



FORM-8

Date: 25-02-2021

THE GENERAL MANAGER
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
KARACHI

**SUBJECT: TRANSMISSION OF QUARTERLY REPORT FOR THE HALF YEAR
AND SECOND QUARTER ENDED DECEMBER 31, 2020**

Dear Sir,

We have to inform you that the Quarterly Report of the Company for the Half Year and Second Quarter Ended December 31, 2020 has been transmitted through PUCARS and is also available on Company's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Thanking you.

Yours Sincerely,
For SHAHZAD TEXTILE MILLS LIMITED

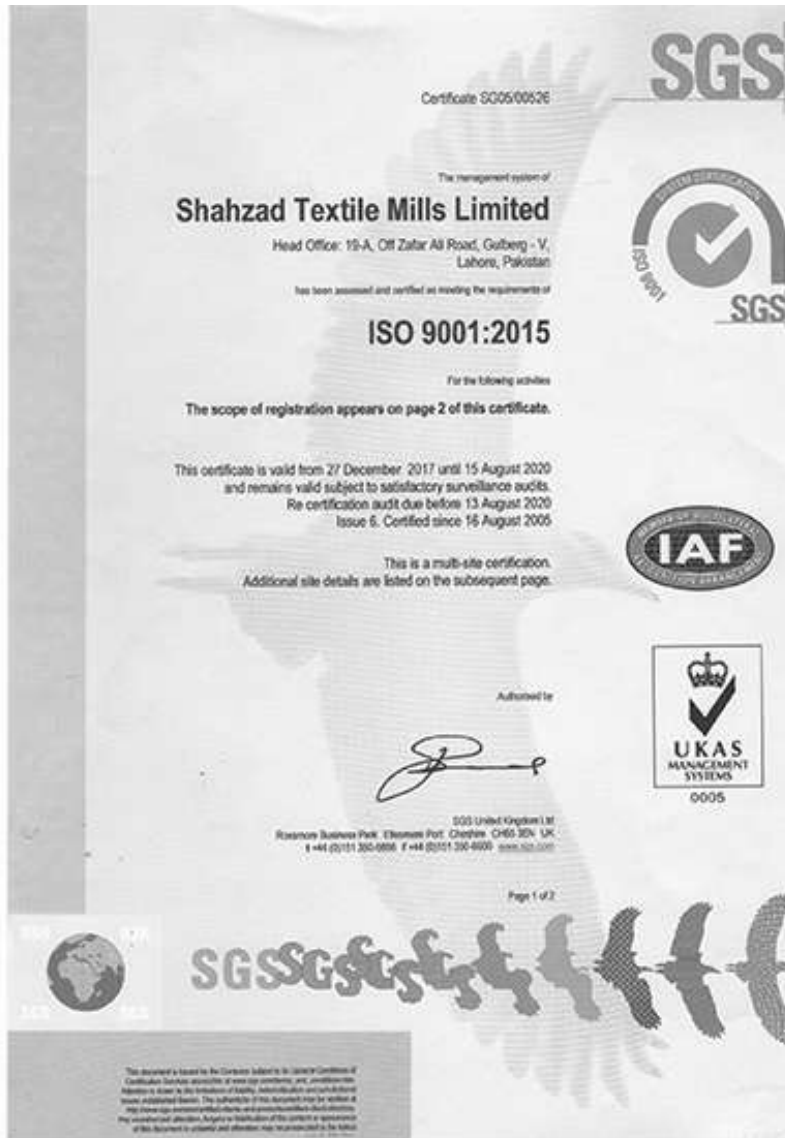

COMPANY SECRETARY

Encl: As above

HALF YEARLY
REPORT
DECEMBER 31, 2020



Shahzad Textile Mills Limited



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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

Mr. Hassan-ud-Din Ansari

Auditors

Crowe Hussain Chaudhry & 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 pleased to present condensed interim financial information (reviewed by statutory auditors) for the Second quarter and half year ended December 31, 2020.

