



3rd QUARTERLY
REPORT

MARCH 31,
2022

Shahzad Textile Mills Limited



Certificate PK05/00526

The management system of

Shahzad Textile Mills Limited

Head Office: 19-A, Off Zafar Ali Road, Gulberg V, Lahore, Pakistan.

has been assessed and certified as meeting the requirements of

ISO 9001:2015

For the following activities

Manufacturing and Export of 100% Cotton, Blended, Pure Synthetic, Combed, carded and double yarn.

This certificate is valid from 10 October 2020 until 15 August 2023 and remains valid subject to satisfactory surveillance audits. Recertification audit due a minimum of 60 days before the expiration date. Issue 1. Certified since 16 August 2005

The audit leading to this certificate commenced on 04 September 2020. Previous issue certificate validity date was until 15 August 2020

This is a multi-site certification. Additional site details are listed on the subsequent page.

Authorised by

SGS United Kingdom Ltd
Roosmore Business Park, Ellesmere Port, Cheshire, CH65 3EN, UK
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BUREAU VERITAS
Certification



**SHAHZAD TEXTILE MILLS LTD
(SOCKS DIVISION)**

5 KM-KOT SALEEM LAHORE SHEIKHUPURA ROAD, SHEIKHUPURA-PAKISTAN

Bureau Veritas Certification Holding SAS –UK Branch certifies that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standards detailed below

ISO 45001:2018

MANUFACTURING OF SOCKS

Original cycle start date: **16th March 2020**
Expiry date of previous cycle: **N/A**
Certification /Recertification Audit date: **16th January 2020**
Certification/ Recertification cycle start date: **16th March 2020**
Subject to the continued satisfactory operation of the organization's Management System, this certificate expires on: **15th March 2023**

Certificate No. **MER20.165/UOH** Version : **01** Revision date: **16th March 2020**



Signed on behalf of BVCH SAS UK Branch

Certification body address: 5th Floor, 66 Prescot Street, London E1 8HG, United Kingdom
Bureau Veritas Pakistan (Private) Ltd- Office No. 09, Third Floor, Sardar Begum Plaza,
Blue Area, Islamabad, Pakistan

Further clarifications regarding the scope of this certificate and the applicability of the management system requirements may be obtained by consulting the organisation.
To check this certificate validity please call: (+9251) 2347275-76-78

BUREAU VERITAS
Certification



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BUREAU VERITAS
Certification



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(SOCKS DIVISION)**

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ISO 9001:2015

MANUFACTURING OF SOCKS

Original cycle start date:	16 th March 2020
Expiry date of previous cycle:	N/A
Certification /Recertification Audit date:	16 th January 2020
Certification/ Recertification cycle start date:	16 th March 2020
Subject to the continued satisfactory operation of the organization's Management System, this certificate expires on: 15 th March 2023	

Certificate No. MER20.165/UQ Version : 01 Revision date: 16th March 2020



Signed on behalf of BVGH SAS UK Branch

Certification body address: 5th Floor, 66 Prescot Street, London E1 8HQ, United Kingdom
Bureau Veritas Pakistan (Private) Ltd- Office No. 06, Third Floor, Sardaar Begum Plaza,
Giza Area, Islamabad, Pakistan
Further clarifications regarding the scope of this certificate and the applicability of the management system requirements may be obtained by consulting the organisation.
To check this certificate validity please call: (+9251) 234275-76-78

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Company's Information

Board of Directors

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

Chief Financial Officer

Mr. Nabeel Naveed

Company Secretary

Syed Imran Haider

Auditors

Crowe Hussain 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
Road, Sheikhpura.

Unit # 2

7th KM Sheikhpura Faisalabad
Road, Sheikhpura.

Directors' Report

On behalf of the directors, of Shahzad Textile Mills Limited, I am pleased to present the un-audited condensed interim financial statements for the nine months ended March 31, 2022.

The company's net profit after tax is Rs. 372.499 million in the nine-month period as compared to a net profit of Rs. 211.213 million in correspondence period. Current quarter net profit has also increased to Rs. 78.717 million as compared to a profit of Rs. 88.199 million in the corresponding quarter of last year. Nine months sales also showed an impressive to close at Rs. 6,816.654 million as compared to sales of Rs. 5,008.831 million in the last year's corresponding period. The current quarter's sales also increased to Rs. 2,372.726 million from sales of Rs. 1,814.103 million in the corresponding quarter. The total net sales have recorded an increase of 36% during the nine months period under discussion.

