

**HALF YEAR REPORT**  
**FOR THE PERIOD ENDED**  
**DECEMBER 31, 2021**



**ZAHIDJEE TEXTILE MILLS LIMITED**

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## COMPANY INFORMATION

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### Board of Directors

Mr. Ahmad Zahid	Chairman
Mr. Muhammad Zahid	Chief Executive
Mrs. Mehreen Fahad	Director
Mr. Muhammad Ali	Director
Mr. Sajjad Hussain Shah	Independent Director
Mr. Faisal Masood Afzal	Independent Director
Mr. Shahbaz Haider Agha	Independent Director

### Audit Committee

Mr. Sajjad Hussain Shah	Chairman
Mr. Faisal Masood Afzal	Member
Mr. Muhammad Ali	Member

### HR & Remuneration Committee

Mr. Shahbaz Haider Agha	Chairman
Mr. Muhammad Ali	Member
Mr. Ahmad Zahid	Member
Mr. Muhammad Zahid	Member

### Chief Financial Officer

Mr. Javed Iqbal

### Company Secretary

Mr. Nasir Hameed

### Auditors

RSM Avais Hyder Liaquat Nauman  
Chartered Accountants

### Bankers of the Company

Allied Bank Limited  
Askari Bank Limited  
Bank Al Habib Ltd  
Bank Al-Falah Limited  
BankIslami Pakistan Limited  
Dubai Islamic Bank  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Ltd  
JS Bank Limited  
MCB Bank  
Meezan Bank Limited  
National Bank of Pakistan  
Samba Bank Limited  
Soneri Bank Limited  
The Bank of Khyber  
The Bank of Punjab  
United Bank Limited

### Registered Office

2-H, Gulberg-II, Jail Road, Lahore  
Tel: 042-35777291-5

### Plant site

- 28-KM, Sheikhpura Road, Faisalabad
- 32-KM, Tandlian wala Road, Faisalabad
- M-3 Industrial City, Sahianwala, Faisalabad

### Export Office

2-H, Gulberg-II, Jail Road, Lahore  
Tel: 042-35777291-5

### Share Registrar

Corptec Associates (Private) Limited  
503-E, Johar Town, Lahore  
Tel: 042-35170335-6 Fax 042-35170338  
E-mail: info@corptec.com.pk

## DIRECTORS' REPORT TO SHAREHOLDERS

The Board of Directors is pleased to present un-audited financial results of the Company duly reviewed by the statutory auditors, for the half year ended December 31, 2021.

### Economic and Industry overview

Pakistan's current economic challenges are enormous but they are not invincible. World Bank report forecasted that Pakistan's economy would grow by 3.4% in the current fiscal year 2021-22 despite the fact that Omicron related economic disruptions could substantially reduce growth, globally.

The Country is struggling with accelerating inflation and a weakening currency. The inflation settled at an average of 9.8% in 1HFY22. On the other hand, Pakistan's natural gas shortage is hurting its crucial textile exports which are playing a major role of estimated 60% of the total exports of the Country.

### Financial Results

The Summary of key Financial numbers is presented below:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Rupees in '000')</b>	
Sales	<b>10,750,757</b>	7,668,734
Gross profit	<b>2,462,924</b>	913,581
Profit before taxation	<b>1,940,374</b>	678,203
Provision for taxation	<b>170,607</b>	83,825
Profit after taxation	<b><u>1,769,766</u></b>	<b><u>594,378</u></b>
Earnings per share – Basic and diluted	<b><u>9.25</u></b>	<b><u>3.06</u></b>

Despite various challenges, your company has been able to achieve considerable growth in terms of sales and profitability. Turnover increased by 40.2 %, securing the top line of Rs. 10.8 billion against Rs. 7.7 billion for the Same Period Last Year (SPLY), which is due to the acceleration in the sale price of yarn on account of global increase in cotton rate during the period under review, which has resulted in remarkable increase in the gross profit margins to 22.9% from 11.9% in SPLY. The increasing gross profit margins supported the net profit margins of the Company, and accordingly, the Company's net profit increased to Rs. 1,769.8 million from Rs. 594.4 million in SPLY.

The net profit translated into Earnings per Share (EPS) of Rs. 9.25 as against Rs. 3.06 of the corresponding period.

### Future Prospects

The management is focused on raw material procurement efficiency and operational excellence to ensure that the current positive trend of profitable growth may continue during remaining part of the financial year as well, so that maximum wealth can be generated for the wellbeing of the Company's shareholders.

### Othr significant matters

The Company has successfully completed all the transactions regarding disposal of its subsidiary company "Zahidjee Towers (Pvt) Limited" by formalizing all the required statutory approvals. This fact has already been communicated through stock exchange.

