

AMTEX LIMITED

Third Quarterly Report

March 31, 2020



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Company Information

Board of Directors

Mr. Muhammad Ahsan
Mr. Khurram Iftikhar
Mr. Shahzad Iftikhar
Mr. Nadeem Iftikhar
Mr. Suhail Maqsood Ahmed
Mr. Gul Muhammad Naz
Mrs. Jawaria Ahsan

Chairman
Chief Executive Officer

Chief Financial Officer

Mr. Waheed Aslam

Company Secretary

Mr. Muhammad Raza Farooq

Audit Committee

Mr. Suhail Maqsood Ahmed
Mr. Muhammad Ahsan
Mrs. Jawaria Ahsan

Chairman

Human Resource & Remuneration Committee

Mr. Muhammad Ahsan
Mr. Suhail Maqsood Ahmed
Shahzad Iftikhar

Chairman

Auditors

Zahid Jamil & Co.
Chartered Accountants

Legal Advisor

Mr. Mushtaq Ahmed Khan
Advocate Supreme Court

Share Registrar Office

Vision Consulting Limited
3-C, LDA Flats, Lawrance Road, Lahore

Registered Office

P-225 Tikka Gali # 2 Montgomery Bazar, Faisalabad

Projects Locations

30-k.m. Shaiekhupura Road Faisalabad
Punj Pullian Daewoo Road Faisalabad

*Spinning Unit
Processing & Stitching Unit*

Website

www.amtextile.com

DIRECTORS' REPORT

The Board of Directors of Amtex Limited presents herewith the Directors' Report together with the Company's un-audited financial information for the half year ended March 31, 2020.

Financial Results

The financial results for the period under review with comparative figures of previous period are presented hereunder.

	Quarter ended March 31,		Period ended March 31,	
	2020	2019	2020	2019
	Rupees	Rupees	Rupees	Rupees
Sales	97,271,689	134,366,564	415,159,901	475,297,681
Cost of sales	112,656,478	156,214,401	484,053,092	550,579,422
Gross loss	(15,384,789)	(21,847,837)	(68,893,191)	(75,281,741)
Net loss for the period	(327,044,077)	(76,553,100)	(507,183,453)	(249,980,444)
Loss per share - Basic and diluted	(1.26)	(0.30)	(1.95)	(0.96)

During 1st nine months under review company incurred gross loss of Rs. 68.893 million as compared to gross loss of Rs. 75.281 million in the corresponding period of last year and net loss of Rs. 507.183 million as compared to net loss of Rs. 249.980 million in the corresponding period of last year. Sales volume has decreased as compared to previous corresponding period and the company's total sales are Rs. 415.159 million in nine months against sales of Rs. 475.297 million in the corresponding period of last year. Major reason of loss is recording of impairment loss arises after revaluation of plant & machinery, electric installation, factory & laboratory equipment. Further increase in input cost, under-utilization of manufacturing capacities, high energy cost, increased raw material cost, low exports and local sales have culminated in after tax loss of rupees 507.183 million.

Certain banks / financial institutions have filed suit against the Company for recovery of its financing and mark up so Company has not provided any markup / cost of funds on the outstanding amount as also stated in notes to the accounts. Based on the legal opinion, the Company feels that, after institution of the suit, bank/financial institution is only entitled to cost of funds if so awarded by the Court in case the suit is awarded against the company. The levy of cost of funds and the quantum thereof shall be contingent on passing of the decree and rate prescribed by the State Bank of Pakistan during the period of pendency of the claim and discharge of decree, if passed by the Court.

Future outlook

Due to Covid-19 pandemic all over the world and resultantly continuing lock down the economic activities are crippled and there are nationwide economic downfall. Lowest crude oil prices due to low consumption witnessed in the market. Almost all stock exchanges around the globe experiencing huge decline. All these factors may badly effect the businesses not only in the coming quarter but also in the next financial year. Although the Federal Government has announced rescue package to provide assistance to all sectors affected by the pandemic like refinance for wages & salaries, deferral of loan's principal repayments and issuance of refunds but recovery will be gradual upon actual realization of the supports announced by the Government.

Acknowledgement

The Directors of your Company would like to place on record their deep appreciation for the support of the customers, banks, financial institutions, regulators and shareholders and hope that this cooperation and support will also continue in future.

The Directors of your Company would also like to express their appreciation for the services, loyalty and efforts being continuously rendered by the executives, staff members and workers of the Company and hope that they will continue to do so in future.