We had extensively discussed in our previous directors' report about increasing input costs due to international and local inflation. Cotton prices touched the highest level and is currently being traded around Rs. 20,000 per mound. The cotton crop target could not be achieved again this year which is a major concern for the textile sector. Furthermore, the quality of the cotton crop is also deteriorating every year and put negative effects on production yield. The prices of polyester and viscose also kept increasing as the oil prices in the international touched historic level due to Russia - Ukraine war.

Keeping in view the forecasted demand of socks, the management has installed 67 knitting machines during the period which will further enhance export sales and improve profitability.

FUTURE PROSPECTUS

Keeping in view the present business scenario it can be fairly predicted that the company will demonstrate more profitable financial results to its shareholders in ensuing period of the year. Although the textile sector is facing various challenges, management is trying its best to achieve more growth by exploring favorable export markets in order to boost its export sales. The management has also decided to start toll manufacturing in its socks unit, which will enhance its profits.

Earning per share (EPS) is Rs. 20.73 as compared to EPS of Rs. 11.75 in the corresponding period of the previous year.

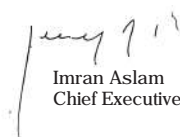
We are thankful for our valued customers, bankers, and shareholders, who have sincerely participated in all business activities of the company. We also like to raise a voice of appreciation for staff members who have strived hard to maintain cordial relations by creating a pleasant working environment.

For and on behalf of the Board


Irfan Aslam
Director

Lahore

Dated: April 27, 2022


Imran Aslam
Chief Executive

ڈائریکٹرز رپورٹ

شہزاد ٹیکسٹائل ملز لمیٹڈ کے ڈائریکٹرز کی جانب سے، مجھے 31 مارچ 2022 کو ختم ہونے والی نو ماہی کے غیر نظر ثانی شدہ کنڈرٹسڈ عبوری مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

موجودہ نو ماہی مدت میں کتنی کا ٹیکس کے بعد خالص منافع 372.499 ملین روپے جبکہ گزشتہ اسی مدت میں خالص منافع 211.213 ملین روپے تھا۔ موجودہ سہ ماہی کا خالص منافع بھی بڑھ کر 78.717 ملین روپے ہو گیا جبکہ گزشتہ سال کی اسی سہ ماہی میں خالص منافع 88.199 ملین روپے تھا۔ نو ماہی کی فروخت بھی متاثر کن انداز میں 6,816.654 ملین روپے روپے رہی جبکہ گزشتہ سال کی اسی مدت میں فروخت 5,008.831 ملین روپے تھی۔ موجودہ سہ ماہی کی فروخت بھی بڑھ کر 2,372.726 ملین روپے روپے ہو گئی جبکہ گزشتہ اسی سہ ماہی میں فروخت 1,814.103 ملین تھی۔ زیر جائزہ نو ماہی مدت کے دوران کل خالص فروخت میں 36 فیصد کا اضافہ ریکارڈ کیا گیا ہے۔

ہم نے اپنی سابقہ ڈائریکٹرز رپورٹ میں بین الاقوامی اور مقامی مہنگائی کی وجہ سے ان پٹ لاگت میں اضافے کے بارے میں وسیع پیمانے پر تبادلہ خیال کیا گیا تھا۔ روٹی کی قیمتیں بلند ترین سطح پر پہنچ گئیں اور فی الحال تقریباً 20,000 روپے فی من پر تجارت ہو رہی ہے۔ کپاس کی فصل کا ہدف اس سال دوبارہ حاصل نہیں کیا جا سکا جو کہ ٹیکسٹائل سیکٹر کے لیے ایک بڑی تشویش ہے۔ مزید یہ کہ کپاس کی فصل کا معیار بھی ہر سال خراب ہو رہا ہے اور پیداوار پر منفی اثرات مرتب ہو رہے ہیں۔ پالیسیز اور سکوڑ کی قیمتیں بھی بڑھ رہی ہیں کیونکہ روس یوکرین جنگ کی وجہ سے بین الاقوامی سطح پر تیل کی قیمتیں تاریخی بلند سطح پر پہنچ گئیں۔

