



**ZEPHYR**  
TEXTILES LIMITED

# Zephyr Textiles Limited

Accounts For the Half Year Ended  
December 31, 2022

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## Company Information

<b>BOARD OF DIRECTORS:</b>	Mr. Mussaid Hanif Mr. Arbab Muhammad Khan Mr. Rana Kamal Ud Din Ms. Tehniyat Mussaid Ms. Sabah Burhan Ms. Sarah Naviwala Ms. Nuzhat Kamran	CEO   Chairperson
<b>AUDIT COMMITTEE:</b>	Ms. Nuzhat Kamran Mr. Rana Kamal Ud Din Ms. Tehniyat Mussaid	Chairperson/Member Member Member
<b>HR &amp; REMUNERATION COMMITTEE:</b>	Ms. Nuzhat Kamran Mr. Arbab Muhammad Khan Ms. Sabah Burhan	Chairperson/Member Member Member
<b>CHIEF FINANCIAL OFFICER:</b>	Mr. Naveed Aleem	
<b>COMPANY SECRETARY:</b>	Mr. Abdul Jabbar	
<b>AUDITORS:</b>	BDO Ebrahim & Co.	Chartered Accountants
<b>LEGAL ADVISOR:</b>	Ahmad Law Firm Advocate High Court Suit No. 7, Block No. 9, Shabbir Town, Executive Suits, 2.5 Km Raiwind Road, Lahore-54000, Pakistan	
<b>BANKERS TO THE COMPANY:</b>	Habib Bank Limited Allied Bank Limited Askari Bank Limited United Bank Limited Habib Metropolitan Bank Limited Bank Al Habib Limited	National Bank of Pakistan MCB Bank Limited The Bank of Punjab Faysal Bank Limited Meezan Bank Limited Silk Bank Limited
<b>MILLS:</b>	1 km, Balloki Bhai Pheru Road Bhai Pheru. Phone : 0494 - 512007-9, 513103-5 Fax : 0494 - 512011 63 km, Gulshan Adda, Jumber Khurd, District Kasur.	(Weaving unit & Power plant)     (Towel unit)
<b>REGISTERED &amp; HEAD OFFICE:</b>	3rd Floor, IEP Building, 97 B/D-I, Gulberg III, Lahore E-mail: info@zephyr.com.pk Website: www.zephyrtextiles.com Phone : 042 35782905 - 15 Fax : 042 35753202	

**Note:** Zephyr's Company Information & Financial Statements are also available at the above website.

## Directors' Report to the members

The Directors of Zephyr Textiles Limited are pleased to present the Reviewed interim financial statements for the half year ended December 31, 2022. These interim financial statements are presented in accordance with the requirements of the Companies Act, 2017.

### Operating Financial Results

During the first half year ended December 31, 2022, the Company earned a gross profit of PKR 328.069 million on sales of PKR 3,576.041 million compared to gross profit of PKR 454.288 million on sales of PKR 3,691.354 million for the corresponding period of previous financial year reflecting the 3.12% decrease in sales revenue and 27.78% decrease in gross margin. During the period under review, the Company recorded a net profit of PKR 23.680 million compared to net profit of PKR 195.128 million in the corresponding period which is 87.86% lower than corresponding period last year.

Financial Highlights	Half year ended 31 December			Quarter ended 31 December		
	2022 (Rupees)	2021(Restated) (Rupees)	Increase/ (Decrease) %	2022 (Rupees)	2021(Restated) (Rupees)	Increase/ (Decrease) %
<b>Sales – net</b>	<b>3,576,040,721</b>	3,691,353,751	(3.12)	<b>1,657,454,224</b>	1,572,578,638	5.40
<b>Gross Profit</b>	<b>328,068,516</b>	454,287,853	(27.78)	<b>118,530,749</b>	220,487,503	(46.24)
<b>Profit before tax</b>	<b>70,575,804</b>	238,491,292	(70.41)	<b>(31,067,466)</b>	132,510,384	(123.45)
<b>Profit after tax</b>	<b>23,679,509</b>	195,128,489	(87.86)	<b>(59,081,223)</b>	108,691,427	(154.36)
<b>Gross Profit (%)</b>	<b>9.17%</b>	12.31%		<b>7.15%</b>	14.02%	
<b>Profit after tax (%)</b>	<b>0.66%</b>	5.29%		<b>(3.56)%</b>	6.91%	

The Company recorded slightly reduced sales as compared to last corresponding period due to global recession. The margins are squeezed due to high cost of manufacturing and doing business. Raw material prices increased due to cotton crop shortfall after flooding in last monsoon. As a policy of monetary tightening, the SBP has increased interest rates on Export Finance Schemes (EFS) and Long Term Financing Facility (LTFF). The EFS has been revised from a base rate of 3 to 14%. Rising financial cost has badly affected the profitability of the textile industry. Despite challenges faced by the textile industry, the government further imposed super tax which further reduced the after tax profitability. Other factors for low profitability include provision for doubtful debts and slow moving stores amounting PKR 21.1 million.

### Related Party Transaction

The Company planned to acquire 46.29 acres of land, having fair value of PKR 231.47 million, adjacent to the factory at Jumber from its three directors. This acquisition had been considered as mandatory because of its strategic importance and future expansions for garments manufacturing and sewing facilities, residential colonies for employees, godowns etc. Valuation process for this transaction had been done by M/S Tristar International Consultant (Pvt.) Ltd., a firm approved by banking panel. The management forwarded this matter to the audit committee which recommended the board of directors to approve. As there was a shortfall in quorum in board of directors' meeting for approval of related party transaction, an Extra Ordinary General Meeting (EOGM) has been convened for approval and ratification from members of the Company to fulfill the requirement of the Companies Act, 2017. As at December 31, 2022, partial 35.85 acres, having value of PKR 179.25 million, of land registered in the name of the Company and remaining registration of 10.44 acres, having value of PKR 52.22 million, is in process.

### **Future Outlook**

Global recession, energy shortages, high costs, and declining orders of textile made ups took their toll on Pakistan's textile industry. The first half of the current year has been very challenging. Energy shortages, tight monetary policy and soaring inflation has created a lot of uncertainties in the market. Demand from EU and USA for home furnishing and apparel is at a low ebb and industry is working at much reduced capacity. We hope to see a recovery by third quarter.

The restrictions imposed on the imports by government due to shortage of foreign exchange has disrupted the supply chain of essential raw materials. This is going to be a serious threat for the industry in the short term. We hope that negotiations with IMF are concluded by mid of March and the volatility in the exchange markets are brought under control.

The management of the Company is fully focused on minimizing the effects of global slowdown in demand amid recessionary pressures. The planned order position for remaining two quarters of financial year 2023 appears encouraging and the management is hopeful of utilizing the higher capacity levels by shifting to products with better margins. The Company has already commenced knit fabrics and garments business with focus on its export to the Europe. This business segment will cater better margins in near future.

### **Acknowledgement**

The board places on record its profound gratitude for its esteemed shareholders, banks, financial institutions, customers and vendors, whose cooperation, continued support and patronage have empowered the Company to make progress towards consistent improvement. During the period under review, relations between the management and employees remained cordial and we wish to put on record our appreciation for the dedication perseverance and steadiness of the employees of the Company.

### **For and on behalf of the Board of Directors**



**Mussaid Hanif**  
Chief Executive



**Arbab Muhammad Khan**  
Director

Lahore  
February 28, 2023

**INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF ZEPHYR TEXTILES LIMITED****Report on review of interim financial statements****Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Zephyr Textiles Limited (the "Company") as at December 31, 2022 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for 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.