### Acknowledgments

The directors appreciate sincere contribution and the hard work by staff and workers of the company. We are grateful for the trust and confidence exhibited in the company by shareholders, bankers and other stake holders.

For and on behalf of the Board of Directors



**Sajjad Hussain Shah**  
Director



**Muhammad Zahid**  
Chief Executive Officer

Dated: February 25, 2022  
Lahore

## ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز 31 دسمبر 2021 کو ختم ہونے والے نصف سال کے لئے کمپنی کے آڈیٹرز کی جانب سے باضابطہ جائزہ شدہ غیر آڈٹ شدہ مالی نتائج پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

## اقتصادی اور صنعتی جائزہ

پاکستان کے موجودہ معاشی چیلنجز بہت بڑے ہیں لیکن وہ ناقابلِ تسخیر نہیں ہیں۔ عالمی بینک کی رپورٹ میں پیش گوئی کی گئی ہے کہ رواں مالی سال 2021-22 میں پاکستان کی معیشت میں 3.4 فیصد اضافہ ہوگا، باوجود اس کے کہ ادا نیکرون سے متعلق معاشی رکاوٹیں عالمی سطح پر ترقی میں خاطر خواہ کمی لاسکتی ہیں۔

ملک افراط زر میں تیزی اور کرنسی کی قدر میں کمی جیسی مشکلات کے ساتھ جدوجہد کر رہا ہے۔ مالی سال 2022 کی پہلی سہ ماہی میں افراط زر 9.8 فیصد رہی۔ دوسری جانب پاکستان میں قدرتی گیس کی قلت سے اس کی اہم نیٹو اسٹاک برآمدات کو نقصان پہنچ رہا ہے جو ملک کی کل برآمدات کا تقریباً 60 فیصد کا بڑا کردار ادا کر رہی ہیں۔

## مالی نتائج:

اہم مالیاتی نمبروں کا خلاصہ ذیل میں پیش کیا گیا ہے

31 دسمبر		تفصیل
2021	2020	
(روپے ہزاروں میں)		
10,750,757	7,668,734	فروخت
2,462,924	913,581	مجموعی منافع
1,940,374	678,203	منافع قبل از ٹیکس
170,607	83,528	ٹیکسیشن
1,769,766	594,378	منافع بعد از ٹیکس
9.25	3.06	فی شیئر آمدن

مختلف چیلنجوں کے باوجود، آپ کی کمپنی فروخت اور منافع کے لحاظ سے زبردست اضافی کارکردگی حاصل کرنے میں کامیاب رہی ہے۔ گزشتہ سال اسی مدت کے دوران فروخت میں 40.2 فیصد اضافہ ہوا اور 7.7 بلین روپے کے مقابلے میں 10.8 بلین روپے کی ٹاپ لائن حاصل کی گئی ہے۔ جس کی وجہ زبردست مدت کے دوران کمپنی کی شرح میں عالمی اضافے کی وجہ سے دھاگے کی فروخت کی قیمت میں تیزی ہے۔ جس کے نتیجے میں مجموعی منافع کے مارجن میں 11.9 فیصد سے 22.9 فیصد تک قابل ذکر اضافہ ہوا ہے۔ بڑھتے ہوئے مجموعی منافع کے مارجن کی وجہ سے کمپنی کا خالص منافع گزشتہ سال اسی مدت کے دوران 594.4 بلین روپے سے بڑھ کر 1769.8 بلین روپے ہو گیا ہے۔

جس کی وجہ سے فی شیئر آمدن 9.25 روپے ہو گئی ہے۔ جو کہ گزشتہ سال کی اسی مدت کے دوران 3.06 روپے تھی۔

## مشغول کا نقطہ نظر:

انتظامیہ کی توجہ عام مال کی خریداری کی کارکردگی اور آپریشنل مہارت پر مرکوز ہے۔ تاکہ یہ یقینی بنایا جاسکے کہ مالی سال کے بقیہ حصے کے دوران بھی منافع بخش نمو کا موجودہ مثبت رجحان جاری رہ سکے، تاکہ کمپنی کے شیئرز ہو لڈرز کی فلاح و بہبود کے لئے زیادہ سے زیادہ دولت پیدا کی جاسکے۔

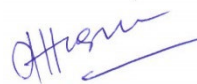
## دیگر اہم معاملات:

کمپنی نے تمام مطلوبہ قانونی منظور یوں کو باضابطہ بنا کر اپنی ذیلی کمپنی "زادہ جی ناووز (پرائیویٹ) لمیٹڈ" کی غیر سرمایہ کاری سے متعلق تمام لین دین کامیابی سے مکمل کر لیا ہے۔ اس حقیقت سے پہلے ہی اسٹاک ایکسچینج کے ذریعے آگاہ کیا جا چکا ہے۔

