONS

		SEPTEMBER 30,	
		Un-audited 2024	Un-audited 2023
		Rupees	Rupees
Profit before taxation		403,431,009	288,769,345
Adjustments for non-cash charges and other items:			
Depreciation on property, plant and equipment		89,730,970	53,399,335
Depreciation on right-of-use assets		-	9,122,094
Amortization on intangible assets		32,850	32,850
(Reversal) / provision for slow moving raw material		(155,653)	(12,609,018)
Provision for slow moving stores, spare parts and loose tools		(765,985)	(15,029)
Provision for leave encashment		2,600,000	2,400,000
Provision for gratuity		39,733,333	27,003,576
Credit balances written back		-	(2,754,270)
Finance cost on lease liabilities		-	1,601,813
Provision for workers' profit participation fund		17,165,542	13,647,660
Provision for workers' welfare fund		6,866,217	4,857,143
Net exchange (gain) / loss - unrealized		(26,256,961)	(8,333,683)
Working capital changes (Note 11.1)		51,714,496	(97,540,157)
		584,095,818	279,581,660

SEPTEMBER 30,

Un-audited	Un-audited
2024	2023
Rupees	Rupees

11.1 Working capital changes

(Increase) / decrease in current assets:

- Stores, spare parts and loose tools	(3,896,405)	8,232,509
- Stock-in-trade	(236,715,706)	(261,941,697)
- Trade debts	392,617,015	496,494,896
- Advances, deposits and prepayments	21,154,026	87,456,145
- Other receivables	404,940	(27,789,154)
- Accrued profit	-	1,142,465
- Due from the Government	(421,941,571)	163,505,046
	(248,377,701)	467,100,210

Increase / (decrease) in current liabilities:

(Decrease) / increase in trade and other payables	300,092,197	(564,640,367)
	300,092,197	(564,640,367)
	51,714,496	(97,540,157)

12 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, associated undertakings, staff retirement fund trust, directors 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 other than which have been specifically disclosed elsewhere in these condensed interim financial statements are as follows:

Name of the related party	Basis of relationship	Nature of transaction	UN-AUDITED	
			SEPTEMBER 30,	
			2024	2023
-----Rupees-----				
U.S. Apparel and Textiles (Private) Limited	Associated Company (Common Directorship)	Right Shares Subscribed	342,546,140	-
		Purchase of electricity	3,598,807	33,665
		Services provided	1,411,786	36,972,660
		Services obtained	4,180,649	16,443,441
		Reimbursement of expenses	283,376	-
		Purchase of fabric and materials	-	41,485
U.S. Denim Mills (Private) Limited	Associated Company (Common Directorship)	Right Shares Subscribed	186,954,520	-
		Purchase of fabric and materials	830,880,724	516,598,178
U.S. Dying & Finishing Mills (Pvt.) Ltd. formerly U.S. & Dynamo Mills (Pvt.) Ltd.	Associated Company (Common Directorship)	Purchase of fabric and materials	18,511,800	47,448,359
A.J. Holdings (Private) Limited	Associated Company (Common Directorship)	Loan repayment	1,197,102,949	-
Naimat Saleem Trust	Directors of the Company are the trustees of Naimat Saleem Trust	Lease rentals paid	-	9,467,490
		Donations Paid	10,544,971	-
		Salary Payment	1,515,060	-
Mr. Javed Arshad Bhatti	Director	Profit on Musharaka	1,692,500	3,038,750
		Loan repayment	185,500,000	-
		Loan obtained	40,000,000	-
Mian Muhammad Ahsan	Director	Profit on Musharaka	3,442,500	2,442,500
		Loan obtained	80,000,000	-
		Loan repayment	185,500,000	-
Mr. Muhammad Saqib Bhatti	Director	Profit on Musharaka	1,692,500	1,788,750
Mr. Muhammad Siddique Bhatti	Close relative of Director	Profit on Musharaka	1,692,500	596,250
Mian Salman Ahsan	Close relative of Director	Profit on Musharaka	5,192,500	5,538,750
		Loan obtained	30,000,000	-
Mrs. Ayesha Haroon	Close relative of Director	Profit on Musharaka	1,692,500	1,788,750
SJ Holdings (Private) Limited	Group company	Right Shares Subscribed	252,150	-
		Profit on Musharaka	1,650,000	1,788,750
Ahmar Bilal Sufi & Co.	Independent Director	Retainership fee	300,000	-
Employees' Gratuity Fund Trust	Staff retirement fund	Contributions paid	15,000,000	44,007,152
Key Management Personnel	Independent Director	Director meeting fee	1,250,000	-

13 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by the Board of Directors. The Company's Board of Directors evaluates and hedges financial risks. The Board provides principles for overall risk management as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual financial statements of the Company for the year ended 30 June 2024.

14 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on _____.

