

Steering the voyage of **excellence** and **commitment**

Condensed Interim Financial Statements for the
quarter ended September 30, 2024



FEROZE1888 MILLS LTD

Manufacturers and Exporters of Specialized Yarn & Textile Products

Weaving a Better World®

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Company Information

Board of Directors

Mr. Abdul Rehman Yaqub
Mr. Shabbir Ahmed
Mr. Khaleequr Rahman
Mr. Perwez Ahmed
Mr. Zain Ashraf Mukaty
Mr. Anas Rahman
Mr. Temoor Ashraf Mukaty
Mr. Moin M. Fudda
Ms. Huma Pasha
Ms. Aminah Zahid Zaheer
Mr. Rehan Rahman

Chairman
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Independent Director
Independent Director
Independent Director
Chief Executive Officer

Board Audit Committee

Mr. Moin M. Fudda
Mr. Khaleequr Rahman
Mr. Temoor Ashraf Mukaty
Ms. Aminah Zahid Zaheer

Chairman
Member
Member
Member

Board HR & Remuneration Committee

Ms. Aminah Zahid Zaheer
Mr. Moin M. Fudda
Mr. Zain Ashraf Mukaty

Chairperson
Member
Member

Chief Financial Officer

Ms. Javeria Siddiqui

Company Secretary

Position Vacant

Bankers

Allied Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
BankIslami Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited
Standard Chartered Bank (Pakistan) Limited

External Auditors

Grant Thornton Anjum Rahman, Chartered Accountants
Modern Motors House, Beaumont Road, Karachi.

Internal Auditors

A.F. Ferguson & Co. Chartered Accountants
State Life Building No. 1-C, I.I Chundrigar Road, City Railway Colony Karachi.

Registered Office

Plot # H-23/4-A, Scheme # 3, Landhi Industrial Area, Landhi, Karachi.

Corporate Office

K&N Centre, 2nd and 3rd Floors, 160 Banglore Town, Shahrah -e-Faisal, Karachi

Factory Addresses

Sindh:

- H-23/4-A, H-23/4-B, H-23/4-B1 and H-23/3-II, Scheme No. 3, Landhi, Industrial Area, Karachi
- Plot # B-4A, SITE, Karachi.
- Plot # A-5/D and A-5/D1, SITE, Karachi.
- Plot # C-3, SITE, Karachi.
- Plot # C-31 SITE, Karachi.
- Plot # F-89, SITE, Karachi.
- Plot # F-125, SITE, Karachi.
- Plot # F-342, SITE, Karachi.
- Plot # PL-15, North Karachi Industrial Area, Karachi.
- Plot # ST-03, North Karachi Industrial Area, Karachi.
- Plot # 342/A, Haroonabad, SITE, Karachi.
- Survey # 81, 242, 72 to 75, 165, 166, 171, 172, 176 to 181, 186 to 190, 156, 210, 211, 243, Deh Moachko, Tapo Gabopat, Keamari Town, Karachi.

Balochistan:

Plot# D-12 to D-17, K-1 to K-3, M-34, HITE, all in Mauza Pathra, Tehsil Hub, District Lasbela, Balochistan.

Legal Advisor

Mohsin Tayebaly & Co.
1st Floor, Dime Centre Khayaban-e- Iqbal,
Block 9, Clifton, Karachi.

Share Registrar / Transfer Agent

FAMCO Share Registration Services (Pvt.) Limited
8-F, Next to Hotel Faran Nursery, Block-6,
PECHS, Shahrah-e-Faisal, Karachi.

Website

<http://www.feroze1888.com>

DIRECTORS' REPORT

We are pleased to present the performance review and the un-audited Financial Statements for the three months ended September 2024.

ECONOMIC & INDUSTRY OVERVIEW

The Country's economy is indicating positive developments as most of the economic indicators have shown improvement. The current account deficit contracted, while the fiscal sector remained resilient, mainly attributed to prudent measures. By September 2024 inflation decreased to 6.9% from 9.6% in the previous month - it stood at 31.4% in September 2023. In July 2024, elevated workers' remittance inflows and a substantial improvement in export earnings offset an increase in imports and helped contain the current account deficit to US\$0.2 billion. This robust trend in workers' remittances continued in August'24 as well. This scenario has been supported by softening of oil prices - which makes a significant portion of Country's import bill and relative easing of global financial conditions. Going forward, import volumes are expected to increase as the liberalization in imports takes place topped with substantial cotton imports this year - this is attributed to an expected shortfall in cotton production from the government's target, given the decline in area under cultivation and a substantial drop in cotton arrivals by end-August 2024. On the other hand, it is observed that the continued ease in inflationary pressures and the unfolding impact of recent policy rate cuts will support the growth prospects in the industry and services sectors. Therefore, the real GDP growth outlook remained in line with the assessment of 2.5% – 3.5% for FY25.