## اظہار تشکر:

ڈائریکٹرز مخلصانہ تعاون اور کمپنی کے عملے اور کارکنوں کی محنت کو سراہتے ہیں۔ اور ہم اپنے حصص یافتگان، بینکوں، مالیاتی اداروں اور کمپنی پر اعتماد کے لئے ان کا شکریہ ادا کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے



سجاد حسین شاہ  
(ڈائریکٹر)



محمد زاہد  
(چیف ایگزیکٹو آفیسر)

مورخہ: 25 فروری، 2022

مقام: لاہور

**RSM**RSM Avas Hyder Liaquat Nauman  
Chartered Accountants478-D, Peoples Colony No. 1  
Faisalabad - PakistanT: +92 (41) 854 1165, 854 1965  
F: +92 (41) 854 2765[www.rsm-pakistan.pk](http://www.rsm-pakistan.pk)

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

**To the members of Zahidjee Textile Mills Limited**

**Report on review of Interim Financial Statements**

### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Zahidjee Textile Mills Limited (“the Company”) as at December 31, 2021 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 financial statements for the six-months 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 financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months ended December 31, 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2021.

### **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.

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AUDIT | TAX | CONSULTING

Other Offices at:  
Lahore : 92 (42) 358 72731-3  
Karachi : 92 (21) 356 55975-6  
Islamabad : 92 (51) 235 6041-2  
Quetta : 92 (81) 282 9809  
Peshawar : 92 (91) 527 8310-527 7205  
Kabul : 93 (799) 058155

### **Conclusion**

Based on our review, 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 the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's review report is Hamid Masood.

**RSM AVAIS HYDER LIAQUAT NAUMAN**   
**CHARTERED ACCOUNTANTS**

**PLACE: FAISALABAD**

**DATED: FEBRUARY 25, 2022**

**UDIN: RR202110194402eSUgFK**

**ZAHIDJEE TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**  
**AS AT DECEMBER 31, 2021**

	Note	Un-audited December 31, 2021 Rupees	Audited June 30, 2021 Rupees
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	3	11,209,477,241	8,115,970,208
Long term security deposits		35,976,224	35,976,224
		11,245,453,465	8,151,946,432
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		240,506,762	267,746,714
Stock in trade		6,306,619,392	2,949,653,106
Trade debts		2,622,904,069	2,000,829,869
Loans, advances and deposit		404,622,312	344,840,005
Prepayments		20,174,642	1,697,341
Other receivables		88,892,472	104,383,189
Short term investment	4	145,359,287	123,135,481
Tax refunds due from Government		920,192,603	120,956,103
Cash and bank balances	5	2,027,726,025	384,991,004
		12,776,997,564	6,298,232,812
Non-current assets held for sale	6	-	359,200,000
		12,776,997,564	6,657,432,812
<b>CURRENT LIABILITIES</b>			
Trade and other payables		3,523,558,736	1,194,787,575
Interest / mark up payable		147,756,534	73,144,504
Short term borrowings		5,889,867,204	2,288,112,041
Unclaimed dividend		8,039,833	1,204,621
Current portion of long term finance		216,776,418	203,142,898
Provision for taxation - income tax		158,009,458	221,072,310
		9,944,008,183	3,981,463,949
		14,078,442,846	10,827,915,295
<b>NON - CURRENT LIABILITIES</b>			
Long term finance		4,236,974,913	2,561,843,960
Deferred liability			
Deferred taxation	7	479,039,558	421,348,664
		4,716,014,471	2,983,192,624
<b>CONTINGENCIES AND COMMITMENTS</b>			
Net worth	8	-	-
		9,362,428,375	7,844,722,671
<b>Represented by :</b>			
Share capital	9	1,914,210,990	1,914,210,990
Capital reserves			
Merger reserve		366,258,513	366,258,513
Surplus on revaluation of property, plant and equipment		1,064,629,215	1,096,622,306
Revenue reserves	10	6,017,329,657	4,467,630,862
		9,362,428,375	7,844,722,671
		9,362,428,375	7,844,722,671

The annexed notes from 1 to 19 form an integral part of these financial statements.



**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**



**CHIEF FINANCIAL OFFICER**



**ZAHIDJEE TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

	Note	Quarter ended December 31,		Half year ended December 31,	
		2021 Rupees	2020 Rupees	2021 Rupees	2020 Rupees Restated
Sales	11	5,680,369,734	3,786,706,060	10,750,757,416	7,668,733,916
Cost of sales	12	4,359,549,845	3,297,945,396	8,287,832,926	6,755,153,183
Gross profit		1,320,819,889	488,760,664	2,462,924,490	913,580,733
Trading profit	13	191,513	1,865,431	2,115,382	2,548,564
Other income	14	7,559,200	38,596,724	39,949,643	53,195,301
		1,328,570,602	529,222,819	2,504,989,515	969,324,598
		-			
Distribution cost		61,333,188	35,053,057	113,964,319	70,605,580
Administrative expenses		50,811,736	26,622,584	85,877,137	53,517,252
Other operating expenses		60,148,332	32,119,276	114,264,264	56,181,868
Finance cost		152,853,867	56,952,060	250,510,207	110,816,624
		325,147,124	150,746,977	564,615,927	291,121,324
Profit for the year before taxation:		1,003,423,478	378,475,842	1,940,373,588	678,203,274
Provision for taxation	15	135,728,733	37,338,518	170,607,318	83,825,088
Profit for the year		867,694,745	341,137,324	1,769,766,270	594,378,186
Earnings per share - Basic and diluted		4.53	1.78	9.25	3.06