جراہوں (Socks) کی طلب کی پمپن گوئی کو مد نظر رکھتے ہوئے، انتظامیہ نے اس عرصہ کے دوران 67 بانی والی مشینیں نصب کی ہیں جو برآمدی فروخت میں مزید اضافہ اور منافع کو بہتر بنائیں گی۔

مستقبل کا نقطہ نظر

موجودہ کاروباری منظر نامے کو مد نظر رکھتے ہوئے اس بات کا بخوبی اندازہ لگایا جا سکتا ہے کہ کتنی اپنے شیئر ہولڈرز کو سال کے آئندہ عرصہ میں زیادہ منافع بخش مالیاتی نتائج کا مظاہرہ کرنے گی۔ اگرچہ ٹیکسٹائل سیکٹر کو مختلف چیلنجز کا سامنا ہے، انتظامیہ اپنی برآمدات کی فروخت کو بڑھانے کے لیے سازگار برآمدی منڈیوں کی تلاش کے ذریعے مزید ترقی حاصل کرنے کی پوری کوشش کر رہی ہے۔ انتظامیہ نے اپنے جراثیموں (socks) کے پونڈ میں ٹول مینوفیکچرنگ شروع کرنے کا بھی فیصلہ کیا ہے جس سے اس کے منافع میں اضافہ ہوگا۔

موجودہ مدت میں فی شیئر آمدنی (EPS) 20.73 روپے رہی جبکہ پچھلے سال کی اسی مدت میں 11.75 روپے تھی۔

ہم اپنے قابل قدر صارفین، بینکرز اور شیئر ہولڈرز کے شکر گزار ہیں جنہوں نے کتنی کی تمام کاروباری سرگرمیوں میں خلوص دل سے حصہ لیا۔ ہم عملے کے ارکان کی بھی تعریف کرتے ہیں جنہوں نے خوشگوار کام کرنے کا ماحول بنا کر خوشگوار تعلقات کو برقرار رکھنے کی بھرپور کوشش کی ہے۔

برائے اور بحکم بورڈ

۱۱
عرفان اسلم
ڈائریکٹر

۱۱
عمران اسلم
چیف ایگزیکٹو آفیسر

لاہور: مورخہ 27 اپریل 2022ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT MARCH 31, 2022

	March 31, 2022 (Un-Audited)	June 30, 2021 (Audited)
Note --- (Rupees in thousand) ---		
EQUITY AND LIABILITIES		
Share Capital and Reserves		
Authorized capital:		
40,000,000 (June 30, 2021: 40,000,000) ordinary shares of Rs. 10 each	400,000	400,000
Issued, subscribed and paid up capital		
17,971,372 (June 30, 2021: 17,971,372) ordinary shares of Rs. 10 each	179,714	179,714
Reserves	2,116,685	1,730,238
Surplus on revaluation of property, plant and equipment	867,842	880,498
	3,164,241	2,790,450
Non Current Liabilities		
Long term financing	5 332,503	267,149
Staff retirement benefits	126,191	124,171
Deferred liabilities	6 302,985	297,952
	761,679	689,272
Current Liabilities		
Trade and other payables	564,785	470,573
Unclaimed dividend	146	146
Unpaid dividend	199	199
Accrued mark up	29,907	19,911
Current portion of non-current liabilities	7 196,386	227,952
Short term borrowings	8 857,306	350,863
Provision for taxation	110,534	99,590
	1,759,263	1,169,234
Contingencies and Commitments	9 -	-
	5,685,183	4,648,956
ASSETS		
Non Current Assets		
Property, plant and equipment	10 2,517,555	2,415,859
Investment property	90,125	90,125
Long term investment in associate	645,608	592,205
Long term deposits	3,847	3,847
	3,257,135	3,102,036
Current Assets		
Stores and spares	143,073	132,402
Stock in trade	1,140,988	700,723
Trade debts	464,450	229,538
Advances, trade deposits, prepayments and other receivables	294,780	208,963
Short term investments	26,260	25,213
Tax refunds due from the Government	193,069	102,333
Cash and bank balances	165,428	147,748
	2,428,048	1,546,920
	5,685,183	4,648,956

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 OR LOSS ACCOUNT (UN-AUDITED)

FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2022

	Note	Nine Months Ended		Quarter Ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
		---(Rupees in thousand)---		---(Rupees in thousand)---	
Sales		6,816,654	5,008,831	2,372,726	1,814,103
Cost of sales	11	(5,973,474)	(4,528,004)	(2,104,080)	(1,620,698)
Gross Profit		843,180	480,827	268,646	193,405
Operating expenses:					
- Selling and distribution		(155,252)	(72,346)	(66,981)	(24,931)
- Administrative expenses		(148,677)	(142,318)	(51,628)	(45,289)
		(303,929)	(214,664)	(118,609)	(70,220)
Operating Profit		539,251	266,163	150,037	123,185
Finance cost		(69,796)	(50,690)	(30,422)	(18,699)
Other operating expenses		(39,078)	(22,016)	(9,454)	(12,073)
Other income		12,644	21,744	1,359	798
Share of net profit/(loss) of associate		53,403	32,580	18,286	24,466
		(42,827)	(18,382)	(20,231)	(5,508)
Profit before taxation		496,424	247,781	129,806	117,677
Taxation		(123,925)	(36,568)	(51,089)	(29,478)
Net Profit for the Period		372,499	211,213	78,717	88,199
Earnings per Share - Basic		20.73	11.75	4.38	4.91

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 NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2022

	Nine Months Ended		Quarter Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	---(Rupees in thousand)---		---(Rupees in thousand)---	
Net Profit for the Period	372,499	211,213	78,717	88,199
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>372,499</u>	<u>211,213</u>	<u>78,717</u>	<u>88,199</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 NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2022

Particulars	Share Capital	Share Premium Reserve	Un appropriated Profit	Surplus on Revaluation	Total Equity
Balance as at June 30, 2020	179,714	5,796	1,390,516	771,823	2,347,849
Net profit for the period	-	-	211,213	-	211,213
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	211,213	-	211,213
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period (net of deferred tax)	-	-	7,302	(7,302)	-
Surplus realized on disposal of revalued property, plant and equipment (net of deferred tax) transferred to retained earnings	-	-	-	-	-
Surplus on revaluation of property, plant and equipment related to export	-	-	-	(2,452)	(2,452)
Share in incremental depreciation of revalued property, plant and equipment of associate (net of deferred tax)	-	-	-	-	-
Balance as at March 31, 2021	179,714	5,796	1,609,031	762,069	2,556,610
Balance as at June 30, 2021	179,714	5,796	1,724,442	880,499	2,790,451
Net profit for the period	-	-	372,499	-	372,499
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	372,499	-	372,499
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period (net of deferred tax)	-	-	13,948	(13,948)	-
Surplus on revaluation of property, plant and equipment related to export	-	-	-	1,291	1,291
Share in incremental depreciation of revalued property, plant and equipment of associate (net of deferred tax)	-	-	-	-	-
Balance as at MARCH 31, 2022	179,714	5,796	2,110,889	867,842	3,164,241

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 NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2022

	March 31, 2022	March 31, 2021
----(Rupees in thousand)----		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	496,424	247,781
Adjustments for:		
- Depreciation	93,878	87,626
- Share of net profit of associate	(53,403)	(32,580)
- (Gain)/loss on disposal of property, plant and equipment-net	2,500	-
- Surplus on revaluation of short term investments at fair value through profit or loss	-	(276)
- Fair value gain on investment property	41,325	38,600
- Provision for gratuity	(805)	3,645
- Exchange (gain)/loss	26,650	13,310
- Provision for workers' profit participation fund	9,928	4,956
- Provision for workers' welfare fund	-	-
- Interest on workers' (profit) participation fund	(2,153)	(3,442)
- Amortization of deferred grant	-	(13,142)
- Discounting of deferred liability - GIDC	69,796	50,690
- Finance cost	187,716	149,387
	<u>684,140</u>	<u>397,168</u>
Operating Profit before Working Capital Changes		
(Increase) / decrease in current assets		
- Stores and spares	(10,670)	(25,159)
- Stock in trade	(440,265)	(307,714)
- Trade debts	(234,108)	(148,197)
- Advances, trade deposits, prepayments, and other receivables	(83,920)	(55,172)
- Short term investment	(1,046)	(8,062)
- Tax refunds due from the Government	(106,810)	(22,895)
Increase in current liabilities		
- Trade and other payables	92,186	181,021
	<u>(784,633)</u>	<u>(386,178)</u>
Net Cash (used in) / generated from Operations	(100,493)	10,989
Income tax paid	(85,194)	(47,058)
Gratuity paid	(39,305)	(32,409)
Workers' (profit) participation fund paid	(25,776)	(3,552)
Workers' welfare fund paid	(8,776)	-
Repayment of GIDC	(19,700)	-
Finance cost paid	(54,018)	(40,877)
Net Cash Used in Operating Activities	<u>(333,262)</u>	<u>(112,907)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(206,079)	(92,356)
Short term investments		
Proceeds from disposal of property, plant and equipment	8,006	1,640
Capital work in progress	-	(4,240)
Net Cash Used in Investing Activities	<u>(198,073)</u>	<u>(94,956)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing received	-	37,834
Repayment of long term financing	42,571	(18,690)
Short term borrowings - net	506,444	290,858
Net Cash Generated from Financing Activities	<u>549,015</u>	<u>310,002</u>
Net Increase in Cash and Cash Equivalents	<u>17,680</u>	<u>102,139</u>
Cash and cash equivalents at the beginning of the period	<u>147,748</u>	<u>100,248</u>
Cash and Cash Equivalents at the End of the period	<u>165,428</u>	<u>202,387</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 NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2022