During Jul-Aug FY2025, the FBR net tax collection grew by 20.6 % to Rs 1,456 billion as compared to Rs 1,207.5 billion same period last year. Pakistan's recovery from the balance-of-payments crisis is expected to continue. Growth in agricultural activity is expected to moderate after the bumper rice and wheat harvest in FY 2023-24. Manufacturing activity is projected to pick up in FY 2024-25 as import controls and monetary policy are loosened, lifting growth forecast to 2.8% in FY2024-25.

Country's trade deficit has been contained at US\$5.4 billion for the July-September 2024-25 as against the deficit of US\$5.2 billion during the same period of the 2023-24 year. The value of textile and garment exports from Pakistan, as reported by the PBS witnessed an increase of 9.51% during the first quarter of the current financial year 2024-25 as compared to the same quarter of last year. The textile exports were recorded at US\$4.52 billion during July-September 2024-25 against the exports of US\$4.13 billion during July-September 2023-24.

REVIEW OF OPERATING RESULTS

A brief overview of the performance of your Company for the three months ended 30th September 2024 is stated below:

Statement of Profit or Loss for the three months ended:

	September 2024	September 2023
	----- (Rupees in '000) -----	
Sales- net	15,702,910	17,698,959
Gross profit	2,226,350	3,704,727
Profit before taxation	276,880	1,282,588
Profit after taxation	2,694	1,005,911
EPS (Rs/Share)	0.01	2.52

The Company's profit after tax for the three months has decreased in comparison with the corresponding period of the last year. The net sales have decreased during the period by Rs. 1.9 billion i.e. 11.3%. The major reason for decline in profits in comparison to corresponding period is the significant increase in energy costs, direct labor wages and finance charges – coupled with pressure on prices.

FUTURE OUTLOOK

The World Bank has projected Pakistan’s economy to grow 2.8% in fiscal year 2024-25 and 3.2% in fiscal year 2025-26. The SBP lowered its policy rate to 17.5% in September from 22% in May 2024, however monetary policy still remains tight. In real terms, at around 8%, despite cumulative interest rate cuts of 4.5% in June–September 2024 as inflation declined even faster. Meanwhile, the lender noted that Pakistan’s high public debt, high interest-to revenue ratios, and low interest reserve coverage leave the economy vulnerable to increases in global interest rates and high global energy prices. Such shocks could lead to capital outflows, currency depreciation, and a credit crunch that threatens the government’s ability to refinance maturing government debt. Moreover, the trade outlook faces several risks, including weaker global demand, escalating geopolitical tensions, and potential disruptions in maritime transport - the likelihood of trade policy uncertainty and the possibility of more protectionist measures, which could further impact trade and economic activity.

The textile sector in Pakistan faces significant obstacles as a result of the recent switch from the Final Tax Regime (FTR) to the Normal Tax Regime (NTR). Delays in income tax and sales tax refunds would necessitate additional working capital, placing pressure on available funds, decreasing profitability, and increasing borrowing costs amid battle with high energy costs and fierce competition.

ACKNOWLEDGEMENT

We would like to take this opportunity to express our deep sense of gratitude to the shareholders, employees, customers and business partners for their cooperation, confidence and faith they have always reposed in the Company.

For and on behalf of the Board of Directors

Chief Executive Officer

Director

Karachi

Date: October 29, 2024

ڈائریکٹرز رپورٹ

30 ستمبر 2024 کو ختم ہونے والی سہ ماہی کے دوران ہوئی کارکردگی کا جائزہ اور غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے ہم از حد مسرور ہیں۔