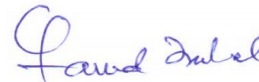
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**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**



**CHIEF FINANCIAL OFFICER**

**ZAHIDJEE TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

	<u>Quarter ended December 31,</u>		<u>Half year ended December 31,</u>	
	2021 Rupees	2020 Rupees	2021 Rupees	2020 Rupees Restated
Profit for the period	867,694,745	341,137,324	1,769,766,270	594,378,186
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>867,694,745</u>	<u>341,137,324</u>	<u>1,769,766,270</u>	<u>594,378,186</u>

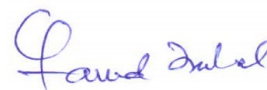
The annexed notes from 1 to 19 form an integral part of these financial statements.



**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**



**CHIEF FINANCIAL OFFICER**

ZAHIDJEE TEXTILE MILLS LIMITED  
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
 FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	CAPITAL RESERVES			REVENUE RESERVES			Total
		Merger reserve	Surplus on revaluation of property, plant and equipment	Sub total	General reserve	Unappropriate d profit	Sub total	
<b>R u p e e s</b>								
Balance as at July 01, 2020 (Audited)	1,914,210,990	366,258,513	1,157,269,154	1,523,527,667	300,000,000	2,729,377,107	3,029,377,107	6,467,115,764
<b>Total comprehensive income for the period</b>								
Profit for the period - (Restated)	-	-	-	-	-	594,378,186	594,378,186	594,378,186
Other comprehensive income Items that will not be subsequently reclassified to profit or loss Incremental depreciation on revalued assets for the year - net of deferred tax	-	-	(28,796,675)	(28,796,675)	-	28,796,675	28,796,675	-
Adjustment of deferred tax for the period	-	-	2,258,957	2,258,957	-	-	-	2,258,957
Balance as at December 31, 2020 (Unaudited)	1,914,210,990	366,258,513	1,130,731,436	1,496,989,949	300,000,000	3,352,551,605	3,652,551,605	7,063,752,544
<b>Transactions with owners</b>								
Dividend paid (Rs. 0.85 per share of Rs. 10 each)	-	-	-	-	-	(191,421,098)	(191,421,098)	(191,421,098)
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	-	962,728,822	962,728,822	962,728,822
Other comprehensive income Items that will not be subsequently reclassified to profit or loss Incremental depreciation on revalued assets for the year - net of deferred tax	-	-	(35,821,397)	(35,821,397)	-	35,821,397	35,821,397	-
Surplus realised on disposal of property, plant and equipment - net of deferred tax	-	-	(7,950,136)	(7,950,136)	-	7,950,136	7,950,136	-
Adjustment of deferred tax for the period	-	-	9,662,403	9,662,403	-	-	-	9,662,403
Balance as at June 30, 2021 (Audited)	1,914,210,990	366,258,513	1,096,622,306	1,462,880,819	300,000,000	4,167,630,862	4,467,630,862	7,844,722,671
<b>Transactions with owners</b>								
Dividend paid (Rs. 1.3 per share of Rs. 10 each)	-	-	-	-	-	(248,847,494)	(248,847,494)	(248,847,494)
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	-	1,769,766,270	1,769,766,270	1,769,766,270
Other comprehensive income Items that will not be subsequently reclassified to profit or loss Incremental depreciation on revalued assets for the year - net of deferred tax	-	-	(28,582,088)	(28,582,088)	-	28,582,088	28,582,088	-
Surplus realised on disposal of property, plant and equipment - net of deferred tax	-	-	(197,932)	(197,932)	-	197,932	197,932	-
Adjustment of deferred tax for the period	-	-	(3,213,071)	(3,213,071)	-	-	-	(3,213,071)
Balance as at December 31, 2021 (Unaudited)	1,914,210,990	366,258,513	1,064,629,215	1,430,887,728	300,000,000	5,717,329,657	6,017,329,657	9,362,428,375

The annexed notes from 1 to 19 form an integral part of these financial statements.