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, 2021. Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2021 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 nine months ended March 31, 2022.

2.3 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, 2021.

2.4 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, 2021.

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, 2021.

Note 5 Long Term Financing		March 31, 2022 (Un-audited) ---(Rupees in thousand)---	June 30, 2021 (Audited)
Loan from banking companies - Secured	Note		
Long term financing	5.1	376,986	299,268
Loan obtained under SBP's refinance scheme	5.2	33,712	66,706
		410,698	365,974
Less: Current portion		(78,195)	(98,825)
		332,503	267,149

- 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 2019 and ending in January 2030. 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 represents borrowing obtained by the Company 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 the 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 and latest date of repayment of loan is October 2022. Markup on this financing is charged at 3% per annum. The Company has recognised its liability under SBP refinance scheme at its fair value as deferred grant. The movement in loan is as under:

	March 31, 2022 (Un-audited) ---(Rupees in thousand)---	June 30, 2021 (Audited)
Movement of the loan		
Opening balance	66,706	51,387
Loan received under SBP refinance scheme	-	37,834
Discounting of loan	-	(1,922)
Winding of loan	2,153	2,839
Repayments	(35,146)	(23,432)
	33,712	66,706

Note 6		March 31, 2022	June 30, 2021
Deferred Liabilities		(Un-audited)	(Audited)
	Note	---(Rupees in thousand)---	
Deferred tax liability - net	6.1	302,985	290,664
Gas infrastructure development cess (GIDC)	6.2	-	6,571
Deferred grant		-	718
		<u>302,985</u>	<u>297,952</u>
6.1 Gas Infrastructure Development Cess			
Opening balance		132,827	-
Transferred from current liabilities		-	138,267
Expense during the year		-	20,537
Payments made during the year		(19,700)	(21,889)
Interest expense		3,629	9,054
Discounting of Gas Infrastructure Development Cess		-	(13,142)
		<u>116,756</u>	<u>132,827</u>
Less: current portion		<u>(116,756)</u>	<u>(126,257)</u>
		<u>-</u>	<u>6,571</u>
6.1.1	This represents Gas Infrastructure Development Cess which is to be payable in 24 monthly equal installments. The Company has calculated its present value at borrowing cost of the Company and resultant difference is charged to the profit or loss account.		
6.2 Deferred grant			
Opening balance		3,588	4,505
Impact of discounting of loan		-	1,922
Amortization of grant		(2,153)	(2,839)
Deferred grant outstanding		<u>1,435</u>	<u>3,588</u>
Less: Current portion		<u>(1,435)</u>	<u>(2,870)</u>
		<u>-</u>	<u>718</u>
Note 7		March 31, 2022	June 30, 2021
Current Portion of Non-Current Liabilities		(Un-audited)	(Audited)
Current portion of long term financing		78,195	98,825
Current portion of deferred liability - GIDC		116,756	126,257
Current portion of deferred grant		<u>1,435</u>	<u>2,870</u>
		<u>196,386</u>	<u>227,952</u>
Note 8		March 31, 2022	June 30, 2021
Short Term Borrowings		(Un-audited)	(Audited)
From banking companies - Secured	Note	---(Rupees in thousand)---	
Cash / packing finances	8.1	<u>857,306</u>	<u>350,863</u>