For and on behalf of the Board



CHIEF EXECUTIVE

KHURRAM IFTIKHAR



DIRECTOR

SHAHZAD IFTIKHAR

Faisalabad
April 30, 2020

ڈائریکٹرز کی رپورٹ:

آپ کی کمپنی کے ڈائریکٹرز حضرات آپ کے روبرو نو ماہ کی رپورٹ مع مالی غیر آڈٹ شدہ گوشوارہ حساب برائے 31 مارچ 2020 پیش کرتے ہیں۔

مالی نتائج:

مالی نتائج برائے زیر غور نو ماہ مع موازنہ اعداد و شمار باہر بت سابقہ نو ماہ کو ذیل میں پیش کیا جاتا ہے:-

31 مارچ 2020 نو ماہ	31 مارچ 2019 نو ماہ	31 مارچ 2020 سہ ماہی	31 مارچ 2019 سہ ماہی
415,159,901	475,297,681	97,271,689	134,366,564
484,053,092	550,579,422	112,656,478	156,214,401
(68,893,191)	(75,281,741)	(15,384,789)	(21,847,837)
(507,183,453)	(249,980,444)	(327,044,077)	(76,553,100)
(1.95)	(0.96)	(1.26)	(0.30)

نو ماہ کے دوران کمپنی کی کل فروخت مبلغ 415.159 ملین روپے کی مد میں کل نقصان رقم مبلغ 68.893 ملین روپے ہوا جبکہ پچھلے نو ماہ کی کل فروخت مبلغ 475.297 ملین روپے اور کل نقصان مبلغ 75.281 ملین روپے ہوا تھا۔ نو ماہ کے دوران کمپنی کو بعد از ٹیکس ادائیگی مبلغ 507.183 ملین روپے کا خالص نقصان ہوا جبکہ پچھلے نو ماہ میں بعد از ٹیکس ادائیگی مبلغ 249.980 ملین روپے کا خالص نقصان ہوا تھا۔ نقصان کی بڑی وجہ پلانٹ اور مشینری بجلی کی تنصیبات فیکٹری اور لیبارٹری کے سامان کی ری ویلیوشن کے نتیجے میں پیدا ہونے والے Impairment Loss کو کاؤنٹس میں Incorporate کرنا ہے مزید برآں مینوفیکچرنگ سہولیات کا کم استعمال اور اسکے ساتھ بجلی کی قیمت میں اضافہ خام مال کی قیمتوں میں اضافہ اور برآمدات اور لوکل سٹاکز میں کمی کی وجوہات کی بنا پر کمپنی کو بعد از ادائیگی ٹیکس مبلغ 507.183 ملین روپے کے خسارے کا سامنا کرنا پڑا۔

کچھ بینکوں امانی ادارہ کی جانب سے سے کمپنی سے اپنی سرمایہ کاری رقم اور مارک اپ کی رقم کو وصول کرنے کے لیے مجاز عدالتوں میں دعویٰ دائر کیا گیا ہے لہذا کمپنی ایسے بینکوں کی واجب الادا قرض اور سرمایہ کاری کی رقم کی باہر مالی لاگت کو کاؤنٹس میں نہیں لے رہی اور اس رقم کی وضاحت کھاتہ جات کے نوٹس میں بیان کی گئی ہے۔ قانونی رائے پر اٹھارہ کھاتے ہوئے کمپنی کی جانب سے اس بات کو محسوس کیا گیا ہے کہ دعویٰ کے دائرہ ہونے کے بعد بینک امانی ادارہ کو صرف کمپنی سے فنڈ کی لاگت کی رقم کا استحقاق حاصل ہے اگر عدالت کی جانب سے دعویٰ کی نسبت بینک کو کمپنی کے خلاف فیصلہ مل جائے۔ اسلئے عدالتی فیصلوں کے التوا اور سٹیٹ بینک آف پاکستان کی جانب سے لاگت فنڈ کی فیصد متعین ہونے تک ایسے بینکوں کی واجب الادا قرض کی مالی لاگت کا تخمینہ نہیں لگایا جاسکتا۔

مستقبل کے امکانات:

دنیا بھر میں وبائی بیماری COVID-19 اور اس کے نتیجے میں جاری رہنے والے Lock Down کی وجہ سے معاشی سرگرمیاں عدم استحکام اور ملک گیر تعزلی کا شکار ہیں۔ کھپت کم ہونے کی وجہ سے مارکیٹ میں خام تیل کی کم ترین قیمتیں دیکھنے میں آ رہی ہیں۔ دنیا بھر کی تقریباً تمام اسٹاک پیچھے میں زبردست کمی کا سامنا ہے۔ یہ تمام عوامل نہ صرف آنے والی سہ ماہی میں بلکہ آئندہ مالی سال میں بھی کاروبار کو بری طرح متاثر کر سکتے ہیں۔ اگر چہ وفاقی حکومت نے وبائی امراض سے متاثرہ تمام شعبوں کے ریلیف کے لیے اجرت اور تنخواہوں کی ادائیگی کے لیے قرضہ جات قرضوں کے عمل زر کی ادائیگی کو موخر کرنا اور ریفنڈز کے اجراء جیسے امدادی پیکج کا اعلان کیا ہے لیکن صورت حال میں

بتدریج بہتری حکومت کی طرف سے اعلان کردہ مراعات کی اصل میں وصولی سے ہی ممکن ہے۔

توثیقی بیان :

آپ کی کمپنی کے ڈائریکٹر صاحبان کی جانب سے بینکوں، مالی اداروں، شراکت داروں اور ریگولیٹرز کی معاونت قابل تحسین ہے اور مستقبل میں بھی ایسی ہی امیدوارستہ کی جاتی ہے۔

نیز آپ کے کمپنی کے ڈائریکٹر صاحبان کی جانب سے کمپنی ہذا کے سٹاف اور ورکرز کا پختہ عزم، محنت اور مستقل مزاجی قابل تحسین ہے۔

خرم افشار

شعراذ افشار

چیف ایگزیکٹو

ڈائریکٹر


فیصل آباد

تاریخ: 30 اپریل 2020


AMTEX LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

	NOTE	UN-AUDITED MARCH 31 2020 RUPEES	AUDITED JUNE 30 2019 RUPEES
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	3	1,197,035,797	1,552,783,503
Right-of-use assets		40,863,713	70,175,160
Investment property - fair value		1,102,323,583	1,102,323,583
Long term deposits	4	50,719,526	50,719,526
		2,390,942,619	2,776,001,772
CURRENT ASSETS			
Stores, spares and loose tools		188,621,824	234,842,917
Stock in trade		639,876,430	693,575,967
Trade debts	5	131,034,439	200,656,695
Loans and advances		9,648,029	4,003,478
Deposits and prepayments		4,799,126	7,251,662
Other receivables		107,804,063	106,544,102
Tax refunds due from the Government		196,063,425	192,303,829
Cash and bank balances		168,631,409	162,688,117
		1,446,478,745	1,601,866,767
		3,837,421,364	4,377,868,539
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 260,000,000 (2019: 260,000,000) ordinary shares of Rs.10/- each		2,600,000,000	2,600,000,000
Issued, subscribed and paid up capital		2,594,301,340	2,594,301,340
Reserves		531,039,330	531,039,330
Accumulated loss		(12,848,720,441)	(12,345,995,985)
Surplus on revaluation of property, plant and equipment	6	834,048,426	867,699,951
		(8,889,331,345)	(8,352,955,364)
NON-CURRENT LIABILITIES			
Redeemable capital	7	-	-
Long term financing	8	501,466,392	874,689,239
Lease liabilities		-	-
Deferred liabilities		1,211,633,018	1,108,119,315
		1,713,099,410	1,982,808,554
CURRENT LIABILITIES			
Trade and other payables		214,246,304	279,030,327
Interest / markup payable		2,704,386,442	2,669,103,629
Short term borrowings	9	6,063,442,444	6,093,087,444
Current portion of non current liabilities		2,031,578,109	1,706,793,949
		11,013,653,299	10,748,015,349
Contingencies and commitments	10	-	-
		3,837,421,364	4,377,868,539

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.


 Khurram Iftikhar
 Chief Executive Officer


 Shahzad Iftikhar
 Director


 Waheed Aslam
 Chief Financial Officer

AMTEX LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED MARCH 31, 2020

	Note	Quarter ended March 31,		Period ended March 31,	
		2020	2019	2020	2019
		Rupees	Rupees	Rupees	Rupees
Sales		97,271,689	134,366,564	415,159,901	475,297,681
Cost of sales	11	112,656,478	156,214,401	484,053,092	550,579,422
Gross loss		(15,384,789)	(21,847,837)	(68,893,191)	(75,281,741)
Other income		7,429,276	6,740,000	18,211,658	12,820,000
		(7,955,513)	(15,107,837)	(50,681,533)	(62,461,741)
Selling and distribution expenses		3,895,105	3,842,666	10,087,128	11,747,011
Administrative expenses		259,558,222	8,290,833	285,820,622	29,982,168
Finance cost		53,022,082	46,401,711	151,795,484	137,113,897
		316,475,409	58,535,210	447,703,234	178,843,076
Loss for the period before taxation		(324,430,922)	(73,643,047)	(498,384,767)	(241,304,817)
Provision for taxation		2,613,155	2,910,053	8,798,686	8,675,627
Net loss for the period		(327,044,077)	(76,553,100)	(507,183,453)	(249,980,444)
Loss per share - Basic and diluted		(1.26)	(0.30)	(1.95)	(0.96)