The company's six months profit after tax is Rs. 123.014 million which was Rs. 16.035 million in the corresponding period of previous year. In current quarter, this profit is Rs. 55.285 million which was Rs. 26.709 million in the corresponding period of last year. The Net Sales for current six months has also increased to Rs. 3,194.728/- million as compared to sales of Rs.2,591.470/- million in corresponding period of last year.

The ever-increasing cost of raw materials also demonstrated higher trend during the period under discussion. Our cotton crop is deteriorating in every coming year and there is dire shortage of cotton in the local market. The cotton prices has escalated to around Rs.10,000/- per maund, polyester price to Rs.180/per kg and Viscose Rs.225/- per kg. Despite increasing prices of raw material, we are able to fetch reasonable prices of our products from market by providing high quality to our customers. The local yarn market responded favorably, which resultantly put positive effect on our local sales. The local sales eventually increased by 11.36 % in the period under discussion. Furthermore, socks unit which recently started its production have also achieved encouraging export sales i.e Rs. 302.45 million in current six months.

FUTURE OUTLOOK

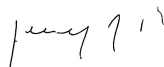
In the present business environment where threat of pandemic is still high, our management has carefully continued operations of mills by following complete SOP's of COVID-19 for the betterment of employees and to provide better return to the shareholders. We had extensively discussed in our previous directors' report about establishing new socks unit which has been successfully completed and started its production in the FY 2020. Considering the export potential and performance of last six months of socks unit, the management intends to further expand this unit for which 20 knitting machines from Italy have been imported and are under installation. The management is also focusing to achieve economies of scale and planning to add more knitting machines in future.

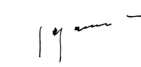
Earnings per share is Rs. 6.85 in half year ended as compared Rs. 0.89 per share in corresponding period of previous year.

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 Officer


(Imran Aslam)
Director

Lahore
February 24, 2021

ڈائریکٹرز رپورٹ

میسرز شہزاد ٹیکسٹائل ملز لمیٹڈ کے ڈائریکٹران کی جانب سے 31 دسمبر 2020ء کو ختم ہونے والی دوسری سہ ماہی اور نصف سال کے لئے مجتمع عبوری معلومات (بمعاہدہ پیرز) کی جانب سے قانونی جائزہ پیش کرنے پر خوشی محسوس کرتا ہوں۔

ٹیکس کے بعد کمپنی کا چھ ماہ کا منافع 123.014 ملین روپے ہے۔ جو کہ گذشتہ سال کی اسی مدت میں 16.035 ملین روپے تھا۔ موجودہ سہ ماہی میں یہ منافع 55.285 ملین روپے ہے۔ جو کہ گذشتہ سال اسی مدت میں 26.709 ملین روپے تھا۔ رواں چھ ماہ کی خاص فروخت بھی بڑھ کر 3,194.728 ملین روپے ہوئی ہے جبکہ اس کے مقابلے میں دھانگے کی فروخت گذشتہ سال کی اسی مدت میں 2,591.470 ملین تھی۔

کی بڑھتی ہوئی قیمت میں بھی ہمیشہ کر طرح بڑھتی کارخانوں رہا ہماری کپاس کی فصل آنے والے سال میں تنزلی کا شکار ہے۔ اور مقامی مارہ میں روٹی کی شدید قلت ہے۔ روٹی کی قیمتیں تقریباً 10,000 روپے فی من کے گرد منڈلا رہی ہیں۔ پولیشر کی قیمت 180 روپے فی کواور وکوس 225 روپے فی کواور ہوئی ہے۔ باوجود مہنگے خام مال کے ہمارے سٹاک میں دھانگے کی اچھی کوالٹی پیش کر کے بہتر قیمتیں حاصل کی ہیں۔ مقامی سوت کی منڈی نے مثبت جواب دیا جس کے نتیجے میں ہماری مقامی فروخت پر مثبت اثر پڑا ہے۔ زیر بحث مدت میں مقامی فروخت میں نتیجتاً 11.36 فیصد کا اضافہ ہوا۔ مزید براں حالیہ ہی میں موزوں (جراہوں) کے پونٹ لے پائی ہیں اور آکا تاز کیا تھا۔ اور موجودہ چھ ماہ میں بڑے حوصلہ افزا نتائج حاصل کئے ہیں۔ جو کہ موجودہ ششماہی میں 302.45 ملین ہے۔