  
 CHIEF EXECUTIVE OFFICER

  
 DIRECTOR

  
 CHIEF FINANCIAL OFFICER

**ZAHIDJEE TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

	Un-Audited Dec-31 2021 Rupees	Un-Audited Dec-31 2020 Rupees
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period before taxation	1,940,373,588	678,203,274
Adjustment for:		
Depreciation of property, plant and equipment	275,920,513	262,685,339
Amortisation of intangible assets	-	330,203
Gain on disposal of non current asset held for sale	(1,436,800)	-
Loss on disposal of operating assets - net	1,724,049	6,962,615
Balances written Off - net	(112,251)	49,096
Fair value gain on short term investments	-	(24,089,774)
Finance cost	250,510,207	110,816,624
Operating cash flows before working capital changes	<u>2,466,979,306</u>	<u>1,034,957,377</u>
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	27,239,952	(64,284,381)
Stock in trade	(3,356,966,286)	(672,420,273)
Trade debts	(622,074,200)	251,022,002
Loans, advances and deposit	(181,271,648)	(99,756,599)
Prepayments	(18,477,301)	(9,835,473)
Other receivables	15,490,717	(19,063,311)
Tax refunds due from Government	(753,673,250)	(6,132,293)
Increase in current liabilities		
Trade and other payables	<u>2,335,718,624</u>	<u>306,449,008</u>
	<u>(2,554,013,392)</u>	<u>(314,021,320)</u>
Finance cost paid	(175,898,176.0)	(123,062,017)
Income tax paid	(103,266,256.0)	(39,106,783)
Net cash (used in) / generated from operating activities	<u>(366,198,518)</u>	<u>558,767,257</u>
<b>(b) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in:		
Property, plant and equipment	(3,375,466,596)	(56,722,671)
Proceeds from disposal of operating assets	4,315,000	7,511,320
Increase in short term investment	(22,223,806)	(26,117,534)
Proceeds from sale of non current asset held for sale	360,636,800	-
Net cash (used in) investing activities	<u>(3,032,738,602)</u>	<u>(75,328,885)</u>
<b>(c) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finance obtained	1,793,276,986	110,653,328
Repayment of long term finance	(104,512,514)	(77,477,671)
Increase / (Decrease) in short term borrowings - net	3,601,755,163	(396,556,001)
Dividend paid	(248,847,494)	-
Net cash generated from / (used in) financing activities	<u>5,041,672,141</u>	<u>(363,380,344)</u>
Net increase in cash and cash equivalents (a+b+c)	1,642,735,021	120,058,028
Cash and cash equivalents at the beginning of the period	384,991,004	63,840,188
Cash and cash equivalents at the end of the period	<u><u>2,027,726,025</u></u>	<u><u>183,898,216</u></u>

The annexed notes from 1 to 19 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

**ZAHIDJEE TEXTILE MILLS LIMITED  
SELECTED EXPLANATORY NOTES TO THE  
CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

**1. GENERAL INFORMATION**

- 1.1 Zahidjee Textile Mills Limited (the Company) is incorporated in Pakistan on July 17, 1990 as a public limited company under the repealed Companies Ordinance, 1984 (Repealed with the enactment of Companies Act 2017 on May 30, 2017). The registered office of the Company is situated at 2-H Jail Road, Gulberg II, Lahore in the province of Punjab. The Company is listed on Pakistan Stock Exchange Limited. The principal business of the Company is export of all kinds of value added fabrics and textile made-ups. The Company is also engaged in the business of manufacturing and sale of yarn. The weaving unit is located at 32-KM, Tandlianwala Road, Satyana, District Faisalabad and spinning units are located at 32-KM, Sheikhpura Road, Faisalabad , M-3 Industrial Estate, Faisalabad, in the province of Punjab.
- 1.2 The Company's spinning projects comprising 40,320 spindles are under implementation.
- 1.3 Pursuant to scheme of arrangement approved by the Honorable Lahore High Court Lahore, assets, liabilities and reserves of Zahidjee Fabrics Limited have been merged with Zahidjee Textile Mills Limited with effect from July 01, 2006.
- 1.4 The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Statement of compliance**

- 2.1.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.1.2 These condensed interim financial statements are un-audited but subject to limited scope review by the auditors of the Company and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.
- 2.1.3 These condensed interim financial statements do not include all the information required for complete set of financial statements, and should be read in conjunction with the Company's published audited financial statements for the year ended June 30, 2021.

**2.2 Application of new and revised International Financial Reporting Standards (IFRSs)**

**Standards, interpretations and amendments to published approved accounting standards that are effective:**

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for the Company's accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or have any significant effect on the Company's financial reporting.

**Standards, amendments to standards and interpretations becoming effective in future periods**

There are other new standards, amendments and IFRIC interpretations that are mandatory for accounting periods of the Company beginning on or after July 01, 2022 but are considered not to be relevant or not to have any significant effect on the Company's operations. The new standards, amendments and IFRIC interpretations that are relevant to the operations of the Company are disclosed in the published audited financial statements for the year ended June 30, 2021.