**Basis for qualified conclusion**

The Company has acquired a land area covering 35.85 acres for an amount of Rs. 179.250 million from directors of the Company. However, we noted that approval has not been obtained as required by the Companies Act, 2017. We understand from management that the process has been started for necessary approval. Accordingly, we are unable to verify the ownership assertion relating to this asset and this remains an unauthorized transaction as of the date of issuance of this report. The land has been recorded in the books of account based on management representation.

**Qualified conclusion**

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion section of our report, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarters ended December 31, 2022 and December 31, 2021 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

**Other matter**

The condensed interim financial statements of Zephyr Textiles Limited for the half year ended December 31, 2021 and for year ended June 30, 2022 were reviewed and audited by another firm of chartered accountants who had expressed an unmodified conclusion and opinion thereon vide their reports dated February 24, 2022 and September 28, 2022, respectively.

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

Lahore

**DATED: February 28, 2023**

**UDIN: RR202210131gnjmrIRMc**

*BDO Ebrahim*

**BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS**

**ZEPHYR TEXTILES LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS AT DECEMBER 31, 2022**

	Note	December 31, 2022 (Unaudited) (Rupees)	June 30, 2022 Audited (Rupees) (Restated)	June 30, 2021 Audited (Rupees) (Restated)
<b>ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
Property, plant and equipment				
Operating fixed assets	7	2,211,028,042	2,096,325,307	2,031,916,154
Right of use asset	8	72,362,083	69,416,667	-
Capital work in progress	9	68,261,505	39,591,876	33,093,809
		2,351,651,630	2,205,333,850	2,065,009,963
Intangible assets		3,320,308	3,924,394	3,633,180
Long term advances and deposits		25,039,536	24,783,801	22,739,301
		2,380,011,474	2,234,042,045	2,091,382,444
<b>CURRENT ASSETS</b>				
Stores, spares and loose tools		272,252,786	252,184,855	173,818,512
Stock in trade	10	1,254,059,149	1,341,658,731	1,411,063,195
Loans and advances	11	84,469,692	90,558,985	133,825,882
Trade debts	12	694,835,589	661,414,117	823,673,013
Trade deposits and prepayments		9,668,379	11,630,394	23,958,066
Tax refunds due from Government	13	381,165,579	448,023,429	323,057,413
Other receivables		61,788,696	66,035,362	137,443,759
Short term investments	14	32,726,500	6,422,015	3,965,854
Cash and bank balances	15	60,426,877	64,697,152	78,873,188
		2,851,393,247	2,942,625,040	3,109,678,882
<b>TOTAL ASSETS</b>		<b>5,231,404,721</b>	<b>5,176,667,085</b>	<b>5,201,061,326</b>
<b>EQUITY AND LIABILITIES</b>				
<b>SHARE CAPITAL AND RESERVES</b>				
Authorized share capital		625,000,000	625,000,000	625,000,000
Issued, subscribed and paid up capital		594,287,290	594,287,290	594,287,290
Accumulated profit		1,128,287,609	1,132,575,078	972,173,866
Surplus on revaluation of property, plant and equipment	16	366,428,266	368,175,679	388,520,063
		2,089,003,165	2,095,038,047	1,954,981,219
<b>NON CURRENT LIABILITIES</b>				
Long term financing	17	68,867,811	78,687,008	241,674,201
Lease liabilities	19	33,055,564	44,722,328	-
Deferred liabilities	18	220,241,382	218,409,092	201,858,242
Deferred grant		3,435,804	-	-
		325,600,561	341,818,428	443,532,443
<b>CURRENT LIABILITIES</b>				
Trade and other payables	20	1,274,565,703	1,196,136,869	1,196,315,205
Contract liabilities		3,528,737	24,763,837	55,961,706
Mark-up accrued	21	38,093,004	16,604,711	21,824,137
Short term borrowings	22	1,447,857,119	1,294,906,119	1,268,832,350
Unclaimed dividend		829,907	761,498	694,043
Current portion of deferred grant		1,072,553	-	-
Current portion of lease liability	19	23,333,328	23,333,328	-
Current portion of long term financing		27,520,644	183,304,248	258,920,223
		2,816,800,995	2,739,810,610	2,802,547,664
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,231,404,721</b>	<b>5,176,667,085</b>	<b>5,201,061,326</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	23			

The annexed notes from 1 to 39 form an integral part of these condensed interim financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR



**ZEPHYR TEXTILES LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

	Note	Half year ended		Quarter ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
		(Rupees)	(Rupees) (Restated)	(Rupees)	(Rupees) (Restated)
Sales - net	24	3,576,040,721	3,691,353,751	1,657,454,224	1,572,578,638
Cost of sales	25	(3,247,972,205)	(3,237,065,898)	(1,538,923,475)	(1,352,091,135)
Gross profit		328,068,516	454,287,853	118,530,749	220,487,503
Distribution cost		(147,787,696)	(140,949,216)	(59,021,677)	(47,847,065)
Administrative expenses		(55,462,757)	(45,859,623)	(28,052,247)	(22,664,676)
Other operating expense		(19,447,994)	(18,032,746)	(30,251,821)	(10,178,091)
Other income		44,561,809	42,467,583	12,182,926	13,346,485
		(178,136,638)	(162,374,002)	(105,142,819)	(67,343,347)
Operating profit		149,931,878	291,913,851	13,387,930	153,144,156
Finance costs	26	(79,356,074)	(53,422,559)	(44,455,396)	(20,633,772)
Profit before taxation		70,575,804	238,491,292	(31,067,466)	132,510,384
Taxation	27	(46,896,295)	(43,362,803)	(28,013,757)	(23,818,957)
Profit / (loss) after taxation		23,679,509	195,128,489	(59,081,223)	108,691,427
Earnings /(loss) per share - basic and diluted (Rupees) - Restated	28	0.40	3.28	(0.99)	1.83

The annexed notes from 1 to 39 form an integral part of these condensed interim financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

**ZEPHYR TEXTILES LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

	Half year ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	(Rupees)	(Rupees) (Restated)	(Rupees)	(Rupees) (Restated)
Profit / (loss) for the period	23,679,509	195,128,489	(59,081,223)	108,691,427
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>23,679,509</u>	<u>195,128,489</u>	<u>(59,081,223)</u>	<u>108,691,427</u>

The annexed notes from 1 to 39 form an integral part of these condensed interim financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

**ZEPHYR TEXTILES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOW (UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