اقتصادی اور صنعتی جائزہ

ملک کی معیشت مثبت پیش رفت کا اشارہ دے رہی ہے کیونکہ زیادہ تر معاشی عوامل میں بہتری آئی ہے۔ کرنٹ اکاؤنٹ خسارے میں کمی واقع ہوئی جبکہ مالیاتی شعبہ مستحکم رہا جس کی بنیادی وجہ دانشمندانہ اقدامات تھے۔ ستمبر 2024 تک افراط زر کی شرح گزشتہ ماہ کے 9.6 فیصد سے کم ہو کر 6.9 فیصد رہ گئی۔ ستمبر 2023 میں یہ 31.4 فیصد تھی۔ جولائی 2024ء میں تارکین وطن کی جانب سے ترسیلات زر میں اضافہ اور برآمدی آمدنی میں خاطر خواہ بہتری سے درآمدات میں ہوئے اضافے اور کرنٹ اکاؤنٹ خسارے کو 0.2 ارب ڈالر تک محدود رکھنے میں مدد ملی۔ تارکین وطن کی جانب سے ترسیلات زر کا یہ مضبوط رجحان اگست 24 میں بھی جاری رہا۔ اس منظر نامے کو تیل کی قیمتوں میں نرمی سے تقویت ملی ہے۔ جو ملک کے درآمدی بل کا ایک اہم حصہ بناتا ہے اور عالمی مالیاتی حالات میں نسبتاً نرمی لاتا ہے۔ مستقبل میں درآمدات کے حجم میں اضافے کی توقع ہے جس کی وجہ سے درآمدات میں لبرلائزیشن اور کپاس کی خاطر خواہ درآمدات اس سال سرفہرست ہے۔ اس کی وجہ حکومت کے طے شدہ ہدف کے برعکس کپاس کی پیداوار میں متوقع کمی ہے، کیونکہ زیر کاشت رقبے میں کمی اور اگست 2024 کے آخر تک کپاس کی آمد میں خاطر خواہ کمی واقع ہوئی ہے۔ دوسری طرف، یہ مشاہدہ کیا گیا ہے کہ افراط زر کے دباؤ میں مسلسل کمی اور پالیسی ریٹ میں حالیہ کٹوتی کے اثرات صنعت اور خدمات کے شعبوں میں ترقی کے امکانات کو اجاگر کریں گے۔ لہذا، حقیقی جی ڈی پی نمو کا نقطہ نظر مالی سال 25 کے لئے 2.5% - 3.5% کے تخمینے کے مطابق ہے۔

جولائی تا اگست 2025ء کے دوران ایف بی آر کی خالص ٹیکس وصولیاں 20.6 فیصد اضافے کے ساتھ 1456 ارب روپے رہیں جو گزشتہ سال کے اسی عرصے میں 1207.5 ارب روپے تھیں۔ پاکستان کی ادائیگیوں کے توازن کے بحران سے نکلنے کا عمل جاری رہنے کی توقع ہے۔ مالی سال 2023-24 میں چاول اور گیہوں کی زبردست فصل کے بعد زرعی سرگرمیوں میں اضافہ معتدل رہنے کی توقع ہے۔ مالی سال 2024-25 میں مینوفیکچرنگ سرگرمیوں میں تیزی آنے کا امکان ہے کیونکہ درآمدی کنٹرول اور مانیٹری پالیسی میں نرمی کی گئی ہے، جس سے مالی سال 2024-25 میں ترقی کی پیش گوئی 2.8 فیصد تک پہنچ گئی ہے۔

جولائی تا ستمبر 2024-25ء کے دوران ملک کا تجارتی خسارہ 5.4 ارب ڈالر رہا جبکہ مالی سال 2023-24ء کے اسی عرصے میں یہ خسارہ 5.2 ارب ڈالر تھا۔ پی پی ایس کے مطابق رواں مالی سال 2024-25ء کی پہلی سہ ماہی کے دوران پاکستان سے ٹیکسٹائل اور گارمنٹس کی برآمدات میں گزشتہ سال کی اسی سہ ماہی کے مقابلے میں 9.51 فیصد اضافہ ریکارڈ کیا گیا۔ جولائی تا ستمبر 2024-25ء کے دوران ٹیکسٹائل کی برآمدات 4.52 ارب ڈالر ریکارڈ کی گئیں جبکہ جولائی تا ستمبر 2023-24ء کے دوران 4.13 ارب ڈالر کی برآمدات کی گئیں تھیں۔

آپریٹنگ نتائج کا جائزہ

30 ستمبر 2024 کو ختم ہونے والے تین مہینوں کے لیے آپ کی کمپنی کی کارکردگی کا ایک مختصر جائزہ ذیل میں بیان کیا گیا ہے:

ختم ہونے والے تین ماہ کے لیے منافع یا نقصان کا بیان:

ستمبر 2024 ستمبر 2023

(000 روپے میں)	
17,698,959	15,702,910
3,704,727	2,226,350
1,282,588	276,880
1,005,911	2,694
2.52	0.01

سلاشٹریٹ
مجموعی منافع
ٹیکس سے پہلے منافع
ٹیکس کے بعد منافع
ای پی ایس (روپے/اشیر)

گزشتہ سال کے اسی عرصے کے مقابلے میں تین ماہ کے دوران کمپنی کا بعد از ٹیکس منافع کم ہوا ہے۔ اس عرصے کے دوران خالص فروخت میں 1.9 ارب روپے یعنی 11.3 فیصد کمی واقع ہوئی ہے۔ اسی عرصے کے مقابلے میں منافع میں کمی کی بڑی وجہ توانائی کی لاگت، مزدوروں کی اجرتوں اور فنانس چارجز میں نمایاں اضافہ ہے۔ اس کے ساتھ ساتھ قیمتوں پر دباؤ بھی ہے۔