8.1 The Company obtained various funded and unfunded financial facilities from different banks for a total sanctioned limit of Rs. 1,802 million (June 30, June 2021: Rs. 1,502 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, 2022. Mark up on these facilities is charged from 1 to 6 months KIBOR plus a spread of 1% to 1.25% (June 30, 2021: from 1 to 6 months KIBOR plus a spread of 1% to 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 above balance represents the utilized portion of the funded facilities, whereas the Company has also utilized Rs. 274.717 million (June 30, 2021: Rs. Rs. 244.373 million) from its non-funded facilities. Unutilized amount of funded and unfunded facilities are Rs. 669.977 million (June 30, 2021: Rs. 909.76 million).

Note 9		March	June
Contingencies and Commitments		31, 2022	30, 2021
		(Un-audited)	(Audited)
		---(Rupees in thousand)---	
9.1	Contingencies		
9.1.1	The Company has provided bank guarantees in favour of following parties:		
	- Sui Northern Gas Pipelines Limited	79,748	79,748
	- Lahore Electric Supply Company	10,430	10,430
	- Excise and Taxation Office	21,400	19,400
	- SBP Banking Services Corporation	17,929	17,929
		<u>129,507</u>	<u>127,507</u>

9.1.2 The Company is contingently liable for Rs. 36.102 million (June 2021: Rs. 30.042 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.

9.2 Commitments

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

Letters of credit	<u>145,210</u>	<u>26,640</u>
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Note 10		March	June
Property, Plant and Equipment		31, 2022	30, 2021
		(Un-audited)	(Audited)
		---(Rupees in thousand)---	
	Operating fixed assets	2,517,555	2,415,859
	Capital work in progress	-	-
		<u>2,517,555</u>	<u>2,415,859</u>
10.1	Operating fixed assets		
	Opening written down value	2,415,859	2,267,328
	Additions during the period / year (at cost)	206,079	131,651
	Revaluation adjustment	-	(142,905)
		<u>2,621,938</u>	<u>2,256,074</u>
	Disposals during the period / year (at written down value)	(10,505)	(13,073)
		<u>2,611,433</u>	<u>2,243,001</u>
	Revaluation adjustment	-	290,670
	Depreciation charged for the period / year	(93,878)	(117,812)
		<u>2,517,555</u>	<u>2,415,859</u>

Note 11 Cost of Sales	Nine Months Ended		Quarter Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Un-audited)			
	(Rupees in thousand)			
Raw materials consumed	4,475,513	3,150,134	1,579,942	1,208,856
Stores and spares consumed	116,816	127,603	33,453	49,501
Packing materials consumed	149,771	129,795	44,530	48,301
Salaries, wages and other benefits	580,460	505,981	185,292	167,580
Fuel and power	583,728	443,238	237,465	122,581
Insurance	8,929	6,744	2,625	2,939
Repairs and maintenance	8,855	16,870	3,563	6,008
Other manufacturing expenses	16,370	32,163	4,524	16,209
Depreciation	86,367	79,837	29,363	27,279
	6,026,809	4,492,365	2,120,757	1,649,254
Opening work in process	85,044	40,460	78,256	74,030
Closing work in process	(78,150)	(76,472)	(78,150)	(76,472)
	6,894	(36,012)	106	(2,442)
Cost of goods manufactured	6,033,703	4,456,353	2,120,863	1,646,812
Opening finished goods	105,505	131,528	148,951	33,763
Closing finished goods	(165,734)	(59,877)	(165,734)	(59,877)
	(60,229)	71,651	(16,783)	(26,114)
	5,973,474	4,528,004	2,104,080	1,620,698

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			March 31, 2022	March 31, 2021
Related party	Relationship	Nature of Transaction	(Un-audited)	(Un-audited)
			(Rupees in thousand)	
Sargodha Jute Mills Limited	Associate 24.94%	Purchase of materials, goods and services	714	449
		Sale of materials, goods	460	337
		Rental Income	360	360

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, 2021.