	Half year ended	
	December 31, 2022	December 31, 2021
	(Rupees)	(Rupees)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	70,575,804	238,491,292
Adjustments for items not involving movement of funds:		
Depreciation	95,030,708	90,694,621
Loss on sale of PPE	10,195,727	(1,760,009)
Loss / (gain) on re-measurement of short term investments	120,525	(128,249)
Dividend income	(29,419)	(564,578)
Provision for staff gratuity	24,659,156	19,172,970
Allowance for ECL	15,316,376	-
Capital gain from investments	1,031	564,578
Financial charges	79,356,074	53,422,559
Net cash flow before working capital changes	224,650,178	161,401,892
<b>(Increase)/ decrease in current assets</b>		
Stores, spares and loose tools	(20,067,931)	(30,603,217)
Stock in trade	87,599,582	241,663,319
Trade debts	(48,737,848)	138,545,647
Loans and advances	6,089,293	(13,032,105)
Trade deposits and prepayments	1,962,015	(14,217,766)
Tax refunds due from the Government	66,857,850	68,283,432
Other receivables	4,246,666	(39,709,397)
Short term investment	(26,304,485)	(31,427,874)
<b>Increase / (decrease) in current liabilities</b>	71,645,142	319,502,039
Trade and other payables	78,428,834	(334,507,086)
Contract liabilities	(21,235,100)	(39,709,397)
Mark-up accrued	(21,488,293)	1,752,139
Unclaimed dividend	68,409	67,455
	35,773,850	(372,396,889)
<b>Cash flows generated from operations</b>	402,644,974	346,998,334
Income taxes paid	(48,058,983)	(39,860,664)
Gratuity paid	(21,175,576)	(47,856,064)
Financial charges paid	(42,161,899)	(55,174,698)
	(111,396,458)	(142,891,426)
Net cash generated from operating activities	291,248,516	204,106,908
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to operating fixed assets - net	(229,299,584)	(128,739,542)
Additions to capital work in progress	(28,669,629)	9,358,696
Proceeds from sale of operating fixed assets	16,709,694	2,365,150
Dividend received	29,419	-
Long term deposits	(255,735)	(1,033,000)
Net cash used in investing activities	(241,485,835)	(118,048,696)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short term financing	152,951,000	(1,600,000)
Repayment of long term financing	(165,602,801)	(106,326,480)
Principal paid on lease liabilities	(11,666,764)	-
Dividend paid	(29,714,391)	-
Net cash used in financing activities	(54,032,956)	(107,926,480)
Net decrease in cash and cash equivalents	(4,270,275)	(21,868,268)
Cash and cash equivalents at the beginning of the period	64,697,152	78,873,188
Cash and cash equivalents at the end of the period	60,426,877	57,004,920

The annexed notes from 1 to 39 form an integral part of these condensed interim financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

**ZEPHYR TEXTILES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

		Issued, subscribed and paid-up capital	Surplus on revaluation of fixed assets	Accumulated (loss)/profit	Total
Note	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
	Balance as at July 01, 2021 as reported	594,287,290	281,076,200	1,035,674,899	1,911,038,389
34	Effect of prior period error	-	107,443,863	(63,501,033)	43,942,830
	Balance as at July 01, 2021 - restated	594,287,290	388,520,063	972,173,866	1,954,981,219
	Transaction with owners:				
	Final cash dividend 2021:				
	Rs. 0.50 Per share	-	-	(29,714,391)	(29,714,391)
	Total comprehensive income for the period ended December 31, 2021				
	Profit for the period - restated	-	-	195,128,489	195,128,489
	Current period incremental depreciation (net of tax) - restated	-	(14,272,577)	14,272,577	-
	Balance as at December 31, 2021	594,287,290	374,247,486	1,149,022,087	2,121,713,302
	Balance as at July 01, 2022 as reported	594,287,290	260,731,816	1,204,612,208	2,059,631,314
34	Effect of prior period error	-	107,443,863	(72,037,130)	35,406,733
	Balance as at July 01, 2022 - restated	594,287,290	368,175,679	1,132,575,078	2,095,038,047
	Transaction with owners:				
	Final dividend @ Rs. 0.50 per share	-	-	(29,714,391)	(29,714,391)
	Total comprehensive income for the period ended December 31, 2021				
	Profit for the period	-	-	23,679,509	23,679,509
	Current period incremental depreciation - net of tax	-	(1,747,413)	1,747,413	-
	Balance as at December 31, 2022	594,287,290	366,428,266	1,128,287,609	2,089,003,165

The annexed notes from 1 to 39 form an integral part of these condensed interim financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

**ZEPHYR TEXTILES LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

Zephyr Textiles Limited ("the Company") was incorporated in Pakistan on February 26, 1999 as a private limited Company under the Companies Ordinance, 1984 (now Companies Act, 2017). Subsequently on October 04, 2004 it was converted into a public limited Company and its shares are quoted on Pakistan Stock Exchange Limited (PSX). The Company is principally engaged in the manufacturing, dying and trading of woven cloth which also includes towels.

**2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS**

The registered office of the Company is situated at 3rd Floor, IEP Building, 97B/D-1, Gulberg III, Lahore, Punjab. The manufacturing facility of the Company is located as follows:

<b>Manufacturing facilities</b>	<b>Office address</b>
Weaving unit and power plant Towel unit	1 KM, Balloki Bhai Pheru Road, Bhai Pheru. 63 KM, Gulshan Adda, Jamber Khurd, District Kasur.

**3 BASIS OF PREPARATION**

**3.1 Statement of compliance**

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;

Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

Provisions of and directives issued under the Companies Act, 2017.

Where 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.

These condensed interim financial statements are unaudited but subject to the limited scope review by the auditors and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

These condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2022 which have been prepared in accordance with approved accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The comparative statement of financial position presented in these condensed interim financial statements have been extracted from the annual audited financial statements of the Company for the year ended June 30, 2022, whereas the comparative 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 are extracted from the unaudited condensed interim financial statements for the half year ended December 31, 2021.

### **3.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention except for staff retirement benefits - gratuity which is carried at present value of defined benefit obligation and certain items of property, plant and equipment at revalued amounts. In these financial statements, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

### **3.3 Functional and presentation currency**

These condensed interim financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

## **4 SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THERE IN**

4.1 The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2022.

### **4.2 Initial application of standards, amendments or an interpretation to existing standards**

The following amendments to existing standards have been published that are applicable to the Company's financial statements.

**4.2.1 Standards, amendments and interpretations to accounting standards that are effective in the current period**

Certain standards, amendments and interpretations to accounting standards are effective for accounting periods beginning on July 1, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

**4.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company**

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2022 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

**5 TAXATION**

The provisions for taxation for the half year and quarter ended December 31, 2022, have been made using the estimated effective tax rate applicable to expected total annual earnings. The applicable income tax rate for the Tax Year 2023 is 29%. Income tax expense is recognized in each interim period based on best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

**6 ESTIMATES**

The preparation of condensed interim financial statements requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2022.

	Note	December 31, 2022 (Unaudited) Rupees	June 30, 2022 (Audited) Rupees
<b>7 OPERATING FIXED ASSETS</b>			
Fixed assets	7.1	<u>2,211,028,042</u>	<u>2,096,325,307</u>

	Note	December 31, 2022 (Unaudited) Rupees	June 30, 2022 (Audited) Rupees
<b>7.1 Fixed assets</b>			
Opening net book value (NBV)		2,096,325,307	2,031,916,154
Additions (at cost) during the period / year	7.1.1	229,299,584	249,780,508
		<u>2,325,624,891</u>	<u>2,281,696,662</u>
Disposals (at NBV) during the period / year	7.1.2	23,749,811	1,217,221
Depreciation charged during the period / year		90,847,038	184,154,134
		<u>114,596,849</u>	<u>185,371,355</u>
Closing net book value (NBV)		<u>2,211,028,042</u>	<u>2,096,325,307</u>

7.1.1 Details of additions (at cost) during the period / year are as follows:

Free hold land	7.1.3	188,544,101	-
Building		125,461	61,719,640
Link road		-	617,380
Non factory building		-	15,102,855
Plant and machinery		21,724,917	128,676,697
Furniture and fittings		271,525	622,350
Vehicles		6,953,910	31,893,778
Electrical installation		10,762,770	7,768,548
Office equipments		916,900	3,379,260
		<u>229,299,584</u>	<u>249,780,508</u>

7.1.2 Details of disposals (at NBV) during the period / year are as follows:

Plant and machinery	22,863,768	94,694
Vehicles	886,043	1,122,527
	<u>23,749,811</u>	<u>1,217,221</u>

7.1.3 The free hold has been purchased from the directors of the Company during the period for which members' approval is in the process.

**7.1.4 Fair value measurement (revalued property, plant and equipment)**

Fair value measurement of free hold land, building on free hold land and plant and machinery was based on the valuations carried out on June 30, 2018 by Unicorn International Surveyors an independent valuer not connected with the Company and is on the panel of Pakistan Bankers Association and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations.