مستقبل کا نقطہ نظر

عالمی بینک نے مالی سال 2024-25 میں پاکستان کی اقتصادی ترقی کی شرح 2.8 فیصد اور مالی سال 2025-26 میں 3.2 فیصد رہنے کا تخمینہ لگا یا ہے۔ اسٹیٹ بینک نے ستمبر میں اپنی پالیسی ریٹ کو مئی 2024 کے 22 فیصد سے کم کر کے 17.5 فیصد کر دیا تھا تاہم مانیٹری پالیسی اب بھی سخت ہے۔ جون تا ستمبر 2024ء میں شرح سود میں 4.5 فیصد کمی کے باوجود حقیقی معنوں میں یہ شرح تقریباً 8 فیصد رہی کیونکہ افراط زر میں مزید تیزی سے کمی واقع ہوئی۔ دریں اثنا، قرض دہندہ نے نوٹ کیا کہ پاکستان کے بھاری عوامی قرضے، بھاری سود بہت جلد آمدنی کا تناسب، اور کم شرح سود ذخائر کی ترویج معیشت کو عالمی شرح سود میں اضافے اور توانائی کی مہنگی عالمی قیمتوں کے خطرے سے دوچار کر سکتی ہے اس طرح کے جھٹکے سرمائے کے اخراج، کرنسی کی قدر میں کمی اور کریڈٹ بحران کا باعث بن سکتے ہیں جس سے حکومت کو پورے ہو جانے والی قرضوں کے دوبارہ حصول میں دشواری پیش آسکتی ہے۔ مزید برآں، تجارتی نقطہ نظر سے متعدد خطرات کا سامنا ہے، جس میں عالمی طلب میں کمی، بڑھتی ہوئی عالمی سیاست میں بڑھتا ہوا تناؤ، اور سمندری نقل و حمل میں ممکنہ رکاوٹیں۔ تجارتی پالیسی کی غیر یقینی صورتحال اور زیادہ تحفظ پسند اقدامات کا امکان شامل ہیں، جو تجارت اور معاشی سرگرمی کو مزید متاثر کر سکتے ہیں۔

پاکستان میں ٹیکسٹائل کے شعبے کو جی ٹیکس رجیم (ایف ٹی آر) سے نارمل ٹیکس رجیم (این ٹی آر) کی حالیہ تبدیلی کے نتیجے میں اہم رکاوٹوں کا سامنا ہے۔ آگم ٹیکس اور سیلز ٹیکس ریٹلنڈز میں تاخیر سے اضافی ورکنگ کپچول کی ضرورت ہوگی، دستیاب فنڈز پر دباؤ پڑے گا، منافع میں کمی آئے گی، اور قرضوں کے حصول پر اضافی لاگت کے ساتھ ساتھ توانائی کے کثیر اخراجات اور شدید کاروباری مسابقت میں اضافہ ہوگا۔

اظہار تشکر

ہم اس موقع پر شیئر ہولڈرز، ملازمین، صارفین اور کاروباری شراکت داروں کے تعاون، اور اعتماد کے لیے ان کا شکریہ ادا کرنا چاہتے ہیں جنہوں نے ہمیشہ کمپنی پر اعتماد کیا ہے۔

بورڈ آف ڈائریکٹرز کے لئے اور ان کی طرف سے

ڈائریکٹر

چیف ایگزیکٹو آفیسر

کراچی

تاریخ: 29 اکتوبر 2024

Feroze1888 Mills Limited
Condensed Interim Statement of Financial Position
As at September 30, 2024

		Un-audited	Audited
		September 30,	June 30,
		2024	2024
	Note	----- (Rupees in '000) -----	
ASSETS			
Non-current assets			
Property, plant and equipment	4	35,776,909	36,480,872
Intangible assets		72,828	67,320
Long term deposits		236,629	234,075
		36,086,366	36,782,267
Current assets			
Store and spares		2,870,842	2,953,568
Stock-in-trade	5	17,645,965	16,698,257
Trade debts	6	15,261,908	15,967,407
Advances, deposits, prepayments and other receivables		7,716,041	4,520,245
Taxation - net		334,105	218,463
Short-term investments		-	2,688,956
Cash and bank balances		923,475	1,054,766
		44,752,336	44,101,662
Total assets		80,838,701	80,883,929
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
400,000,000 (June 30, 2023: 400,000,000) ordinary shares of Rs.10 each		4,000,000	4,000,000
Issued, subscribed and paid-up capital		3,994,090	3,994,090
Capital reserves		2,115,147	2,115,146
Revaluation surplus on property, plant and equipment		3,010,172	3,010,172
Revenue reserve		24,540,426	24,537,732
		33,659,835	33,657,140
Liabilities			
Non-current liabilities			
Deferred liability		1,684,057	1,621,440
Long term financing	7	6,406,890	6,573,385
Lease liabilities		106,559	143,596
		8,197,506	8,338,421
Current liabilities			
Trade and other payables	8	12,651,450	13,787,945
Provision for GIDC		1,524,979	1,524,979
Short term borrowings	9	22,429,232	20,735,654
Accrued mark-up		447,835	588,661
Current portion of government grant		111,785	113,326
Current portion of long-term financing	7	1,542,124	1,827,050
Current portion of lease liabilities		271,546	308,336
Unclaimed dividend		2,409	2,417
		38,981,360	38,888,368
CONTINGENCIES AND COMMITMENTS	10		
Total equity and liabilities		80,838,701	80,883,929