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



Khurram Iftikhar
Chief Executive Officer



Shahzad Iftikhar
Director



Waheed Aslam
Chief Financial Officer

AMTEX LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31, 2020

	Quarter ended March 31,		Period ended March 31,	
	2020	2019	2020	2019
	Rupees	Rupees	Rupees	Rupees
Net loss for the period	(327,044,077)	(76,553,100)	(507,183,453)	(249,980,444)
Other comprehensive income for the period				
Revaluation surplus realized during the period	29,192,528		29,192,528	
Total comprehensive loss for the period	<u>(297,851,549)</u>	<u>(76,553,100)</u>	<u>(477,990,925)</u>	<u>(249,980,444)</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

 Khurram Iftikhar Chief Executive Officer	 Shahzad Iftikhar Director	 Waheed Aslam Chief Financial Officer
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AMTEX LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31, 2020

	Period ended March 31,	
	2020	2019
	Rupees	Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period before taxation	(498,384,767)	(241,304,817)
Adjustments for:		
Depreciation of property, plant and equipment	59,485,235	75,388,733
Provision for staff retirement gratuity	2,920,752	1,574,884
Impairment on operating fixed assets	253,918,047	-
(Gain) / loss on disposal of property, plant and equipment	(3,091,658)	2,300,000
Finance cost	151,795,484	137,113,897
Operating cash flows before working capital changes	<u>(33,356,907)</u>	<u>(24,927,303)</u>
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	46,221,093	74,409,197
Stock in trade	53,699,537	139,110,566
Trade debts	69,622,256	82,438,533
Loans and advances	(5,644,551)	3,847,830
Deposits and prepayments	2,452,536	361,909
Other receivables	(1,259,961)	(85,239)
Tax refunds due from the Government	(7,326,772)	(4,090,287)
Increase / (decrease) in current liabilities		
Trade and other payables	<u>(64,784,023)</u>	<u>(7,871,606)</u>
Cash generated from operations	<u>59,623,208</u>	<u>263,193,600</u>
Income tax paid	(5,231,510)	(6,016,863)
Finance cost paid	(15,919,719)	(10,217,466)
Staff retirement gratuity paid	-	(855,850)
Net cash generated from operating activities	<u><u>38,471,979</u></u>	<u><u>246,103,421</u></u>
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of		
Property, plant and equipment	<u>45,555,000</u>	<u>23,500,000</u>
Net cash generated from investing activities	<u><u>45,555,000</u></u>	<u><u>23,500,000</u></u>
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(47,516,510)	(200,857,794)
Lease liability paid	(922,177)	-
Short term borrowings - net	<u>(29,645,000)</u>	<u>(55,695,444)</u>
Net cash used in financing activities	<u><u>(78,083,687)</u></u>	<u><u>(256,553,238)</u></u>
Net increase in cash and cash equivalents (a+b+c)	5,943,292	13,050,183
Cash and cash equivalents at the beginning of the period	162,688,117	143,771,493
Cash and cash equivalents at the end of the period	<u><u>168,631,409</u></u>	<u><u>156,821,676</u></u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.