**7.1.5 Valuation techniques used to derive level 3 fair values**

Valuations for buildings on freehold land and plant and machinery are based on the estimated gross replacement cost, depreciated to reflect the residual service potential of the assets taking account of the age, conditions and obsolescence. Land was valued on the basis of fair market value. The fair value measurement of the assets are categorized as Level 3.

		<b>December 31, 2022 (Unaudited) Rupees</b>	<b>June 30, 2022 (Audited) Rupees</b>
<b>8</b>	<b>RIGHT OF USE ASSETS (RoU)</b>		
	Opening net book value (NBV)	69,416,667	-
	Addition (at cost) during the period / year	6,525,000	70,000,000
	Depreciation charge for the period / year	<u>(3,579,584)</u>	<u>(583,333)</u>
		<u>72,362,083</u>	<u>69,416,667</u>
8.1	Details of additions (at cost) during the period / year are as follows:		
	Generators	-	70,000,000
	Line rent - spun poles	6,525,000	-
		<u>6,525,000</u>	<u>70,000,000</u>
<b>9</b>	<b>CAPITAL WORK IN PROGRESS</b>		
	Plant and machinery	50,167,340	39,466,414
	Building	18,094,165	125,462
		<u>68,261,505</u>	<u>39,591,876</u>
<b>9.1</b>	<b>Movement of carrying amount is as follows:</b>		
<b>9.1.1</b>	<b>Plant and machinery</b>		
	Opening balance at start of the period / year	39,466,414	-
	Additions (at cost) during the period / year	23,100,539	178,559,699
	Transferred to operating fixed assets during the period / year	<u>(12,399,613)</u>	<u>(139,093,285)</u>
	Closing balance at the end of the period/year	<u>50,167,340</u>	<u>39,466,414</u>
<b>9.1.2</b>	<b>Building</b>		
	Opening balance at start of the period / year	125,462	33,093,809
	Additions (at cost) during the period / year	18,094,164	44,471,528
	Transferred to operating fixed assets during the period / year	<u>(125,461)</u>	<u>(77,439,875)</u>
	Closing balance at the end of the period/year	<u>18,094,165</u>	<u>125,462</u>

			<b>December 31, 2022 (Unaudited) Rupees</b>	<b>June 30, 2022 (Audited) Rupees</b>
<b>10</b>	<b>STOCK IN TRADE</b>	<b>Note</b>		
	Raw materials:			
	in hand		245,523,502	220,671,232
	Work in process	25	84,878,440	161,794,567
	Finished goods	10.1	923,657,207	959,192,932
			1,254,059,149	1,341,658,731
10.1	This represents stock in transit Rs. 93.518 million (June 30, 2022 : 171.036 million) which was still on the way to port at the period end.			
<b>11</b>	<b>LOANS AND ADVANCES</b>			
	Unsecured - considered good			
	To employees	11.1	18,804,082	20,236,787
	To director	11.2	3,572,709	3,572,709
	To suppliers		56,714,673	46,963,105
	Against letter of credits		5,378,228	19,786,384
			84,469,692	90,558,985
11.1	This includes advance to employees against salaries in accordance with the terms of their employment, which is not past due. These advances are unsecured, interest free and payable on demand.			
11.2	This represents advance to directors against expenses. This advance is unsecured, interest free and payable/adjustable on demand.			
<b>12</b>	<b>TRADE DEBTS</b>			
	Secured - Considered good - against letter of credit		125,857,534	217,020,076
	Unsecured			
	Considered good		568,978,055	444,394,041
	Considered doubtful		15,861,287	544,911
			584,839,342	444,938,952
			710,696,876	661,959,028
	Less: Allowance for expected credit losses (ECL)	12.1	(15,861,287)	(544,911)
			694,835,589	661,414,117
12.1	Movement of allowance for ECL is as follows:			
	Opening balance at start of the period / year		544,911	544,911
	Allowance charge during the period / year		15,316,376	-
	Closing balance at the end of the period/year		15,861,287	544,911

	Note	December 31, 2022 (Unaudited) Rupees	June 30, 2022 (Audited) Rupees (Restated)
<b>13 TAX REFUNDS DUE FROM GOVERNMENT</b>			
Sales tax refundable - net		332,344,245	388,415,460
Advance income tax - net		48,821,334	59,607,969
		<u>381,165,579</u>	<u>448,023,429</u>
<b>14 SHORT TERM INVESTMENTS</b>			
Investment through profit or loss account			
Listed entities		173,341	258,365
Mutual funds		1,153,159	1,163,650
At amortised cost			
Term deposits receipts	14.1	31,400,000	5,000,000
		<u>32,726,500</u>	<u>6,422,015</u>
14.1	This represents, investment in Term Deposit Receipts (TDRs) with the National Bank of Pakistan and The Bank of Punjab, have a maturity period of less than one year and maturing on January 20, 2023 and May 05, 2023, respectively. These carry mark-up ranging from 5.75% to 6.5% (June 30, 2022: 5.75%) per annum.		
<b>15 CASH AND BANK BALANCES</b>			
Cash in hand		2,065,009	1,564,741
Cash at banks - local currency			
Current accounts		57,170,855	61,941,108
Saving accounts		18,868	18,868
Cash at banks - foreign currency		1,172,145	1,172,435
	15.2	<u>60,426,877</u>	<u>64,697,152</u>
15.1	This carries mark up at the rate ranging from 5.48% to 5.50% (2021: June 30, 2022 0%) per annum.		
15.2	This includes balance in dormant bank accounts amounting to Rs. 1.999 millions.		
<b>16 SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT</b>			
Surplus arising on revaluation		384,030,800	386,491,945
Less: Related deferred tax liability	16.1	17,602,534	18,316,266
		<u>366,428,266</u>	<u>368,175,679</u>
16.1	Related deferred tax liability		
Opening balance at start of the period / year		18,316,266	20,010,750
Tax effect on incremental depreciation		(713,732)	(1,694,484)
Closing balance at the end of the period/year		<u>17,602,534</u>	<u>18,316,266</u>

		<b>December 31, 2022 (Unaudited) Rupees</b>	<b>June 30, 2022 (Audited) Rupees</b>
<b>17</b>	<b>LONG TERM FINANCING</b>		
	Secured:		
	Banking Companies		
	National Bank of Pakistan - Demand finance-III	-	68,767,263
	National bank of Pakistan -Long term finance	-	15,712,341
	Bank of Punjab L.T.F.F	16,898,964	44,760,468
	Bank of Punjab L.T.F.F - SBP (Salaries)	-	5,000,000
	Bank of Punjab L.T.F.F	-	38,442,495
	Bank of Punjab L.T.F.F - 67 M	54,037,977	57,415,923
	Bank of Punjab SBP Renewable energy scheme 36.780 M	25,451,514	31,892,766
		96,388,455	261,991,256
	Less: Current portion shown under current liabilities	27,520,644	183,304,248
		<u>68,867,811</u>	<u>78,687,008</u>
17.1	Opening balance at start of the period / year	31,892,766	35,758,553
	Disbursements during the period / year	-	-
	Repayments during the period / year	(1,932,895)	(3,865,787)
	Deferred grant recognized - period / year	(6,735,267)	-
	Unwinding of discount on liability	2,226,910	-
	Closing balance at the end of the period/year	<u>25,451,514</u>	<u>31,892,766</u>
17.2	The Company obtained a term finance facility under the 'SBP renewable energy scheme' introduced by the State Bank of Pakistan at the rate ranging of 6% from Bank of Punjab (BOP). ICAP issued the guidance for accounting of said financing through circular No. 11/2020 dated August 17, 2020 and based on that circular, referring to the requirement of IAS-20, the Company recognized the Deferred Grant amounting to Rs. 6.735 million and respective loan has been recognized at the fair value. This also includes prior year grant and loans at fair value which was not recorded. The net impact was not material to statement of profit or loss, therefore, this has been recorded in the current period.		
17.3	There is no material change in the terms and conditions of the long term financing - secured as disclosed in the annual audited financial statements as at and for the year ended June 30, 2022.		
<b>18</b>	<b>DEFERRED LIABILITIES</b>		
	Deferred tax liabilities	82,083,712	83,735,002
	Staff retirement benefits	138,157,670	134,674,090
		<u>220,241,382</u>	<u>218,409,092</u>
<b>18.1</b>	<b>Deferred tax liabilities</b>		
	Deferred tax related to revaluation surplus	17,602,534	18,316,266
	Deferred tax related to RoU and lease liability - net	944,511	-
	Deferred tax related to accelerated depreciation	63,536,667	65,418,736
		<u>82,083,712</u>	<u>83,735,002</u>