### 2.3 Basis of preparation

These condensed interim financial statements have been prepared under the "historical cost convention" except certain property, plant and equipment carried at valuation and short term investment measured at fair value.

### 2.4 Accounting policies and methods of computation

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the published audited financial statements for the year ended June 30, 2021.

### 2.5 Estimates, judgments and risk management policies

- 2.5.1** The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in these condensed interim financial statements are the same as those disclosed in the published audited financial statements for the year ended June 30, 2021.

- 2.5.2** Risk management policies and procedures are consistent with those disclosed in the published audited financial statements for the year ended June 30, 2021.

	Note	Un-Audited December 31, 2021 Rupees	Audited June 30, 2021 Rupees
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets		8,700,461,117	5,576,168,368
Capital work in progress		1,840,046,688	2,249,089,146
Non operating lands		16,203,950	16,203,950
Advance against purchase of land		545,123,515	221,455,151
Advances for capital expenditure		<u>107,641,971</u>	<u>53,053,593</u>
		<u>11,209,477,241</u>	<u>8,115,970,208</u>
<b>3.1 Operating assets</b>			
Book value at beginning of period / year		5,576,168,368	5,987,525,496
Additions during the period / year	3.1.1	3,406,252,311	202,113,233
Disposal during the period / year		(6,039,049)	(74,713,871)
Depreciation charge during the period / year		<u>(275,920,513)</u>	<u>(538,756,490)</u>
		<u>8,700,461,117</u>	<u>5,576,168,368</u>

**3.1.1 Additions to operating assets, including transfer from capital work in progress, during the period / year were as follow**

Freehold land	71,612,511	
Building on freehold land	247,164,680	66,212,580
Plant and machinery	2,976,131,664	112,159,472
Electric installations	98,643,432	1,907,203
Factory equipment	5,903,686	1,586,422
Office equipment	1,963,170	1,551,853
Electric appliances	705,051	1,350,827
Furniture and fittings	367,467	581,122
Vehicles	3,760,650	16,763,754
	<u>3,406,252,311</u>	<u>202,113,233</u>

**3.2 Capital work in progress**

Civil work	1,804,859,377	702,127,143
Plant and machinery	<u>35,187,311</u>	<u>1,546,962,003</u>
	<u>1,840,046,688</u>	<u>2,249,089,146</u>

**4. Short term investments**

Investment in ordinary shares	4.1	<u>145,359,287</u>	<u>123,135,481</u>
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<b>Un-Audited December 31, 2021 Rupees</b>	<b>Audited June 30, 2021 Rupees</b>
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<b>4.1</b>	Financial assets at fair value through profit or loss		
	Quoted securities		
	Habib Metropolitan Bank Limited		
	2,022,854 (2021: 2,022,854) Ordinary shares of Rs.10/- each	82,127,872	56,255,569
	JS Bank Limited		
	100,000 (2021: 100,000) Ordinary shares of Rs.10/- each	571,000	535,000
	Askari Bank Limited		
	1,680,000 (2021: 1,557,000) Ordinary shares of Rs.10/- each	38,098,815	33,468,299
	Bank of Punjab		
	915,000 (2021: 600,000) Ordinary shares of Rs.10/- each	7,584,345	5,813,652
	MCB		
	88,000 (2021: Nil) Ordinary shares of Rs.10/- each	13,246,512	-
		<u>141,628,544</u>	<u>96,072,520</u>
	Adjustment in fair value	<u>3,730,743</u>	<u>27,062,961</u>
		<u>145,359,287</u>	<u>123,135,481</u>

**4.2** The fair value of short term investment is based on prices quoted in active markets which is level 1 of fair value hierarchy.

**5. Cash and bank balances**

Cash in hand	21,370,143	5,834,631
Cash at banks		
In current accounts	168,792,581	348,396,664
In PLS accounts	3,563,301	30,759,709
In Deposit accounts	<u>1,834,000,000</u>	<u>-</u>
	<u>2,027,726,025</u>	<u>384,991,004</u>

**5.1** It represents the investment in Term deposit receipts carrying profit at the rates ranging from 7.20% to 7.75% per annum.

	<b>Un-Audited December 31, 2021 Rupees</b>	<b>Audited June 30, 2021 Rupees</b>
<b>6. Non-current assets held for sale</b>		
Opening balance	359,200,000	-
Transferred from		
Investment in subsidiary	-	359,200,000
Investment disposed off during the year	(359,200,000)	-
	<u>-</u>	<u>359,200,000</u>

**6.1** Board of directors in their meeting held on February 25, 2021 and the shareholders of the company in their meeting held on March 31, 2021 approved the sale of shares of Zahidjee Towers (Pvt) Limited.