مستقبل کا نقطہ نظر

موجودہ کاروباری ماحول میں جہاں عالمی و باکرونا کا خطرہ ابھی بھی سر پر منڈلا رہا ہے۔ ہماری انتظامیہ نے بڑی ذہانت کے ساتھ تمام مقرر کردہ SOP's کو ملحوظ خاطر رکھتے ہوئے حصہ داران اور ملازمین کی بہتری کے لئے دھاگے اور جراثیموں کی پیداواری عمل کو جاری رکھا ہے۔

ہم نے اپنی سابقہ ڈائریکٹرز رپورٹ میں نئی جراثیموں کے پونٹ کے قیام کے بارے میں تفصیلاً ذکر کیا تھا جو کہ کامیابی سے عمل ہو چکا ہے۔ اور مالی سال 2020 میں اس کی پیداوار شروع کر دی گئی ہے۔ جراثیموں کے پونٹ کے آخری چھ ماہ کی برآمدی صلاحیت اور کارکردگی کو مد نظر رکھتے ہوئے انتظامیہ اس کو مزید وسعت دینے کا ارادہ رکھتی ہے۔ جسکے لئے اٹلی سے مزید 20 تنگ مشینیں درآمد کی گئیں ہیں۔ اور انکی تنصیب کا عمل جاری ہے۔ انتظامیہ نے مستقبل میں مزید تنگ مشینیں شامل کرنے کی منصوبہ بندی کر رہی ہے۔

نصف سال کے اختتام پر حصص کی آمدنی 6.58 روپے ہے جبکہ پچھلے سال کے اسی عرصہ میں اس کی آمدنی 0.89 روپے تھی۔

ہماری کمپنی کے ڈائریکٹران اس موقع کا فائدہ اٹھاتے ہوئے تمام سٹیکس ہولڈرز (حصہ داران) کا شکریہ ادا کرتے ہیں

برائے اور تکمیل پورڈ

عمران اسلم
چیف ایگزیکٹو آفیسر

لاہور: مورخہ 24 فروری 2021ء

عمران اسلم
ڈائریکٹر

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF
INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of SHAHZAD TEXTILE MILLS LIMITED ("the Company") as at December 31, 2020, the related condensed interim statement of profit or loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the half year 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.

The figures of the quarter ended December 31, 2020 and December 31, 2019 in the condensed interim statement of profit or loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

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 is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

LAHORE
Dated: 24 February, 2021

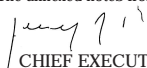

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

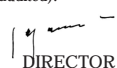
AS AT DECEMBER 31, 2020

		December 31, 2020 (Un-Audited)	June 30, 2020 (Audited)
	Note	---(Rupees in thousand)---	
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized capital:			
40,000,000 (June 30, 2020: 40,000,000) ordinary shares of Rs. 10 each		400,000	400,000
Issued, subscribed and paid up capital			
17,971,372 (June 30, 2020: 17,971,372) ordinary shares of Rs. 10 each		179,714	179,714
Reserves		1,526,214	1,396,312
Surplus on revaluation of property, plant and equipment		763,670	771,823
		2,469,598	2,347,849
Non Current Liabilities			
Long term financing	5	313,915	336,280
Staff retirement benefits		136,445	129,667
Deferred tax liability - Net		235,500	225,960
Deferred liability - GIDC		44,023	-
Deferred grant		973	3,901
		730,856	695,808
Current Liabilities			
Trade and other payables		427,360	427,585
Unclaimed dividends		146	146
Unpaid dividends		199	199
Accrued mark up		15,806	21,869
Current portion of non-current liabilities	6	193,395	39,580
Short term borrowings	7	592,375	414,776
Provision for taxation		46,504	63,963
		1,275,785	968,118
Contingencies and Commitments	8	-	-
		4,476,239	4,011,775
ASSETS			
Non Current Assets			
Property, plant and equipment	9	2,309,411	2,279,164
Investment property		87,550	87,550
Long term investment in associate		507,363	497,465
Long term deposits		3,847	3,847
		2,908,171	2,868,026
Current Assets			
Stores and spares		107,357	105,207
Stock in trade		809,581	597,573
Trade debts		161,735	82,669
Advances, trade deposits, prepayments and other receivables		136,720	121,712
Short term investments		23,214	14,875
Tax refunds due from the Government		137,983	121,465
Cash and bank balances		191,478	100,248
		1,568,068	1,143,749
		4,476,239	4,011,775