18.1.1 The corresponding figures of deferred tax liability has been restated as explained in Note 34.

18.1.2 Owing to uncertainty relating to future taxable profits, against which the Company can utilize its deferred tax asset, the Company has not recognized any deferred tax asset related to staff retirement benefits and minimum tax credits amounting to Rs. 8.169 million and Rs. 112.204 million (June 2022: Rs. 7.963 million and Rs. 88.128 million, respectively). Expiry of minimum tax and excess of corporate alternative tax carried forward is as follows:

		<b>December 31, 2022 (Unaudited) Rupees</b>	<b>June 30, 2022 (Audited) Rupees (Restated)</b>
<b>Expiry tax year</b>	<b>Nature</b>		
2023	Minimum tax-2018	31,792,272	31,792,272
2024	Minimum tax-2019	18,168,107	18,168,107
2025	Minimum tax-2020	12,070,382	12,070,382
2026	Minimum tax-2021	26,097,482	26,097,482
2027	Minimum tax-2022	24,076,260	-
		<u>112,204,503</u>	<u>88,128,243</u>
<b>18.2 Staff retirement benefits</b>			
	Balance sheet liability at the beginning of the year	134,674,090	118,346,459
	Amount recognized during the period / year	24,659,156	35,721,332
	Amount paid during the period / year	(21,175,576)	(31,550,989)
	Unrecognised actuarial (gain)/loss	-	12,157,288
	Present value of defined benefit obligation	<u>138,157,670</u>	<u>134,674,090</u>

## 19 LEASE LIABILITIES

	Against right of use assets		
	Lease liabilities	68,055,556	70,000,000
	Payments / adjustments during the period / year	(15,533,910)	(2,588,985)
	Interest expense during the period / year	3,867,246	644,641
	Less: Current portion	<u>(23,333,328)</u>	<u>(23,333,328)</u>
		<u>33,055,564</u>	<u>44,722,328</u>
19.1	Maturity analysis-contractual undiscounted cash flow		
	Less than one year	23,333,328	23,333,328
	One to five year	9,722,236	21,388,900
	More than five year	-	-
	Total undiscounted lease liability	<u>33,055,564</u>	<u>44,722,228</u>

19.2 When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate which is 13.8% per annum.

19.3 The above liabilities were obligations under leases with various lessors for lease of buildings.

19.4 The lease agreement less than one year are not classified under IFRS-16 leases.

		<b>December 31, 2022 (Unaudited) Rupees</b>	<b>June 30, 2022 (Audited) Rupees</b>
<b>20</b>	<b>TRADE AND OTHER PAYABLES</b>		
	Creditors	833,315,240	933,408,787
	Accrued liabilities	101,811,694	166,262,931
	Retention money payable	700,000	700,000
	Tax deduction at source	54,917,649	44,489,567
	Workers' Profit Participation Fund	44,864,923	37,704,295
	Workers' Welfare Fund	15,472,336	13,571,289
	Payable against purchase of land	174,271,749	-
	Gas infrastructure development cess payable	49,212,112	-
		<u>1,274,565,703</u>	<u>1,196,136,869</u>

20.1 This amount represents security deposits received from vendors and dealers for waste sale. However, no separate bank account is maintained. The fund is utilised for the Company business purposes.

**20.2 Payable against purchase of land**

	To directors of the Company		
	Mussaid Hanif	108,667,728	-
	Arbab Muhammad Khan	33,033,285	-
	Sabah Burhan	13,502,382	-
	To family members of the directors		
	Others	19,068,354	-
		<u>174,271,749</u>	<u>-</u>

20.3 Pursuant to the order of Honorable Supreme Court of Pakistan in August, 2020 and its subsequent dismissal of review petition in November 2020, the Company is making accrual of levy as per GIDC monthly billing by Sui Northern Gas Pipeline Limited (SNGPL).

However, due to stay order granted by the High Court of the Sindh, the Company is not paying the levy. Due to non-payment of the levy, SNGPL is charging surcharge on unpaid amount. As of December 31, 2022, the surcharge charged to the Company is Rs. 52.26 million against which the Company is not making any accrual and is confident based on the advice of its legal counsel, that no liability will be raised to the Company relating to this surcharge.

**21 ACCRUED MARK-UP**

	Long term financing	1,429,346	4,776,276
	Short term borrowings	36,663,658	11,828,435
		<u>38,093,004</u>	<u>16,604,711</u>

	Note	December 31, 2022 (Unaudited) Rupees	June 30, 2022 (Audited) Rupees
<b>22</b>	<b>SHORT TERM BORROWINGS</b>		
	Secured		
	From banking companies and financial		
	Running finances	22.1	1,422,000,000
	Unsecured		
	From related party		
	Loan from directors	22.2	25,857,119
		<u>1,447,857,119</u>	<u>1,294,906,119</u>

22.1 Short term running finance facilities from various banks aggregated to Rs. 1,422 million (2021: Rs. 1,272 million) and carries mark-up ranging from one month KIBOR plus 1% to one months KIBOR plus 1.5% per annum and SBP plus 1% per annum on utilized limits. These facilities are secured against first pari passu charge and joint pari passu charge over present and future current assets of the Company.

22.2 This amount represents loan obtained from two directors Rs. 25.857 (2021: Rs. 22.906) which is interest free loan and repayable on demand.

## **23 CONTINGENCIES AND COMMITMENTS**

### **23.1 Contingent liabilities**

23.1.1 There has been no change in the contingencies as compared to those disclosed in the audited annual financial statements of the Company for the year ended June 30, 2022 except as follows:

23.1.2 The Company's declared taxable income and tax liability for tax year 2015 was amended by the Taxation Officer and raised a further demand of Rs. 119.552 million against the Company. This order was challenged by the Company with the Appellate Tribunal Inland Revenue, which is pending adjudication. The management, in consultation with their tax advisor, is of the view that these tax matters will eventually be decided in favor of the Company; therefore no provision has been made in these financial statements.

23.1.3 The Company's declared taxable income and tax liability for tax year 2017 was amended by the Taxation Officer and raised a further demand of Rs. 759.218 million against the Company. This order was challenged by the Company with the CIR(A), which is pending adjudication. The management, in consultation with their tax advisor, is of the view that these tax matters will eventually be decided in favor of the Company; therefore no provision has been made in these financial statements.

23.1.4 The Company's declared taxable income and tax liability for tax year 2021 was amended by the Taxation Officer and raised a further demand of Rs. 33.260 million against the Company. This order was challenged by the Company with the Appellate Tribunal Inland Revenue, which is pending adjudication. The management, in consultation with their tax advisor, is of the view that these tax matters will eventually be decided in favor of the Company; therefore no provision has been made in these financial statements.