15 EVENT AFTER REPORTING DATE

The Board of Directors in their meeting held on September 30th, 2024 proposed a final cash dividend of Rs. 0.75 per share (2023: Nil), amounting to Rs. 366.62 million (2023: Nil), for the year ended 30 June 2024. This is in addition to the Interim Cash Dividend at the rate of Rs. 1.00/- per share i.e. 10% for the year ended June 30, 2024 which has already been paid. Total cash distribution stands at Rs. 1.75/- per share i.e. 17.5% for the year ended June 30, 2024. The final cash dividend of Rs. 0.75 per share is subject to approval by the members at the Annual General Meeting of the Company to be held on October 28, 2024.

16 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the unconsolidated condensed interim statement of financial position comprise of balances as per the annual audited financial statements of the Company for the year ended 30 June 2024 and the Corresponding figures in the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity comprise of balances comparable period of the immediately preceding financial year i.e. quarter ended 30 September 2023.

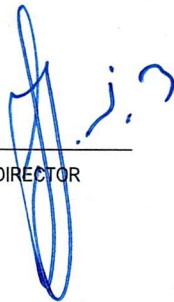
Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.

17 GENERAL


Figures have been rounded off to the nearest of Rupees.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

STYLERS

اسٹائلرز انٹرنیشنل لمیٹڈ

ڈائریکٹرز رپورٹ

برائے سہ ماہی 30 ستمبر، 2024

اسٹائلرز انٹرنیشنل لمیٹڈ کے ڈائریکٹرز 30 ستمبر، 2024 کو ختم ہونے والی سہ ماہی کے لئے کمپنی کے غیر آڈٹ شدہ مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی جھلکیاں:

30 ستمبر، 2024 کو ختم ہونے والی سہ ماہی کے لئے کمپنی کی مالی کارکردگی درج ذیل ہے:

ختم ہونے والی سہ ماہی		
30 ستمبر، 2024 (PKR)	30 ستمبر، 2023 (PKR)	
4,884,544,824	2,585,578,226	آمدنی
(4,056,991,485)	(2,053,020,806)	فروخت کی لاگت
827,553,339	532,557,420	مجموعی منافع
(443,496,151)	(256,335,457)	انتظامی و تقسیم کے اخراجات اور دیگر اخراجات
72,040,749	75,908,603	دیگر آمدنی
(52,666,928)	(63,361,220)	فنانس لاگت (Finance Cost)
403,431,009	288,769,346	ٹیکس سے پہلے منافع
290,031,909	256,910,191	ٹیکس کے بعد منافع
0.63	0.59	آمدنی فی حصص - روپے

رواں سہ ماہی کے دوران حجم میں، 118 فیصد اضافے کے باوجود اسٹائلرز نے 4.88 بلین روپے کی کل آمدنی حاصل کی، جو گزشتہ سال سے اسی مدت میں صرف 89 فیصد زیادہ تھی۔ یہ بنیادی طور پر Q1 2024 میں کم فروخت کی قیمتوں اور کسٹمر پروڈکٹ کس اور کم شرح تبادلہ (2023: 291.60 PKR، 2024: 278 PKR) کی وجہ سے تھا۔ مجموعی منافع % 20.5 سے % 17. تک گر گیا۔ کم از کم اجرت میں اضافہ اور اکتوبر 2023 میں جب مہنگائی عروج پر تھی، ملازمین کو دی گئی ایڈجسٹمنٹ، مجموعی منافع کو کم کرنے میں اہم کردار ادا کرنے والا دوسرا اہم عنصر تھا۔

انتظامی اخراجات میں بنیادی طور پر تنخواہوں (پہلے سے وضاحت) ایبیز فریٹ اور Depreciation کی مدد میں کافی اضافہ ہوا۔ ایبیز فریٹ میں اضافہ حجم کی کھپ میں اضافے کو پورا کرنے کے لئے تھا اور توسیعی منصوبے سن شائن کے جزوی کپیٹل تزیین (capitalization) کی وجہ سے Depreciation میں اضافہ ہوا۔

ٹیکس نظام میں تبدیلی کی وجہ سے آگم ٹیکس چارج زیادہ تھا اس سے پہلے برآمدات پر سیلز و ٹیلیو کا 1% چارج کیا جاتا تھا جبکہ اس سال برآمدات سے متعلقہ کاروبار بھی نارل ٹیکس نظام (NTR) میں ہیں جو ٹیکس کی زیادہ شرح کو راغب کرتا ہے۔

آمدنی فی حصص:

30 ستمبر، 2024 کو ختم ہونے والی سہ ماہی کے لئے فی حصص آمدنی گزشتہ سال کی اسی سہ ماہی کے لئے 0.59PKR کے مقابلے 0.63PKR ہے۔ اگر ٹیکس قانون میں تبدیلی نہ ہوتی تو 30 ستمبر 2024 کی سہ ماہی کیلئے فی حصص آمدنی 0.63 کے بجائے 0.75 ہوتی۔

معاشی اور صنعتی جائزہ:

پاکستان کی معیشت نے ستمبر، 2024 کو ختم ہونے والی سہ ماہی کے لئے نمایاں نمو کے عوامل دکھائے۔ 2024 ستمبر کی خاص بات آئی ایم ایف سے بیرونی فنڈنگ اور فنڈز کی پہلی قسط کی وصولی تھی۔ آئی ایم ایف کی کچھ انتہائی سخت شرائط کے ساتھ آیا ہے اور ان پر عمل درآمد ایک مشکل کام ہوگا۔ اس سہ ماہی میں اقتصادی محاز سے بھی کچھ بہت مثبت خبریں دیکھنے میں آئیں۔ مہنگائی سنڈل ڈیجیٹل (single digit) پر آ رہی ہے سٹیٹ بینک آف پاکستان کی شرح سود میں 500 bps کی کمی (24 جولائی سے) ہوئی۔ مزید برآں کرنٹ اکاؤنٹ بیلنس اس مہینے کے لئے مثبت ہوا، جو بیرونی مالیات میں بہتری کی عکاسی کرتا ہے۔ مجموعی ملکی پیداوار (جی ڈی پی) میں بھی اضافہ ہوا، جبکہ پاکستان سٹاک ایکسچینج (PSX) نے نئی ریکارڈ بلندیاں حاصل کیں، جس سے سرمایہ کاروں کے اعتماد میں اضافہ ہوا ہے۔ اگرچہ یہ پیش رفت بحالی کے دورانیے کا اشارہ دیتی ہے، تاہم طویل مدتی نقطہ نظر کا انحصار حکومت کی آئی ایم ایف کی ضروریات کو پورا کرنے اور پائیدار اقتصادی اصلاحات کو برقرار رکھنے کی صلاحیت پر ہوگا۔

پاکستان کا ٹیکسٹائل سیکٹر قومی معیشت کا بنیادی ستون ہے جو روزگار، برآمدی آمدنی اور صنعتی پیداوار میں اہم کردار ادا کرتا ہے۔ زیر جائزہ مدت کے دوران شعبے کو ایک چیلنجنگ لیکن متحرک ماحول کا سامنا کرنا پڑا۔ عالمی اقتصادی، غیر یقینی صورتحال اور سپلائی چین میں رکاوٹوں کے باوجود، صنعت نے پگھلاؤ کا مظاہرہ کیا اور کلیدی منڈیوں میں برآمدی مانگ میں اضافہ ہوا۔ تاہم ٹیکس قانون کی نارل ٹیکس رجیم (NTR) میں تبدیلی کی وجہ سے جو کہ پہلے سیلز و ٹیلیو کا 1 فیصد (%) چارج کیا جاتا تھا اب اس کی وجہ سے ٹیکس کی لاگت 100 فیصد (%) بڑھ گئی ہے۔

زیر جائزہ مدت کے دوران، عالمی اقتصادی منظر نامے نے اہم تبدیلیوں کا مشاہدہ کیا، جو کہ جغرافیائی سیاسی تناؤ اور سپلائی چینز میں روکاوٹوں سمیت متعدد عوامل سے متاثر ہوئے۔ خطے میں سپلائی چینز (Supply Chains) کی حالیہ مشکلات میں پاکستان کی ٹیکسٹائل صنعت کے لئے اہم مواقع پیدا کئے ہیں اور بظاہر ایسا لگ رہا ہے کہ یہ مثبت عوامل مستقبل میں بھی موجود رہیں گے۔ جیسے جیسے عالمی حالات تیار ہو رہے ہیں، کاروباری اداروں کو بڑھتے ہوئے اخراجات، بدلتے ہوئے تجارتی پیٹرن اور بدلتے ہوئے ضوابط کے مطابق خود کو ڈھالنا ہوگا۔

مستقبل کے امکانات:

آگے دیکھتے ہوئے کمپنی اپنے مستقبل کے امکانات کے بارے میں پر امید ہے، جس کی بنیاد ایک سٹر-ٹیچنگ توسیعی پراجیکٹ سن شائن (project "Sunshine") ہے۔ اس توسیع کا مقصد ہماری پیداواری صلاحیت کو بڑھانا اور آپریشنل افادیت کو بہتر بنانا ہے جو ہمیں مستقبل میں مارکیٹ کے مواقع سے فائدہ اٹھانے کی پوزیشن میں لانے گی۔ اس منصوبے کی تکمیل کے بعد توقع ہے کہ یہ منصوبہ صارفین کی بڑھتی ہوئی طلب کو پورا کرنے کے لئے ہماری صلاحیت میں اضافہ کر کے کمپنی کی ترقی میں اہم کردار ادا کرے گا۔

اعتراف:

ہم اس موقع پر اپنے قابل قدر صارفین اور تمام سٹیک ہولڈرز کا شکریہ ادا کرتے ہیں جنہوں نے کمپنی پر اپنے اعتماد کا اظہار کیا اور ہم اسٹاکرز کی پوری ٹیم کی کوششوں اور محنت کا بھی اعتراف کرتے ہیں اور ان کے مسلسل تعاون کے منتظر ہیں۔

حزب
ڈائریکٹر

حکیم بورڈ
چیف ایگزیکٹو آفیسر

بمقام لاہور

28 اکتوبر 2024

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