The annexed notes from 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 AND LOSS ACCOUNT (UN-AUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020

	Note	Half Year Ended		Quarter Ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
		---(Rupees in thousand)---		---(Rupees in thousand)---	
Sales (2019: Restated)		3,194,728	2,591,470	1,644,729	1,340,148
Cost of sales	10	(2,907,306)	(2,390,632)	(1,515,441)	(1,215,300)
Gross Profit (2019: Restated)		287,422	200,838	129,288	124,848
Operating expenses:					
- Selling and distribution (2019: Restated)		(47,415)	(18,951)	(26,398)	(3,397)
- Administrative expenses		(97,029)	(80,406)	(52,146)	(42,044)
		(144,444)	(99,357)	(78,544)	(45,441)
Operating Profit		142,978	101,481	50,744	79,407
Finance cost		(31,991)	(29,652)	(24,886)	(13,132)
Other operating expenses		(9,943)	(5,599)	(3,299)	(5,216)
Other income		20,946	532	18,170	243
Share of net profit/(loss) of associate		8,114	3,425	(793)	3,198
		(12,874)	(31,294)	(10,808)	(14,907)
Profit before taxation		130,104	70,187	39,936	64,500
Taxation		(7,090)	(54,152)	15,349	(37,791)
Net Profit for the Period		123,014	16,035	55,285	26,709
Earnings per Share - Basic		6.85	0.89	3.08	1.49

The annexed notes from 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, 2020

	Half Year Ended		Quarter Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----(Rupees in thousand)----		----(Rupees in thousand)----	
Net Profit for the Period	123,014	16,035	55,285	26,709
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 Income for the Period	<u>123,014</u>	<u>16,035</u>	<u>55,285</u>	<u>26,709</u>

The annexed notes from 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, 2020

Particulars	Share Capital	Share Premium Reserve	Un appropriated Profit	Surplus on Revaluation of Property, Plant and Equipment	Total Equity
	----(Rupees in thousand)----				
Balance as at June 30, 2019	179,714	5,796	1,280,987	757,360	2,223,857
Net profit for the period	-	-	16,035	-	16,035
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	16,035	-	16,035
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period (net of deferred tax)	-	-	5,523	(5,523)	-
Surplus realized on disposal of revalued property, plant and equipment (net of deferred tax) transferred to retained earnings	-	-	116	(116)	-
Surplus on revaluation of property, plant and equipment related to export	-	-	-	(4,799)	(4,799)
Share in incremental depreciation of revalued property, plant and equipment of associate (net of deferred tax)	-	-	1,126	-	1,126
Dividend paid during the period	-	-	(26,958)	-	(26,958)
Balance as at December 31, 2019	<u>179,714</u>	<u>5,796</u>	<u>1,276,829</u>	<u>746,922</u>	<u>2,209,261</u>
Balance as at June 30, 2020	179,714	5,796	1,390,516	771,823	2,347,849
Net profit for the period	-	-	123,014	-	123,014
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	123,014	-	123,014
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period (net of deferred tax)	-	-	5,104	(5,104)	-
Surplus on revaluation of property, plant and equipment related to export	-	-	-	(3,049)	(3,049)
Share in incremental depreciation of revalued property, plant and equipment of associate (net of deferred tax)	-	-	1,784	-	1,784
Balance as at December 31, 2020	<u>179,714</u>	<u>5,796</u>	<u>1,520,418</u>	<u>763,670</u>	<u>2,469,598</u>