- 23.1.5 Post refund audit for the period July 2020, and November 2020 to April 2021 is also pending before Appellate Tribunal Inland Revenue.
- 23.1.5 Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregate to Rs. 131.966 million (June 30,2022: Rs. 58.533 million).
- 23.1.6 The Company has filed a case against Chenone Stores for the recovery of Rs. 24 million pending in the Additional District Judge Lahore.

### 23.2 Commitments

Commitments as on December 31, 2022 were as follows:

- a) Contracts for capital expenditure are Rs. 7.43 million (June 30, 2022: Rs. 5.27 million).
- b) Against letters of credit amounting to Rs. 125.857 million (June 30, 2022: Rs. 136.685 million).
- c) Contracts against sale of Rs. 146.106 million (June 30,2022: Rs. 861.754 million).
- d) Contract against the purchase of land of Rs. 52.050 million (June 30,2022: Rs. Nil).
- e) Commitments for lease payments has been made under the relevant note.
- f) Foreign bills purchased by banks amounting to Rs. 246.876 million (June 30,2022: Rs. 372.572 million).

### 24 SALES

	----- (Unaudited) -----			
	Half year ended		Quarter ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	Rupees	Rupees	Rupees	Rupees
Sales				
Exports	2,022,080,417	1,608,627,980	687,418,218	555,967,989
Sales discount	(4,282,982)	(1,086,402)	(3,201,008)	(763,198)
	<u>2,017,797,435</u>	<u>1,607,541,578</u>	<u>684,217,210</u>	<u>555,204,791</u>
Local sales	1,617,314,772	2,103,911,596	994,071,132	1,028,217,301
Total sales	<u>3,635,112,207</u>	<u>3,711,453,174</u>	<u>1,678,288,342</u>	<u>1,583,422,092</u>
Export rebate	26,678,263	24,085,517	9,971,342	10,397,903
	<u>3,661,790,470</u>	<u>3,735,538,691</u>	<u>1,688,259,684</u>	<u>1,593,819,995</u>
Commission and claims	(85,749,749)	(44,184,940)	(30,805,460)	(21,241,357)
	<u><u>3,576,040,721</u></u>	<u><u>3,691,353,751</u></u>	<u><u>1,657,454,224</u></u>	<u><u>1,572,578,638</u></u>



----- (Unaudited) -----				
	Half year ended		Quarter ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	Rupees	Rupees	Rupees	Rupees
<b>25 COST OF SALES</b>				
Raw materials consumed	1,851,237,088	2,067,974,671	922,816,047	755,685,343
Other overheads:				
Salaries, wages and other benefits	331,910,428	252,374,292	174,011,780	121,796,892
Freight	9,636,677	8,172,342	5,221,867	3,587,427
Loading and unloading	4,154,321	3,022,474	2,209,768	1,393,539
Store material consumed	377,154,463	367,538,724	214,312,598	190,642,128
Processing and conversion charges	24,102,205	59,807,832	11,817,326	27,870,999
Fuel and power	413,871,047	269,937,942	236,774,486	133,377,718
Insurance expense	5,858,809	5,802,121	3,336,550	2,906,435
Rent expense	580,000	1,048,600	195,000	420,000
Repair and maintenance	3,735,971	4,241,979	2,510,801	1,707,108
Vehicle running and maintenance	6,550,046	3,447,378	3,547,723	1,780,715
Communication charges	450,200	344,933	196,777	147,153
Travelling, conveyance and entertainment	3,986,157	2,645,962	1,625,878	1,181,581
Fee and subscription	5,968,142	4,330,220	3,015,795	1,977,187
Printing and stationary	1,521,207	154,337	1,470,707	85,215
Other manufacturing expense	1,255,054	1,766,008	725,974	882,021
Depreciation expense	87,734,632	85,952,361	49,473,697	43,403,068
Other expenses	5,813,906	-	-	-
	1,284,283,265	1,070,587,505	710,446,727	533,159,186
Opening work in process	161,794,567	148,794,875	118,214,930	152,778,954
Closing work in process	(84,878,440)	(135,011,246)	(84,878,440)	(135,011,246)
	76,916,127	13,783,629	33,336,490	17,767,708
Cost of goods manufactured	3,212,436,480	3,152,345,805	1,666,599,264	1,306,612,237
Opening stock of finished goods	959,192,932	972,457,856	795,981,418	933,216,661
Closing stock of finished goods	(923,657,207)	(887,737,763)	(923,657,207)	(887,737,763)
	35,535,725	84,720,093	(127,675,789)	45,478,898
	3,247,972,205	3,237,065,898	1,538,923,475	1,352,091,135
<b>26 FINANCE COSTS</b>				
Mark-up on long term loans	4,260,109	13,565,887	1,541,362	6,271,510
Mark-up on short term loans	58,050,216	26,006,206	36,936,790	12,121,531
Mark-up on delayed realization	1,235,265	62,780	466,212	53,618
Bank charges and commission	10,351,086	12,895,927	2,647,388	2,165,195
Mark-up on WPPF	1,442,133	891,759	806,189	21,918
Interest expense on lease	4,017,265	-	2,057,455	-
	79,356,074	53,422,559	44,455,396	20,633,772
<b>27 TAXATION</b>				
Current tax				
Current period	38,249,552	41,821,999	19,367,014	20,139,247
Prior year (super tax)	10,298,033	-	10,298,033	-
Deferred tax	(1,651,290)	1,540,804	(1,651,290)	3,679,710
	46,896,295	43,362,803	28,013,757	23,818,957

**28 EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED - RESTATED**

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

Profit after taxation - in Rs.	23,679,509	195,128,489	(59,081,223)	108,691,427
	----- (Unaudited) -----			
	<b>Half year ended</b>		<b>Quarter ended</b>	
	December 31,		December 31,	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	(Restated)		(Restated)	
Weighted average number of ordinary shares - (in thousand)	59,428,729	59,428,729	59,428,729	59,428,729
Earnings per share - basic and diluted - (Rs.)	0.40	3.28	(0.99)	1.83

**29 TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise of related group companies, local associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and remuneration and benefits to key management personnel under the terms of their employment are as follows:

<b>Name of parties and basis of relationship</b>	----- (Un-audited) -----	
	<b>Half year ended</b>	
	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Key management personnel</b>		
Remuneration and other benefits	2,700,000	2,400,000
<b>Directors of the Company</b>		
Purchase of free hold land	160,182,048	-
Payment to director - for land	4,978,653	-
Short term loan obtained	10,000,000	9,056,119
Short term loan paid	7,049,000	6,450,000
<b>Family member of the directors of the Company</b>		
Purchased of free hold land	19,068,354	-

29.1 The balances with related parties have been disclosed in the relevant notes to the condensed interim financial statements.

### **30 FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted price is readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and that price represents actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date (Level 1)

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2)

Inputs for the asset or liability that are not based on observable market data (i.e. unobservable) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred. However, there were no transfers between levels of fair value hierarchy during the year.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

### **31 FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

There have been no significant changes in the risk management policies since the year end.

The condensed interim financial statements does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended June 30, 2022.

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements for the year ended June 30, 2022.