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

Feroze1888 Mills Limited
Condensed Interim Statement of Profit or Loss (Un-audited)
For the Quarter ended September 30, 2024

	Note	Quarter Ended	
		September 30, 2024	September 30, 2023
		----- (Rupees in '000) -----	
Sales - net		15,702,910	17,698,959
Cost of sales	11	(13,548,514)	(13,994,232)
Gross profit		2,154,396	3,704,727
Administrative cost		(379,891)	(349,040)
Distribution cost		(1,175,999)	(1,292,543)
Other expenses	12	(21,816)	(144,042)
		(1,577,706)	(1,785,625)
		576,690	1,919,102
Other income	13	538,479	178,271
Operating profit		1,115,169	2,097,373
Finance cost		(910,243)	(814,785)
Profit before income tax and final taxes		204,926	1,282,588
Final / Minimum taxes		(202,232)	(275,846)
Profit before income tax		2,694	1,006,742
Income tax		-	(831)
Profit after income tax		2,694	1,005,911
Earning per share basic & diluted (Rupees)		0.01	2.52

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

Feroze1888 Mills Limited
Condensed Interim Statement of Comprehensive Income (Un-audited)
For the Quarter ended September 30, 2024

	Quarter Ended	
	September 30, 2024	September 30, 2023
	----- (Rupees in '000) -----	
Profit after taxation	2,694	1,006,742
Other comprehensive income	-	-
Total comprehensive income for the period	2,694	1,006,742

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

Feroze1888 Mills Limited
Condensed Interim Statement of Changes in Equity (Un-audited)
For the Quarter ended September 30, 2024

	Capital reserve		Revaluation surplus on property, plant and equipment	Revenue reserve	Total	
	Amalgamation reserve	Share premium		Accumulated profit		
----- (Rupees '000) -----						
Balance as at June 30, 2023 (Audited)	3,994,090	543,413	1,571,733	3,010,172	27,566,474	36,685,882
Net profit for the period	-	-	-	-	1,006,742	1,006,742
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period September 30, 2023	-	-	-	-	1,006,742	1,006,742
Balance as at September 30, 2023	3,994,090	543,413	1,571,733	3,010,172	28,573,216	37,692,624
Balance as at June 30, 2024 (Audited)	3,994,090	543,413	1,571,733	3,010,172	24,537,732	33,657,140
Net profit for the period	-	-	-	-	2,694	2,694
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period September 30, 2024	-	-	-	-	2,694	2,694
Balance as at September 30, 2024	3,994,090	543,413	1,571,733	3,010,172	24,540,426	33,659,834

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

Feroze1888 Mills Limited
Condensed Interim Statement of Cash Flows (Un-audited)
For the Quarter ended September 30, 2024