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			
Segment Results for the period ended March 31, 2022			
Revenue	<u>6,241,347</u>	<u>575,307</u>	<u>6,816,654</u>
Operating profit	<u>513,690</u>	<u>25,561</u>	<u>539,251</u>
Finance cost	<u>(58,502)</u>	<u>(11,294)</u>	<u>(69,796)</u>
Other operating expense			(39,078)
Other income			12,644
Share of net profit from associate			<u>53,403</u>
Profit before taxation			<u>496,424</u>
---(Rupees in thousand)---			
Segment Results for the period ended March 31, 2021			
Revenue	<u>4,487,741</u>	<u>521,090</u>	<u>5,008,831</u>
Operating profit	<u>239,504</u>	<u>26,659</u>	<u>266,163</u>
Finance cost	<u>(39,360)</u>	<u>(11,330)</u>	<u>(50,690)</u>
Other operating expense			(22,016)
Other income			21,744
Share of net profit from associate			<u>32,580</u>
Profit before taxation			<u>247,781</u>
14.2			
Segment financial position for the period ended March 31, 2022			
Assets			
Property plant and equipment	1,491,654	1,025,901	2,517,555
Store and spares	107,296	35,777	143,073
Stock in trade	997,657	143,331	1,140,988
Trade Debts	330,867	133,583	464,450
Advances to suppliers	<u>88,362</u>	<u>5,934</u>	<u>94,296</u>
	<u>3,015,836</u>	<u>1,344,526</u>	<u>4,360,362</u>
Unallocated Assets			
Investment property			90,125
Long term Investments			645,608
Long term deposits			3,847
Advances, trade deposits, prepayments and other receivables			200,484
Short term investments			26,260
Tax refunds due from the Government			193,069
Cash and bank balances			<u>165,428</u>
			<u>5,685,183</u>

	Yarn	Socks	Total
---(Rupees in thousand)---			
Liabilities			
Long term financing	124,096	286,602	410,698
Trade creditors	107,480	36,453	143,933
Short term borrowings	857,306	-	857,306
Accrued mark up	18,434	11,473	29,907
	<u>1,107,316</u>	<u>334,528</u>	<u>1,441,844</u>
Unallocated liabilities			
Deferred tax liability - net			302,985
Deferred grant			1,435
Staff retirement benefit			126,191
Gas infrastructure development cess			116,756
Trade and other payables			420,852
Unclaimed dividends			146
Unpaid dividends			199
Provision for taxation - net			110,534
			<u>2,520,942</u>

Segment financial position for the year ended June 30, 2021

Assets			
Property plant and equipment	1,549,822	866,037	2,415,859
Store and spares	98,591	33,811	132,402
Stock in trade	566,682	134,041	700,723
Trade Debts	129,378	100,160	229,538
Advances to supplier	39,659	18,403	58,062
	<u>2,384,132</u>	<u>1,152,452</u>	<u>3,536,584</u>
Unallocated Assets			
Investment property			90,125
Long term investments			592,205
Long term deposits			3,847
Advances, trade deposits, prepayments and other receivables			150,901
Short term investments			25,213
Tax refunds due from the Government			102,333
Cash and bank balances			147,748
			<u>4,648,956</u>

	Yarn	Socks	Total
---(Rupees in thousand)---			
Liabilities			
Long term financing	67,009	298,964	365,973
Trade creditors	54,312	38,995	93,307
Short term borrowings	350,863	-	350,863
Accrued mark	10,530	9,381	19,911
	<u>482,714</u>	<u>347,340</u>	<u>830,054</u>
Unallocated liabilities			
Deferred tax liability - net			290,663
Deferred grant			3,588
Staff retirement benefit			124,171
Gas infrastructure development cess			132,828
Trade and other payables			377,266
Unclaimed dividends			146
Unpaid dividends			199
Provision for taxation - net			99,590
			<u>1,858,505</u>

	March 31, 2022 (Un-audited)	March 31, 2021 (Un-audited)
	---(Percentage)---	
14.3 Information about products:		
Yarn	91.15%	89.13%
Socks	8.05%	9.70%
14.4 Major customers:		
There is no individual customer to whom sales are more than 10% of revenue.		
14.5 Geographical Information:		
Company's revenue from external customers on the basis of geographical location is given as under:		
	March 31, 2022 (Un-audited)	March 31, 2021 (Un-audited)
	---(Rupees in thousand)---	
Pakistan	5,523,155	4,397,479
Europe	951,579	385,193
United State of America	341,920	226,159
	<u>6,816,654</u>	<u>5,008,831</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 April 27, 2022.

Note 16

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 - PAKISTAN