Khurram Iftikhar
Chief Executive Officer


Shahzad Iftikhar
Director


Waheed Aslam
Chief Financial Officer

AMTEX LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2020

	Issued, subscribed and paid up capital	Capital reserves			Revenue reserves		Total
		Merger reserve	Share premium	Surplus on revaluation of property, plant and equipment	General reserve	Accumulated loss	
-Rupees -							
Balances as at July 01, 2018	2,594,301,340	98,039,330	183,000,000	875,804,593	250,000,000	(12,092,125,616)	(8,090,980,353)
Loss for the year from continuing operations	-	-	-	-	-	(249,980,444)	(249,980,444)
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	(249,980,444)	(249,980,444)
Transfer to accumulated loss in respect of surplus realized on disposal of assets during the year	-	-	-	(792,616)	-	792,616	-
Transfer to accumulated loss in respect of incremental depreciation for the year	-	-	-	(5,782,846)	-	5,782,846	-
	-	-	-	(6,575,462)	-	6,575,462	-
Balances as at March 31, 2019	2,594,301,340	98,039,330	183,000,000	869,229,131	250,000,000	(12,335,530,598)	(8,340,960,797)
Loss for the year from continuing operations	-	-	-	-	-	(12,738,510)	(12,738,510)
Other comprehensive income for the year	-	-	-	-	-	743,943	743,943
Total comprehensive loss for the year	-	-	-	-	-	(11,994,567)	(11,994,567)
Transfer to accumulated loss in respect of loss realized on disposal of assets during the year	-	-	-	462,459	-	(462,459)	-
Transfer to accumulated loss in respect of incremental depreciation for the year	-	-	-	(1,991,639)	-	1,991,639	-
	-	-	-	(1,529,180)	-	1,529,180	-
Balances as at June 30, 2019	2,594,301,340	98,039,330	183,000,000	867,699,951	250,000,000	(12,345,995,985)	(8,352,955,364)
Loss for the year from continuing operations	-	-	-	-	-	(507,183,453)	(507,183,453)
Surplus adjustment on revaluation	-	-	-	(29,192,528)	-	-	(29,192,528)
Total comprehensive loss for the year	-	-	-	(29,192,528)	-	(507,183,453)	(536,375,981)
Transfer to accumulated loss in respect of incremental depreciation for the year	-	-	-	(4,458,997)	-	4,458,997	-
	-	-	-	(4,458,997)	-	4,458,997	-
Balances as at March 31, 2020	2,594,301,340	98,039,330	183,000,000	834,048,426	250,000,000	(12,848,720,441)	(8,889,331,345)

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

 Khurram Itikhar Chief Executive Officer	 Shahzad Itikhar Director	 Waheed Aslam Chief Financial Officer
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AMTEX LIMITED

NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL INFORMATION

FOR THE PERIOD ENDED MARCH 31, 2020

1. STATUS AND ACTIVITIES

1.1 Amtex Limited (the Company) is a public limited company incorporated in Punjab, Pakistan under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange limited (formerly Karachi Stock Exchange Limited) in Pakistan. The registered office of the Company is situated at P-225, Tikka Gali No. 2, Montgomery Bazar, Faisalabad. The principal business of the Company is export of all kinds of value added fabrics, textile made-ups, casual and fashion garments duly processed. The Company is also engaged in the business of manufacturing and sale of yarn and fabrics on its own & conversion basis. The cloth processing and stitching units are located at punj pullian daewoo road, District Faisalabad and spinning unit is located at 30 KM Sheikhpura Road, Khurrianwala, District Faisalabad, in the province of Punjab.

1.2 Pursuant to scheme of arrangement approved by the Honorable Lahore High Court, Lahore, assets, liabilities and reserves of Amtex Spinning Limited were merged with the assets, liabilities and reserves of the Company with effect from April 01, 2003.

The Company has incurred loss before taxation of Rs. 498,384,767/- and its sales have also been significantly decreased during the period as compared to previous corresponding period. The drop in the production and sale is due to under-utilization of production capacity because of lack of profitable local and export sale orders due to higher operating cost of textile industry in Pakistan and lack of financial support from banks. Further Company has also carried out revaluation of Plant and Machinery, electric installation, laboratory and factory equipments by an independent valuer and account for an impairment loss of Rs 253.918 million and same has grouped in administrative expenses. Due to unfavorable textile market conditions, the Company is facing tight cash flow situation and has not been able to comply with the terms of certain loan agreements. The Company is in litigation with Sukuk unit holders and certain other banks / financial institutions have also filed suit against the company for recovery of their outstanding debts.

1.3 Plans have been made to continue the Company as a going concern and in order to mitigate aforementioned factors members of the Company has accorded approval, in an Extra Ordinary General Meeting, to sale certain properties and machinery, mortgaged with banks, the entire such sale proceeds will be paid to relevant charge holder banks further as approved by members in said Extraordinary General Meeting Company has leased out the land and buildings of Processing Division for a period of thirty three years to generate revenue from lease rent. Yearly rent has been agreed Rupees 20,160,000/- alongwith 15% increase after every three years. Further, the management is, hopeful that with the improvement of textile market along with removal of gas price differential in the Punjab Province bringing the gas price down to the price in other provinces will reduce the operating cost and the production and operating results will improve. The management of the Company has already taken steps for extension and restructuring of loans. The certain bankers of the Company have agreed to restructure the facilities and negotiations with other banks are in process. There is material uncertainty related to events or conditions which may cast significant doubt about the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. The management is confident that it will be successful in its efforts and hence the Company will be able to continue as a going concern.