	Note	Quarter Ended	
		September 30, 2024	September 30, 2023
		------(Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before income tax and final taxes		204,926	1,282,588
Adjustment for:			
Depreciation on operating fixed assets		676,187	634,274
Depreciation on right-of-use assets		61,998	62,006
Amortisation on intangible assets		1,470	1,495
Finance cost		894,327	791,007
Accretion of interest on lease liabilities		15,916	23,778
Amounts recognised in respect of defined benefit obligation		138,102	96,634
Allowance for expected credit loss on trade debts - net		(184)	484
Interest on conventional savings account		(11,936)	(17,553)
Dividend income on open ended shariah compliant mutual funds		(39,636)	(156,809)
Loss / (gain) on disposal of operating fixed assets - net		719	(3,909)
		1,736,963	1,431,407
(Increase) / decrease in current asset			
Stores and spares		82,726	(488,898)
Stock in trade		(947,708)	(4,062,261)
Trade debt		705,683	(2,755,633)
Advances, deposits, prepayments and other receivables		(3,195,796)	1,508,284
		(3,355,095)	(5,798,508)
(Decrease) / increase in current liability			
Trade and other payables		(1,136,495)	(79,336)
Net cash (used in) / generated from operations		(2,549,701)	(3,163,849)
Finance cost paid		(1,051,069)	(1,051,837)
Tax paid		(317,874)	(172,978)
Gratuity paid		(48,126)	(119)
Long-term deposits made		(2,554)	(2,956)
Net cash (used in) / generated from operating activities		(3,969,324)	(4,391,739)
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure during the period		(45,431)	(1,501,684)
Proceeds from disposal of operating fixed assets		3,512	9,714
Short-term investments encashed - net		2,728,592	4,444,091
Interest received on conventional savings account		11,936	17,553
Net cash generated from / (used in) investing activities		2,698,609	2,969,674
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(8)	(23)
Principal portion of lease rentals paid		(73,827)	(57,373)
Short term borrowings obtained - net		1,693,578	1,176,089
Long term financing paid - net		(480,320)	(321,865)
Net cash generated from financing activities		1,139,423	796,828
Net (decrease) / increase in cash and cash equivalents		(131,291)	(625,237)
Cash and cash equivalents at beginning of the period		1,054,766	1,336,630
Cash and cash equivalents at end of the period	14	923,475	711,393

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

Feroze1888 Mills Limited
Notes to the Condensed Interim Financial Statements (Un-audited)
For the Quarter ended September 30, 2024

1 THE COMPANY AND ITS OPERATIONS

Feroze1888 Mills Limited (the Company) was incorporated in Pakistan as a Public Limited Company in October 1972 under the Companies Act, VII of 1913 (repealed with the enactment of the Companies Act, 2017). The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in production and export of towels. The registered office of the Company is situated at H-23/4-A Scheme # 3, Landhi Industrial Area, Karachi.

2 STATEMENT OF COMPLIANCE

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

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

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

These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2024.

2.2 ACCOUNTING POLICIES

The accounting policies and the methods of computation used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the Company's annual audited financial statements for the year ended June 30, 2024.

2.3 Adoption of amendments to accounting standards and framework for financial reporting effective during the period.

The Company has adopted the following amendments of IFRSs and the framework for financial reporting which became effective for the current period:

- IAS 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1
- IAS 8 - Definition of Accounting Estimates - Amendments to IAS 8
- IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
- IFRS 16 - Lease Liability in a Sale and Leaseback - Amendments to IFRS 16

The adoption of the above amendments to accounting standards and framework did not have any effect on these condensed interim financial statements.

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements is in conformity with the approved accounting standards as applicable in Pakistan requires the management to make estimates, assumptions and use judgements that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

Estimates and judgements made by management in the preparation of these condensed interim financial statements are the same as those that were applied to the annual financial statements of the Company for the year ended June 30, 2024.

The Company follows the practice to conduct actuarial valuation as at year end. Hence, the impact of re-measurement of staff retirement benefit fund has not been incorporated in these condensed interim financial statements.

		(Un-audited) September 30, 2024	(Audited) June 30, 2024
		----- Rupees in '000 -----	
4	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	30,325,379	29,460,698
	Capital work-in-progress	5,159,928	6,666,574
	Right of use asset	291,602	353,600
		35,776,909	36,480,872
4.1	Operating fixed assets		
	Balance at the beginning of the period / year	29,460,698	26,600,371
	Addition during the period / year	1,545,098	5,400,766
		31,005,796	32,001,137
	Disposals during the period / year - net book value (NBV)	(4,231)	(36,314)
	Depreciation charged during the period / year	(676,187)	(2,504,125)
		(680,418)	(2,540,439)
	Balance at the end of the period / year	30,325,379	29,460,698

4.1.1 Details of addition and disposal are as follows:

	Additions (Cost)		Disposal (NBV)	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	September 30, 2024	June 30, 2024	September 30, 2024	June 30, 2024
	----- Rupees in '000 -----			
Land - Freehold	-	-	-	-
Land - Leasehold	-	-	-	-
Building on leasehold land	46,258	1,157,001	-	-
Plant and machinery	1,411,209	3,920,861	(2,447)	(30,612)
Electric fittings / equipment	68,975	211,523	-	(393)
Office equipment	11,852	39,446	(298)	(2,117)
Computers	6,804	42,127	-	(355)
Furniture and fixtures	-	15,413	-	(705)
Vehicles	-	14,395	(1,486)	(2,132)
	1,545,098	5,400,766	(4,231)	(36,314)

4.1.2 Depreciation on operating fixed assets for the period amounted to Rs. 676.18 million (September 30, 2023: Rs. 643.27 million).