	<b>Un-Audited December 31, 2021 Rupees</b>	<b>Audited June 30, 2021 Rupees</b>
<b>7. DEFERRED TAXATION</b>		
Opening balance	421,348,664	481,265,653
(Reversal) of deferred tax related to		
Incremental depreciation on revalued assets	(7,512,468)	(16,775,449)
Surplus realised on disposal of revalued assets	(40,754)	(813,715)
Provision / (Reversal) of deferred tax on surplus	3,213,071	(11,921,360)
Provision / (Reversal) during the period	62,031,045	(30,406,465)
	<u>479,039,558</u>	<u>421,348,664</u>

**7.1 It represents the following:**

Deferred tax liability:		
Difference between accounting and tax bases of assets	479,039,558	478,305,458
Deferred tax asset:		
Carried forward losses / tax credits	-	(56,956,794)
	<u>479,039,558</u>	<u>421,348,664</u>

**8. CONTINGENCIES AND COMMITMENTS**

There is no significant change in contingent liabilities since the date of published audited financial statements for the year ended June 30, 2021 except the following:

	<b>Un-Audited December 31, 2021 Rupees</b>	<b>Audited June 30, 2021 Rupees</b>
<b>Contingencies</b>		
Indemnity bonds issued in favour of collector of customs / sales tax, Faisalabad to avail exemption of sales tax and custom duty on imported raw material / machinery.	392,474,916	299,825,811
<b>Commitments</b>		
Under letters of credit for:		
Plant and machinery	437,962,500	1,742,765,369
Raw material and spare parts	3,444,576,559	405,482,087
Under contracts for purchase of land	395,430,875	38,235,196
Under contracts for civil work	981,223,601	847,893,256



**9. SHARE CAPITAL****9.1 Authorised capital**

Un-Audited December 2021 Number of shares	Audited June 30, 2021 Number of shares	Un-Audited December 31, 2021	Audited June 30, 2021
<u>220,000,000</u>	<u>220,000,000</u>	<u>2,200,000,000</u>	<u>2,200,000,000</u>

**9.2 Issued, subscribed and paid up capital**

Un-Audited December 31, 2021 Number of shares	Audited June 30, 2021 Number of shares		Un-Audited December 31, 2021	Audited June 30, 2021
89,462,580	89,462,580	Ordinary shares of Rs. 10/- each fully paid in cash.	894,625,800	894,625,800
23,041,604	23,041,604	Ordinary shares of Rs.10/- each issued as fully paid shares as per scheme of arrangement for amalgamation sanctioned by the Court.	230,416,040	230,416,040
78,916,915	78,916,915	Ordinary shares of Rs.10/- each issued as fully paid bonus shares.	789,169,150	789,169,150
<u>191,421,099</u>	<u>191,421,099</u>		<u>1,914,210,990</u>	<u>1,914,210,990</u>

**Un-Audited  
December 31,  
2021  
Rupees**

**Audited  
June 30,  
2021  
Rupees**

**10. Revenue reserves**

General reserves	300,000,000	300,000,000
Unappropriated profit	<u>5,717,329,657</u>	<u>4,167,630,862</u>
	<u>6,017,329,657</u>	<u>4,467,630,862</u>

Quarter ended December 31,		Half year ended December 31,	
2021	2020	2021	2020
Rupees	Rupees	Rupees	Rupees

**11. Sales**

Export				
Cloth / made ups	977,327,202	394,523,034	1,646,782,745	977,250,345
Local				
Yarn	5,303,179,580	3,714,946,166	10,208,601,335	7,323,382,685
Cloth	11,677,033	45,899,765	31,781,111	98,954,585
Waste and left over	239,681,487	171,820,859	465,185,645	357,875,031
Conversion receipts	8,802,376	54,840,801	49,993,603	87,232,435
	5,563,340,476	3,987,507,591	10,755,561,694	7,867,444,736
Less : Sales tax	(808,348,616)	(579,381,445)	(1,562,773,921)	(1,143,132,996)
	5,732,319,062	3,802,649,180	10,839,570,518	7,701,562,085
Add: Export rebate / duty drawback	159,625	12,673,197	686,389	23,720,015
	5,732,478,687	3,815,322,377	10,840,256,907	7,725,282,100
Less: Commission and claims	52,108,953	28,616,317	89,499,490.0	56,548,184
	<u>5,680,369,734</u>	<u>3,786,706,060</u>	<u>10,750,757,417</u>	<u>7,668,733,916</u>