32 FINANCIAL INSTRUMENTS BY CATEGORY

	Carrying value			Fair value				
	Financial assets at amortized cost	FVTPL - equity instrument	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
<b>On-Balance sheet financial instruments As at December 31, 2022</b>								
<b>Financial assets measured at fair value</b>								
Investments classified as FVTPL	-	1,326,500	-	1,326,500	1,326,500	-	-	1,326,500
<b>Financial assets at amortised cost</b>								
Loan and advances	22,376,791	-	-	22,376,791	-	-	-	-
Long-term deposits	25,039,536	-	-	25,039,536	-	-	-	-
Trade debts	694,835,589	-	-	694,835,589	-	-	-	-
Trade deposits	3,557,073	-	-	3,557,073	-	-	-	-
Short term investments - secured	31,400,000	-	-	31,400,000	-	-	-	-
Cash and bank balances	60,426,877	-	-	60,426,877	-	-	-	-
	837,635,866	1,326,500	-	838,962,366	1,326,500	-	-	1,326,500
<b>Financial liabilities at amortised cost</b>								
Long term financing - secured	-	-	96,388,455	96,388,455	-	-	-	-
Trade and other payables	-	-	1,159,310,795	1,159,310,795	-	-	-	-
Lease liability	-	-	33,055,564	33,055,564	-	-	-	-
Accrued markup	-	-	38,093,004	38,093,004	-	-	-	-
Short-term borrowings - secured	-	-	1,447,857,119	1,447,857,119	-	-	-	-
	-	-	2,774,704,937	2,774,704,937	-	-	-	-
<b>As at June 30, 2022</b>								
<b>Financial assets measured at fair value</b>								
Investments classified as FVTPL	-	1,422,015	-	1,422,015	1,422,015	-	-	1,422,015
<b>Financial assets at amortised cost</b>								
Loan and advances	23,809,496	-	-	23,809,496	-	-	-	-
Long-term deposits	24,783,801	-	-	24,783,801	-	-	-	-
Trade debts	661,414,117	-	-	661,414,117	-	-	-	-
Trade deposits	9,970,921	-	-	9,970,921	-	-	-	-
Other receivables	66,035,362	-	-	66,035,362	-	-	-	-
Short term investments - secured	5,000,000	-	-	5,000,000	-	-	-	-
Cash and bank balances	64,697,152	-	-	64,697,152	-	-	-	-
	855,710,849	1,422,015	-	857,132,864	1,422,015	-	-	1,422,015
<b>Financial liabilities at amortised cost</b>								
Long term financing - secured	-	-	261,991,256	261,991,256	-	-	-	-
Trade and other payables	-	-	1,100,371,718	1,100,371,718	-	-	-	-
Lease liability	-	-	44,722,328	44,722,328	-	-	-	-
Accrued markup	-	-	16,604,711	16,604,711	-	-	-	-
Short-term borrowings - secured	-	-	1,272,000,000	1,272,000,000	-	-	-	-
	-	-	2,695,690,013	2,695,690,013	-	-	-	-

32.1 The Company has revalued certain fixed assets at fair value and classified under property, plant and equipment. The carrying value and level of fair value of these non - financial assets have been disclosed in the relevant note to the condensed interim financial statements.

33 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

All other significant transactions and events that have affected the Company's financial position and performance during the period have been adequately disclosed in the notes to these financial statements.

34 CORRECTION OF ERROR

In previous years, the deferred tax related to revaluation surplus was inadvertently overcharged by the management and deferred tax related to accelerated depreciation was not recognized. This correction has been applied retrospectively as per the requirements of IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors). The effect on prior periods is tabulated below:

**As at July 01, 2021**

**Effect on statement of financial position**

Decrease in deferred tax liability related to revaluation surplus	(107,443,863)
Increase in deferred tax liability related to accelerated depreciation	63,501,033
Decrease in deferred tax liability - net	(43,942,830)
Increase in surplus on revaluation of property, plant and equipment	107,443,863
Decrease in accumulated profit	(63,501,033)

**As at June 30, 2022**

**Effect on statement of financial position**

Decrease in deferred tax liability related to revaluation surplus	(1,694,484)
Increase in deferred tax liability related to accelerated depreciation	1,917,703
Decrease in accumulated profit	(3,791,985)

**For the period ended December 31, 2021**

**Effect on statement of profit or loss**

Decrease in deferred tax income and profit for the period	(5,109,570)
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**35 CORRESPONDING FIGURES**

35.1 Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and for better presentation. However, no significant reclassification has been made during the year except followings for better or correct presentation:

<u>Item description</u>	<u>From</u>	<u>To</u>	<u>Amount</u> <u>Rupees</u>
Right of use asset	Operating fixed asset	Right of use asset	69,416,667
Advance income tax	Trade deposits and prepayment	Tax refund due from Government	59,607,969
Sales tax refundable	Trade deposits and prepayment	Tax refund due from Government	388,415,460
Export rebate	Trade deposits and prepayment	Other receivables	14,582,288
Generators	Trade and other payables	Lease liabilities	44,722,328

35.2 In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim statement of financial position comprise of balances as per the audited annual financial statements of the Company for year ended June 30, 2022 and the corresponding figures in the condensed interim statement of profit or loss and the condensed interim comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity comprise of balances of comparable period as per the condensed interim financial statements of the Company for the half year ended December 31, 2021.

**36 IMPACT OF COVID -19 ON THE FINANCIAL STATEMENT**

The COVID-19 pandemic has generally been in control during the year, with variations in its spread and intensity across the country. However, the Company has reviewed its exposure to business risks and has not identified any significant impact on the Company's operations or decline in revenue during the year ended December 31, 2022.

**37 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE**

There are no significant reportable events after the condensed interim statement of financial position.

**38 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial statements were authorized for issue on February 28, 2023 by the Board of Directors of the Company.

**39 GENERAL**

Amounts have been rounded off to the nearest rupees unless otherwise stated.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

سفارش کی۔ اس متعلقہ پارٹی ٹرانزیکشن کی منظوری کے لیے منعقد کیے گئے بورڈ آف ڈائریکٹرز کے اجلاس میں کورم مکمل نہ تھا، لہذا چینیز ایکٹ 2017 کی ضرورت کو پورا کرنے کے لیے، کمپنی کے ممبران سے اس کی منظوری اور توثیق کے لیے ایک غیر معمولی اجلاس (ای او جی ایم) بلا یا گیا ہے۔ 31 دسمبر 2022 تک تجویز 35.85 ایکڑ اراضی، جس کی قیمت 179.25 ملین روپے ہے، کمپنی کے نام پر رجسٹرڈ ہوئی۔ اور بقیہ 10.44 ایکڑ اراضی کی رجسٹریشن کا عمل جاری ہے، جس کی قیمت 52.22 ملین روپے ہے۔

### مستقبل کا نقطہ نظر

عالمی کساد بازاری، توانائی کی قلت، بڑھتی لاگت، اور تیار شدہ مال کے برآمدی آرڈرز میں کمی نے پاکستان کی ٹیکسٹائل کی صنعت کو کافی نقصان پہنچایا۔ رواں سال کی پہلی ششماہی بڑی مشکل رہی۔ توانائی کی قلت اور نگرانی کی سخت پالیسی اور آئے روز بڑھتی مہنگائی نے مارکیٹ میں کافی غیر یقینی صورتحال پیدا کر دی ہے۔ یورپ اور امریکہ کی طرف سے گھریلو ترین و آرائش اور تیار ملبوسات کی طلب میں نمایاں کمی ہے۔ اور صنعت بہت کم صلاحیت پر کام کر رہی ہے۔ ہم تیسری سہ ماہی تک بحالی دیکھنے کی امید رکھتے ہیں۔