	Note	(Un-audited)	(Audited)
		September 30, 2024	June 30, 2024
		----- Rupees in '000 -----	
4.2 Capital work-in-progress			
Balance at the beginning of the period / year		6,281,910	6,668,148
Addition during the period / year		848,769	4,840,661
		7,130,679	11,508,809
Transferred to operating fixed assets / expenses		(2,102,504)	(5,226,899)
		5,028,174	6,281,910
Advance given against purchase of fixed assets		107,644	363,535
Stand-by equipment		24,110	21,129
Balance at the end of the period / year		5,159,928	6,666,574
5 STOCK-IN-TRADE			
Raw material in			
in hand		4,700,669	4,407,269
in transit		1,986,709	2,482,302
		6,687,378	6,889,571
Work-in-progress		6,103,847	5,648,309
Finished goods		4,854,740	4,160,377
		17,645,965	16,698,257
6 TRADE DEBTS			
Considered good			
Export			
Secured	6.1	4,737,141	6,247,007
Unsecured		10,308,630	9,562,565
		15,045,771	15,809,572
Local			
Unsecured		216,137	157,835
		15,261,908	15,967,407
Considered doubtful		68,270	68,455
		15,330,178	16,035,862
Allowance for expected credit loss	6.2	(68,270)	(68,455)
		15,261,908	15,967,407
6.1 These are secured by way of letters of credit.			
		(Un-audited)	(Audited)
		September 30,	June 30,
		2024	2024
		----- Rupees in '000 -----	
6.2 Movement of allowance for expected credit loss is as follows:			
Balance at the beginning of the period / year		68,455	69,290
Charge for the period / year		(185)	(835)
Balance at the end of the period / year		68,270	68,455

7 LONG TERM FINANCING

This represents financing facilities obtained from various conventional and Islamic banks under Temporary Economic Refinance Facility (TERF), Long Term Finance Facility (LTFF) and Scheme for Renewable Energy by State Bank of Pakistan (SBP) repayable in five to ten years through semi-annual and quarterly installments. These carry mark-up at the SBP rate plus spread ranging from 0.45% to 4% (June 30, 2024: 0.45% to 4%) per annum. These facilities are secured against specific charge on plant and machinery of the Company.

The unutilized portion of SBP Financing Scheme for Renewable Energy is Rs. 241 million (June 30, 2024: Rs. 237 million). The financing facilities of LTFF and TERF are completely utilized.

	Note	(Un-audited)	(Audited)
		September 30, 2024	June 30, 2024
----- Rupees in '000 -----			
8 TRADE AND OTHER PAYABLES			
Creditors	8.1	6,597,377	7,863,483
Accrued liabilities		5,693,828	5,590,482
Workers' Profits Participation Fund		795	33,028
Workers' Welfare Fund		68,323	55,908
Derivative financial instruments		-	3,886
Contract liabilities		173,741	114,206
Refund liabilities		55,680	58,000
Payable to Provident Fund		33,066	36,210
Others		28,640	32,742
		<u>12,651,450</u>	<u>13,787,945</u>

8.1 This includes an amount of Rs. 1,245 million (June 30, 2024: Rs. 1,172.99 million) due to 1888 Mills LLC.

	Note	(Un-audited)	(Audited)
		September 30, 2024	June 30, 2024
----- Rupees in '000 -----			
9 SHORT TERM BORROWINGS			
Export re-finance			
Conventional		13,250,000	14,729,000
Islamic		4,645,000	5,166,000
	9.1	<u>17,895,000</u>	<u>19,895,000</u>
Foreign exchange loans against import facilities	9.2	<u>4,534,232</u>	<u>840,654</u>
		<u>22,429,232</u>	<u>20,735,654</u>

9.1 This represents export re-finance facilities from various conventional and Islamic banks carrying mark-up at the rates ranging from SBP export re-finance rate plus spread ranging from 0.50% to 1% (June 30, 2024: 0.50% to 1%) per annum and will expire by March 2025. These are secured against first pari-passu charge over stock-in-trade, receivables and other current assets of the Company. As of September 30, 2024, unutilized portion for this facility is Rs 1,155 million (June 30, 2024: Rs. 1,855 million).

9.2 This represents foreign exchange loan against import facilities from various conventional banks carrying mark-up at the rates ranging from 5.75% to 8.65% (June 30, 2024: 6% to 7%) per annum and will expire by March 2025. These are secured against first pari-passu charge over stock-in-trade, receivables and other current assets of the Company. As of September 30, 2024, unutilized portion for this facility is Rs. 1,362 million (June 30, 2024: Rs. 810 million).

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

No contingencies exist as at the reporting date.