	Quarter ended December 31,		Half year ended December 31,	
	2021 Rupees	2020 Rupees	2021 Rupees	2020 Rupees
<b>12. Cost of sales</b>				
Cost of goods manufactured (Note 12.1)	4,256,502,702	3,223,717,322	8,367,402,235	6,378,091,697
Finished goods				
Opening stock	498,549,650	305,732,800	315,933,198	608,566,212
Closing stock	(395,502,507)	(231,504,726)	(395,502,507)	(231,504,726)
	103,047,143	74,228,074	(79,569,309)	377,061,486
	<u>4,359,549,845</u>	<u>3,297,945,396</u>	<u>8,287,832,926</u>	<u>6,755,153,183</u>

**12.1 Cost of goods manufactured**

Raw material consumed (Note 12.1.1)	3,598,059,402	2,452,957,302	6,780,740,557	4,924,302,125
Packing material consumed	117,508,732	99,807,667	123,735,071	103,950,360
Salaries, wages and benefits	204,784,356	156,740,378	419,978,432	340,405,926
Retirement benefits	7,504,062	6,239,257	14,075,199	13,293,531
Stores and spares consumed	47,194,202	65,690,521	194,803,631	168,892,488
Fuel and power	263,610,472	226,555,660	608,737,686	451,609,989
Repairs and maintenance	8,293,722	80,454,009	29,312,728	98,173,002
Insurance	4,177,500	3,703,712	8,462,879	7,906,689
Depreciation	150,350,303	126,174,496	272,494,179	259,999,494
Other	1,366,632	11,272,877	3,270,893	13,248,759
	<u>4,402,849,382</u>	<u>3,229,595,879</u>	<u>8,455,611,255</u>	<u>6,381,782,363</u>
Work in process				
Opening stock	66,393,264	126,859,788	124,530,924	129,047,679
Closing stock	(212,739,944)	(132,738,345)	(212,739,944)	(132,738,345)
	(146,346,680)	(5,878,557)	(88,209,020)	(3,690,666)
	<u>4,256,502,702</u>	<u>3,223,717,322</u>	<u>8,367,402,235</u>	<u>6,378,091,697</u>

**12.1.1 Raw material consumed**

Opening Stock	1,758,176,802	1,857,411,099	2,509,188,984	2,189,259,633
Purchases including purchase expenses	7,538,259,541	3,830,596,931	9,969,928,516	5,970,093,220
	9,296,436,344	5,688,008,030	12,479,117,499	8,159,352,853
Closing stock	(5,698,376,942)	(3,235,050,728)	(5,698,376,942)	(3,235,050,728)
	<u>3,598,059,402</u>	<u>2,452,957,302</u>	<u>6,780,740,557</u>	<u>4,924,302,125</u>

**13. TRADING PROFIT**

Sale of polyester / cotton	96,967,986	27,683,132	554,857,374	254,856,411
Cost of sales	(96,776,473)	(25,817,701)	(552,741,992)	(252,307,847)
	<u>191,513</u>	<u>1,865,431</u>	<u>2,115,382</u>	<u>2,548,564</u>

**14. Other income**

Income from financial assets:				
Gain on sale of non current asset held for sale	1,436,800	-	1,436,800	-
Other	6,122,400	38,596,724	38,512,843	53,195,301
	<u>7,559,200</u>	<u>38,596,724</u>	<u>39,949,643</u>	<u>53,195,301</u>

	Quarter ended December 31,		Half year ended December 31,	
	2021 Rupees	2020 Rupees	2021 Rupees	2020 Rupees Restated
<b>15. PROVISION FOR TAXATION</b>				
Current				
for the period	126,407,567	56,241,940	158,009,458	114,180,740
for prior period	(41,879,963)	(11,200,236)	(41,879,963)	(11,200,236)
Deferred	51,201,129	(7,703,186)	54,477,823	(19,155,416)
	<u>135,728,733</u>	<u>37,338,518</u>	<u>170,607,318</u>	<u>83,825,088</u>

## 16. AGGREGATE TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of directors, associated undertakings and key management personnel. Significant transactions with related parties are as follows:-

Relationship	Nature of transaction	Un-Audited December 31, 2021 Rupees	Audited December 30, 2020 Rupees
Key management personnel	Remuneration	23,093,087	21,480,000
Director	Short term loan Repaid	-	(275,578,973)
	Obtain	-	108,000,000
Director	sale of non current asset held for sale	360,636,800	-

## 17. Date of authorisation for issue

These condensed interim financial statements were authorised for issue on February 25, 2022 by the Board of Directors of the Company.

## 18. General

- There is no unusual item included in these interim financial statements which is effecting assets, liabilities, equity, profit or cash flows of the company.
- Provisions for taxation and workers' profit participation fund made in these condensed interim financial statements are subject to adjustment in annual financial statements.
- The figure of corresponding period have been rearranged wherever necessary to reflect more appropriate presentation in the financial statements.

19. Figures have been rounded off to nearest Rupee.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

# **ZAHIDJEE TEXTILE MILLS LIMITED**

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