The annexed notes from 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, 2020

	December 31, 2020	December 31, 2019
----(Rupees in thousand)----		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	130,104	70,187
Adjustments for:		
- Depreciation	57,637	55,288
- Share of net profit of associate	(8,114)	(3,425)
- Loss on disposal of property, plant and equipment	-	59
- Surplus on revaluation of short term investment at fair value through profit or loss	(276)	-
- Provision for gratuity	26,552	17,100
Exchange gain	249	104
Provision for Workers' (Profit) Participation Fund	6,992	3,892
- Provision for Workers' Welfare Fund	2,602	1,445
- Amortization of deferred grant	(2,358)	-
- Discounting of deferred liability - GIDC	(13,142)	-
- Finance cost	31,991	27,873
	<u>102,133</u>	<u>102,336</u>
Operating Profit before Working Capital Changes	232,237	172,523
- Stores and spares	(2,150)	(12,535)
- Stock in trade	(212,008)	(176,133)
(Increase) / Decrease in current assets		
- Trade debts	(79,315)	(26,933)
- Advances, trade deposits, prepayments and other receivables	(46,311)	(36,668)
- Tax refunds due from the Government	17,593	4,642
Increase in current liabilities:		
- Trade and other payables	143,635	86,737
	<u>(178,556)</u>	<u>(160,890)</u>
Cash Generated from Operations	53,681	11,633
Income tax paid	(20,865)	(36,592)
Gratuity paid	(19,774)	(11,869)
Workers' (profit) participation fund paid	(3,552)	-
Finance cost paid	(30,826)	(25,997)
Net Cash Used in Operating Activities	(21,336)	(62,825)
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(87,884)	(125,548)
Proceeds from disposal of property, plant and equipment	-	1,657
Short term investment	(8,062)	26,894
Net Cash Used in Investing Activities	(95,946)	(96,997)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing received	37,834	-
Repayment of long term financing	(6,920)	(20,370)
Dividend paid	-	(26,958)
Short term borrowings acquired	177,599	240,590
Net Cash Generated from Financing Activities	<u>208,513</u>	<u>193,262</u>
Net Increase in Cash and Cash Equivalents	91,230	33,440
Cash and cash equivalents at the beginning of the period	100,248	90,579
Cash and Cash Equivalents at the End of the period	<u>191,478</u>	<u>124,019</u>

The annexed notes from 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, 2020

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 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.

2.2 These condensed interim financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2020. Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2020 whereas comparative statement of profit or loss account, comparative statement of comprehensive income and comparative statement of cash flows are extracted from unaudited condensed interim financial statements for the half year ended December 31, 2020.

2.3 These condensed interim financial statements are unaudited and have been subjected to limited scope review by the statutory auditors as required by Section 237 of the Companies Act, 2017. The figures for the quarters ended on December 31, 2019 and 2020 presented in the condensed interim financial statements have not been reviewed by the external auditors.

2.4 The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2020.

2.5 These condensed interim financial statements are presented in Pak Rupees, which is the Company's functional and presentational currency. All the figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

Note 3

Accounting Policies

The accounting policies and methods of computation of these condensed interim financial statements (un-audited) are the same as those followed in the preparation of annual audited financial statements for the preceding financial year ended on June 30, 2020.

Note 4

Accounting Estimates and Judgments

The preparation of these condensed interim financial statements (un-audited) require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements (un-audited), significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the annual audited financial statements for the year ended June 30, 2020.