10.2 Commitments

	(Un-audited)	(Audited)
	September 30, 2024	June 30, 2024
----- Rupees in '000 -----		
Outstanding letter of credit	10,184,346	4,994,152
Outstanding letter of guarantee	3,153,425	2,970,509
Capital expenditure	429,354	561,651
Post dated cheques	17,307,904	17,441,448
Commitments against various lease arrangements not later than 1 year	6,542	9,190

		Quarter Ended	
		September 30, 2024	September 30, 2023
		----- Rupees in '000 -----	
11	COST OF SALES	Note	
	Opening stock of finished goods		4,160,377
	Add: Cost of goods manufactured	11.1	3,087,914
			<u>13,576,921</u>
			18,403,254
	Less: Closing stock of finished goods		<u>(2,670,603)</u>
			<u>13,548,514</u>
11.1	Cost of goods manufactured		
	Raw material consumed	11.1.1	8,410,132
	Stores and spares consumed		1,713,580
	Salaries, wages and other benefits	11.1.2	2,375,763
	Fuel, power and water		1,350,310
	Insurance expense		15,352
	Repair and maintenance		27,678
	Communication and transportation		46,203
	Rent		4,796
	Depreciation		667,975
	Amortization		1,495
	Quality control and inspection		27,586
	Other manufacturing expenses		4,067
			<u>14,644,937</u>
	Opening work-in-process		4,172,233
	Closing work-in-process		<u>(5,240,249)</u>
			<u>13,576,921</u>
			<u>14,698,415</u>
11.1.1	Raw material consumed		
	Opening stock		8,189,437
	Purchases during the period		11,821,688
			<u>20,011,125</u>
	Less: Closing stock		<u>(11,600,993)</u>
			<u>8,410,132</u>
			<u>7,603,801</u>
			<u>14,493,373</u>
			<u>(6,687,378)</u>
			<u>7,805,995</u>
11.1.2	This includes an amount of Rs. 44.68 million (September 30, 2023: Rs. 33.52 million) in respect of staff provident fund and Rs 138.10 million in respect of staff gratuity fund (September 30, 2023: Rs. 96.63 million).		
12	OTHER EXPENSES		
	Exchange loss on financial instruments - net		69,271
	Workers' profit participation fund		50,994
	Workers' welfare fund		13,973
	Allowance for expected credit loss		484
	Loss on disposal of operating fixed asset - net		-
	Donations		7,700
	Auditors' remuneration		1,620
			<u>144,042</u>
			<u>21,816</u>
13	OTHER INCOME		
	Interest on conventional savings account		17,553
	Dividend income on open ended shariah compliant mutual funds		156,809
	Exchange gain on financial instruments - net		-
	Allowance for expected credit loss		184
	Gain on disposal of operating fixed asset - net		3,909
			<u>178,271</u>
			<u>538,479</u>
14	CASH AND CASH EQUIVALENTS		
	Cash and bank balances		711,393
			<u>923,475</u>
			<u>923,475</u>
15	TRANSACTIONS WITH RELATED PARTIES		

Related parties of the Company comprise associates, directors, major shareholders of the Company, key management personnel and employees' retirement funds. Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these condensed interim financial statements are as follows:

	Quarter ended	
	September 30, 2024	September 30, 2023
----- Rupees in '000 -----		
Associated companies		
Sale of goods	1,945,776	1,525,909
Purchase of goods and services	10,729	800
Marketing fee	551,440	665,596
Lease rentals	68,785	61,264
Donation	1,000	3,000
Directors		
Meeting fee	5,967	8,437
Key management personnel		
Remuneration paid	29,380	25,174
Post-employment benefits	1,553	1,269
Other related parties		
Contribution to staff provident fund	44,681	45,490
Contribution to staff gratuity fund	138,102	96,634

16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks. These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2024. There have been no change in any risk management policies since June 30, 2024.

17 FAIR VALUE OF ASSETS AND LIABILITIES

There were no transfers between level of fair value analysis of financial assets and liabilities during the period.

18 OPERATING SEGMENTS

These condensed interim financial statements have been prepared on the basis of a single reportable segment.

Revenue from export sales represents 96% (September 30, 2023: 98%) of the total gross revenue of the Company.

All non-current assets of the Company as at September 30, 2024 are located in Pakistan.

Sales made by the Company to its two major customers during the period constituted 48% (September 30, 2023: 56%) of the total sales.

19 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on October 29, 2024 by the Board of Directors of the Company.

20 GENERAL

20.1 Corresponding figures have been reclassified / rearranged wherever necessary for better presentation. However, there are no material reclassification / rearrangement to report.

20.2 All figures have been rounded-off to the nearest thousand rupees, unless otherwise stated.

Chief Financial Officer

Chief Executive Officer

Director