زر مبادلہ میں کمی کی وجہ سے حکومت کی جانب سے درآمدت پر عائد کردہ پابندیوں نے ضروری خام مال کی سپلائی چین میں خلل ڈال دیا ہے۔ مستقبل قریب میں یہ فیصلہ صنعت کے لیے شدید خطرہ ثابت ہونے والا ہے۔ ہمیں امید ہے کہ آئی ایم ایف کے ساتھ مذاکرات کا عمل مارچ کے وسط تک مکمل ہو جائے گا۔ اور زرمبادلہ کی منڈیوں میں اتار چڑھاؤ کو قابو میں لایا جائے گا۔

کمپنی انتظامیہ کی، کساد بازاری کے دباؤ کے درمیان، طلب میں عالمی سٹروی کے اثرات کو کم کرنے پر پوری توجہ مرکوز ہے۔ مالی سال 2023ء کی بقیہ دو سہ ماہیوں کے لیے، پہلے سے طے شدہ آرڈرز کی پوزیشن حوصلہ افزا دکھائی دیتی ہے۔ اور انتظامیہ بہتر مارجن کے ساتھ، مصنوعات کی طرف منتقل ہو کر اعلیٰ صلاحیت کی سطح کو بروئے کار لانے کے لیے پرامید ہے۔ کمپنی نے یورپ کو اپنی برآمد پر، توجہ مرکوز کرتے ہوئے پہلے ہی بنے ہوئے کپڑے اور گارمنٹس کا کاروبار شروع کر دیا ہے۔ مستقبل قریب میں کاروبار کا یہ شعبہ، مارجن کو بہتر کرنے میں بہت مددگار ثابت ہوگا۔

### اعتراف

بورڈ اپنے معزز حصص داران، بینکوں، مالیاتی اداروں، صارفین، اور سپلائرز کا تہہ دل سے مشکور ہے، جن کے تعاون، مسلسل حمایت اور سرپرستی نے کمپنی کو مسلسل بہتری کی طرف پیش رفت کرنے کا اختیار دیا ہے۔ زیر جائزہ مدت کے دوران، انتظامیہ اور ملازمین کے درمیان تعلقات خوشگوار رہے۔ اور ہم کمپنی کے ملازمین کی لگن اور ثابت قدمی کے لیے اپنی تعریف ریکارڈ پر رکھنا چاہتے ہیں۔



محترم ارباب محمد خان  
ایگزیکٹو ڈائریکٹر



محترم مسعود حنیف  
چیف ایگزیکٹو  
لاہور  
28 فروری 2023ء

## اراکین کے لیے ڈائریکٹرز کی رپورٹ

زیلفر ٹیکسٹائلز لمیٹڈ کے ڈائریکٹرز از راہ مسرت 31 دسمبر 2022ء کو اختتام پذیر نصف سال کے لیے نظر ثانی شدہ عبوری مالیاتی گوشوارے پیش کرتے ہیں۔ یہ عبوری مالیاتی گوشوارے کمپنیز ایکٹ 2017 کی ضروریات کے مطابق پیش کیے جاتے ہیں۔

## عملی مالیاتی نتائج

31 دسمبر 2022ء کو اختتام پذیر نصف سال کے دوران کمپنی نے 3,576.041 ملین روپے کی فروخت پر 328.069 ملین روپے کا مجموعی منافع حاصل کیا۔ جبکہ گذشتہ برس کی اسی مدت کے دوران 3,691.354 ملین روپے کی فروخت پر 454.288 ملین روپے کا مجموعی منافع حاصل کیا گیا۔ جو کہ سیلز ریونیو میں 3.12 فیصد کمی اور مجموعی مارجن میں 27.78 فیصد کمی کی عکاسی کرتا ہے۔ زیر جائزہ مدت کے دوران کمپنی نے 23.680 ملین روپے خالص منافع ریکارڈ کیا۔ جو کہ گذشتہ برس کی اسی مدت میں 195.128 ملین روپے خالص منافع کے مقابلے میں 87.86 فیصد کم ہے۔

اضافہ/کمی %	اختتام پذیر سہ ماہی		اضافہ/کمی %	اختتام پذیر نصف سال		نمایاں مالیاتی تفصیل
	2021 (ریپریزینٹ) (روپے)	2022 (روپے)		2021 (ریپریزینٹ) (روپے)	2022 (روپے)	
5.40	1,572,578,638	<b>1,657,454,224</b>	(3.12)	3,691,353,751	<b>3,576,040,721</b>	خالص فروخت
(46.24)	220,487,503	<b>118,530,749</b>	(27.78)	454,287,853	<b>328,068,516</b>	مجموعی منافع
(123.45)	132,510,384	<b>(31,067,466)</b>	(70.41)	238,491,292	<b>70,575,804</b>	نفع قبل از ٹیکس
(154.36)	108,691,427	<b>(59,081,223)</b>	(87.86)	195,128,489	<b>23,679,509</b>	نفع بعد از ٹیکس
	14.02%	<b>7.15%</b>		12.31%	<b>9.17%</b>	مجموعی منافع (%)
	6.91%	<b>(3.56)%</b>		5.29%	<b>0.66%</b>	نفع بعد از ٹیکس (%)

عالمی کساد بازاری کی وجہ سے کمپنی نے گزشتہ اسی مدت کے مقابلے میں اپنی فروخت میں قدرے کمی ریکارڈ کی ہے مینوفیکچرنگ اور کاروبار چلانے کی زیادہ لاگت نے مارجن کو نسبی طور پر کم کر دیا ہے۔ گذشتہ مہینوں میں سیلابی صورتحال کے بعد کپاس کی فصل میں کمی کے باعث خام مال کی قیمتوں میں اضافہ ہوا۔ مالیاتی سختی کی پالیسی کے طور پر، اسٹیٹ بینک آف پاکستان نے ایکسپورٹ فنانس اسکیموں (ای ایف ایس) اور طویل مدتی مالیاتی سہولت (ایل ٹی ایف ایف) پر شرح سود میں اضافہ کیا ہے۔ ای ایف ایس پر نظر ثانی کی وجہ سے اس کی بنیادی شرح 3 فیصد سے 14 فیصد کر دی گئی ہے۔ بڑھتی ہوئی مالی لاگت نے ٹیکسٹائل انڈسٹری کے منافع کو بری طرح متاثر کیا ہے۔ ٹیکسٹائل کی صنعت کو درپیش مشکلات کے باوجود حکومت نے اس صنعت پر مزید سبسڈیز عائد کر دیا ہے جس سے بعد از ٹیکس منافع میں مزید کمی آئی ہے۔ کم منافع کے دیگر عوامل میں 21.1 ملین روپے کے مشکوک قرضوں کی فراہمی اور سست رفتار سٹور انونٹریز شامل ہیں۔ متعلقہ پارٹی ٹرانزیکشن

کمپنی نے اپنے تین ڈائریکٹرز کے ساتھ، اپنی جمہر پر واقع فیکٹری سے ملحقہ 46.29 ایکڑ اراضی حاصل کرنے کا منصوبہ بنایا جس کی موجودہ قیمت 231.47 ملین روپے ہے۔ اراضی کے اس حصول کو، اس کی اسٹریٹجک اہمیت اور گارمنٹس مینوفیکچرنگ اور سلائی کی سہولیات، ملازمین کے لیے رہائشی کالونیوں، گوداموں وغیرہ کے لیے مستقبل میں توسیع کی وجہ سے لازمی سمجھا گیا تھا۔ اس لین دین کے تشخیصی عمل کو، بینکنگ پیٹل سے منظور شدہ ایک فرم، میسرز ٹرائی سٹار انٹرنیشنل کنسلٹنٹس (پرائیویٹ) لمیٹڈ نے انجام دیا تھا۔ کمپنی انتظامیہ نے یہ معاملہ آڈٹ کمیٹی کے سپرد کر دیا، جس نے بورڈ آف ڈائریکٹرز کو اس کی منظوری دینے کی

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