Note 5

Long Term Financing

		December 31, 2020	June 30, 2020
		(Un-audited)	(Audited)
		---(Rupees in thousand)---	
Loan from banking companies - Secured	Note		
Long term financing	5.1	316,951	323,871
Loan obtained under SBP's refinance scheme	5.2	89,296	51,387
		<u>406,247</u>	<u>375,257</u>
Less: Current portion		<u>(92,332)</u>	<u>(38,977)</u>
		<u>313,915</u>	<u>336,280</u>

5.1 These represent long term loans from Habib Metropolitan Bank Limited for purchase of machinery of socks unit for Rs 299.650 million, under State Bank of Pakistan's (SBP) concessional rate scheme and long term loans obtained from JS Bank Limited for enhancement / replacement of power generation facilities to the tune of Rs. 17.301 million. These loans are secured against specific and exclusive charge on machinery of the Company and relevant power generators and are repayable in 3 to 8 years starting from February 2017 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 The Company has obtained borrowing of Rs. 93.725 million (2020: Rs. 55.892 million) from JS Bank Limited under the State Bank of Pakistan's refinance scheme for payment of salaries and wages, at subsidized rate of borrowing. This financing is secured against ranking charge over fixed asset of the Company to be upgraded to pari passu charge over fixed assets of the Company. The loan is repayable in 8 quarterly installments in 2.5 years including a grace period of 06 months, starting from July 2020. Markup on this financing is charged at 3% per annum. The Company has recognised its liability under SBP refinance scheme at its fair value and recorded Rs. 7.133 million (June 30, 2020: Rs. 4.850 million) as deferred income - government grant.

Note 6	December 31, 2020	June 30, 2020
Current Portion of Non-Current Liabilities	(Un-audited)	(Audited)
	---(Rupees in thousand)---	
Current portion of long term financing	92,332	38,977
Current portion of deferred liability - GIDC	97,607	-
Current portion of deferred grant	3,456	603
	<u>193,395</u>	<u>39,580</u>

Note 7	December 31, 2020	June 30, 2020
Short Term Borrowings	(Un-audited)	(Audited)
From banking companies - Secured	Note	
Cash / packing finances	7.1	
	<u>592,375</u>	<u>414,776</u>

7.1 The Company has obtained various funded and unfunded financial facilities from various banks for a total sanctioned limit of Rs. 1,894 million (June 30, 2020: Rs. 1,894 million) towards working capital requirements, retirement of local and foreign LCs and discounting of local bills / receivables. These facilities shall expire on various dates latest by December 31, 2020. Mark up on these facilities is charged from 1 to 6 months KIBOR plus a spread of 1% to 1.25% (June 30, 2020: 1 to 6 months KIBOR plus a spread of 1% to 1.25%) payable quarterly. The aggregate short term finances 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 guarantees of sponsoring directors of the Company. The above balance represents the utilized portion of funded facilities, whereas the Company has also utilized Rs. 100.574 million (June 30, 2020: Rs. 130.544 million) from its non-funded facilities. Unutilized amount of funded and un-funded facilities are Rs. 1,201 million (June 30, 2020: Rs. 1,448.68 million).

Note 8	December 31, 2020	June 30, 2020
Contingencies and Commitments	(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	74,374	74,374
- Lahore Electric Supply Company	10,430	10,430
- Excise and Taxation Office	19,400	19,100
	<u>104,204</u>	<u>103,904</u>

8.1.2 The Company is contingently liable for Rs. 27.517 million (June 2020: Rs. 25.722 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.

8.2 Commitments

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

Letters of credit	<u>87,726</u>	<u>26,640</u>
-------------------	---------------	---------------

Note 9	December 31, 2020	June 30, 2020
Property, Plant and Equipment	(Un-audited)	(Audited)
	---(Rupees in thousand)---	
Operating fixed assets	2,240,438	2,267,328
Capital work in progress	68,973	11,836
	<u>2,309,411</u>	<u>2,279,164</u>
9.1 Operating fixed assets		
Opening written down value	2,267,328	1,799,664
Additions during the period / year (at cost)	30,747	636,813
	<u>2,298,075</u>	<u>2,436,477</u>
Disposals during the period / year (at written down value)	-	(1,598)
Transfer to investment property	-	(48,157)
	<u>2,298,075</u>	<u>2,386,722</u>
Depreciation charged for the period / year	(57,637)	(119,394)
	<u>2,240,438</u>	<u>2,267,328</u>

Note 10	Half Year Ended		Quarter Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Cost of Sales				
	---(Un-audited)---			
	---(Rupees in thousand)---			
Raw materials consumed	1,941,278	1,773,702	1,035,521	888,472
Stores and spares consumed	78,102	47,717	43,982	25,344
Packing materials consumed	81,494	46,687	39,935	24,145
Salaries, wages and other benefits	338,401	232,097	152,465	102,280
Fuel and power	320,657	275,153	173,067	129,668
Insurance	3,805	3,325	1,732	1,970
Repairs and maintenance	10,862	5,913	6,449	3,194
Other manufacturing expenses	15,954	6,082	10,243	3,613
Depreciation	52,558	49,926	26,124	28,479
	<u>2,843,111</u>	<u>2,440,602</u>	<u>1,489,518</u>	<u>1,207,165</u>
Opening work in process	40,460	31,905	40,175	32,493
Closing work in process	(74,030)	(41,146)	(74,030)	(41,146)
	<u>(33,570)</u>	<u>(9,241)</u>	<u>(33,855)</u>	<u>(8,653)</u>
Cost of goods manufactured	<u>2,809,541</u>	<u>2,431,361</u>	<u>1,455,663</u>	<u>1,198,512</u>
Opening finished goods	131,528	33,927	93,541	91,444
Closing finished goods	(33,763)	(74,656)	(33,763)	(74,656)
	<u>97,765</u>	<u>(40,729)</u>	<u>59,778</u>	<u>16,788</u>
	<u>2,907,306</u>	<u>2,390,632</u>	<u>1,515,441</u>	<u>1,215,300</u>

Note 11	Half Year Ended		Quarter Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Taxation				
	---(Un-audited)---			
	---(Rupees in thousand)---			
Current:				
- Current period	46,181	38,797	23,742	20,177
- Prior years	4,000	2,114	4,000	2,114
- Tax credit utilized	(49,582)	-	(49,582)	-
	<u>599</u>	<u>40,911</u>	<u>(21,840)</u>	<u>22,291</u>
Deferred tax	6,491	13,241	6,491	15,500
	<u>7,090</u>	<u>54,152</u>	<u>(15,349)</u>	<u>37,791</u>

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	December
			31, 2020	31, 2019
			(Un-audited)	(Un-audited)
			----(Rupees in thousand)----	
Sargodha Jute Mills Limited	Associate 24.94%	Purchase of materials, goods and services	260	241
		Sale of materials, goods	207	230
		Rental Income	240	240
		Dividends paid	-	27
Texlinks International Inc, USA		Sales of good	30	-
Directors	Associate Person	Dividend paid	-	14,961

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, 2020.

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
	----(Rupees in thousand)----		
14.1			
<i>Segment Results for the half year ended December 31, 2020</i>			
Revenue	<u>2,872,270</u>	<u>322,458</u>	<u>3,194,728</u>
Operating profit	<u>128,830</u>	<u>14,148</u>	<u>142,978</u>
Finance cost	<u>(24,456)</u>	<u>(7,535)</u>	<u>(31,991)</u>
Other operating expense			(9,943)
Other income			20,946
Share of net profit from associate			8,114
Profit before taxation			<u>130,104</u>

	Yarn	Socks	Total
----(Rupees in thousand)----			
Segment Results for the period ended December 31, 2019			
Revenue	<u>2,586,712</u>	<u>4,759</u>	<u>2,591,471</u>
Operating profit	<u>106,307</u>	<u>(4,826)</u>	<u>101,481</u>
Finance cost	<u>(25,894)</u>	<u>(3,758)</u>	<u>(29,652)</u>
Other operating expense			(5,599)
Other income			532
Share of net profit from associate			3,425
Profit before taxation			<u>70,187</u>
14.2			
Segment financial position for the period ended December 31, 2020			
Assets			
Property plant and equipment	1,608,124	701,287	2,309,411
Store and spares	33,226	74,131	107,357
Stock in trade	754,746	54,835	809,581
Trade Debts	103,024	58,711	161,735
Advances to suppliers	<u>30,804</u>	<u>23,513</u>	<u>54,317</u>
	<u>2,529,924</u>	<u>912,477</u>	<u>3,442,401</u>
Unallocated Assets			
Investment property			87,550
Long term Investments			507,363
Long term deposits			3,847
Advances, trade deposits, prepayments and other receivables			82,403
Short term investments			23,214
Tax refunds due from the Government			137,983
Cash and bank balances			<u>191,478</u>
			<u>4,476,239</u>
Liabilities			
Long term financing	96,521	309,726	406,247
Trade creditors	67,267	31,424	98,691
Short term borrowings	592,375	-	592,375
Accrued mark up	<u>3,809</u>	<u>11,997</u>	<u>15,806</u>
	<u>759,971</u>	<u>353,148</u>	<u>1,113,119</u>
Unallocated liabilities			
Deferred tax liability - net			235,500
Deferred grant			4,429
Deferred liabilities - GIDC			141,630
Staff retirement benefit			136,445
Trade and other payables			328,669
Unclaimed dividends			146
Unpaid dividends			199
Provision for taxation - net			<u>46,504</u>
			<u>2,006,641</u>

	Yarn	Socks	Total
----(Rupees in thousand)----			
<i>Segment financial position for the year ended June 30, 2020</i>			
Assets			
Property plant and equipment	1,617,751	661,413	2,279,164
Store and spares	84,567	20,640	105,207
Stock in trade	525,762	71,811	597,573
Trade Debts	57,736	24,933	82,669
Advances to supplier	23,789	4,171	27,960
	<u>2,309,605</u>	<u>782,968</u>	<u>3,092,573</u>
Unallocated Assets			
Investment property			87,550
Long term investments			497,465
Long term deposits			3,847
Advances, trade deposits, prepayments and other receivables			93,752
Short term investments			14,875
Tax refunds due from the Government			121,465
Cash and bank balances			100,248
			<u>4,011,775</u>
Liabilities			
Long term financing	65,531	309,726	375,257
Trade creditors	32,519	20,176	52,695
Short term borrowings	414,776	-	414,776
Accrued mark	16,969	4,900	21,869
	<u>529,795</u>	<u>334,802</u>	<u>864,597</u>
Unallocated liabilities			
Deferred tax liability - net			225,960
Deferred grant			4,504
Staff retirement benefit			129,667
Trade and other payables			374,890
Unclaimed dividends			146
Unpaid dividends			199
Provision for taxation - net			63,963
			<u>1,663,926</u>

	December 31, 2020 (Un-audited)	December 31, 2019 (Un-audited)
14.3	----Percentage----	
	Information about products:	
	Yarn	89.44%
	Socks	99.49%
		9.52%
		0.18%
14.4	Major customers:	
	40 customers (December 31, 2019: 19 customers) [Yarn]	44.11%
		54.83%
14.5	Geographical Information:	
	Company's revenue from external customers on the basis of geographical location is given as under:	

	December 31, 2020	December 31, 2019
	(Un-audited)	(Un-audited)
	---(Rupees in thousand)---	
Pakistan	2,879,678	2,576,407
Europ	78,895	15,064
United State of America	236,155	-
	<u>3,194,728</u>	<u>2,591,471</u>

Note 15

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 February 24, 2021.

Note 16

General

Comparative figures have been re-arranged, wherever necessary, to facilitate comparison. Followoing re-arrangement has been made in these condensed interim financial statements (un-audited).

Nature	From	To	Amount Rupees in Thousands
Commission expense	Sales	Selling and distribution	13,096


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR



19-A, OFF, ZAFAR ALI ROAD
GULBERG-V, LAHORE - PAKISTAN