1.4 This condensed interim financial information is 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 This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, 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 (ICAP) as notified under the Companies Act, 2017; and

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

These condensed interim financial statements are unaudited and are being submitted to the shareholders, as required under section 237 of Companies Act, 2017 and should be read in conjunction with audited annual financial statements of the Company for the year ended June 30, 2019.

2.2 Accounting policies

2.2.1 The significant accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2019.

2.2.2 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected annual profit or loss.

2.2.3 Actuarial valuations are carried out on annual basis. The last actuarial valuation was carried out on June 30, 2019. The impact of remeasurement of post-employment benefit plans has not been incorporated in the condensed interim financial statements.

2.3 IFRS 16 - Leases

IFRS 16 - Leases replaces the lease standard "IAS 17 Leases" it will result in almost all leases being recognized on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, as an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short term and low value leases. The associated Right-of-use (ROU) for finance leases were measured on a retrospective basis as if the new rules had always been applied. The recognized right-of-use assets only relates to the motor vehicles.

Management of the Company has assessed the changes laid down by these standards and determined that these do not have any significant impact on these condensed interim financial statements of the Company.

The change in accounting policy affected the following items in the statement of financial position.

Note	Un-audited 31 Marh 2020	Audited 30 June 2019
Property, Plant and Equipment - decreased by	(40,863,713)	(70,175,160)
Right-of-use asset - increased by	40,863,713	70,175,160
Liability against assets subject to finance lease/ Ijarah facility - decreased by	(67,326,108)	(68,248,285)
Lease liabilities - increased by	67,326,108	68,248,285

2.4 Accounting estimates, judgements and financial risk management

2.4.1 The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

However, management believes that the change in outcome of judgements, estimates and assumptions would not have a material impact on the amounts disclosed in this condensed interim financial information.

2.4.2 Judgements and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2019.

2.4.3 The company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2019.

	Note	Un-audited March 31, 2020 Rupees	Audited June 30, 2019 Rupees
3. Property, plant and equipment			
Operating fixed assets	3.1	1,197,035,797	1,552,783,503
3.1. Operating fixed assets			
Opening written down value		1,552,783,503	1,672,627,573
Deletions during 9 months / 12 months	3.1.1	(43,818,327)	(30,300,000)
Depreciation charge for 9 months / 12 months		(54,928,690)	(93,648,820)
Revaluation surplus adjustment		(4,726,277)	-
Impairment loss		(253,629,396)	-
Depreciation adjustment for disposal		1,354,984	4,104,750
Closing written down value		1,197,035,797	1,552,783,503
3.1.1. Deletions during 9 months / 12 months			
Plant & machinery		42,792,327	30,300,000
Vehicles		1,026,000	-
		43,818,327	30,300,000
3.1.2. Plant and machinery, Electric installation, laboratory and factory equipments has been revalued by an independent valuer in January 2020 and impairment loss arises has grouped in administrative expenses..			
4. Long term deposits			
Against utilities		41,345,029	41,345,029
Against TFC		9,374,497	9,374,497
		50,719,526	50,719,526
5. Trade debts			
Considered good			
Unsecured			
Foreign		27,484,966	62,100,520
Local		103,549,473	138,556,175
		131,034,439	200,656,695
Considered doubtful			
Unsecured			
Foreign		7,041,998,879	7,041,998,879
Less: Provision for doubtful debts		(7,041,998,879)	(7,041,998,879)
		-	-
		131,034,439	200,656,695
5.1. The aging of trade debts as at balance sheet date is as under:			
Not past due		44,357,619	200,656,695
Past due within one year		86,676,819	-
Past due more than one year		7,041,998,880	7,041,998,879
		7,128,675,699	7,041,998,879
		7,173,033,318	7,242,655,574
6. Surplus on revaluation of Property, Plant and Equipments			

This represents surplus on revaluation of freehold land, building on freehold land, plant and machinery, electric installations and factory equipment. Revaluation of freehold land on market value basis and building on freehold land, plant and machinery, electric installations and factory equipment on depreciated replacement values basis was carried out by independent valuers M/S Observers (Private) Limited as at June 03, 2004 and by M/S BFA (Private) Limited as at June 30, 2009 and by M/S Empire Enterprise Private Limited as at December 31, 2012 and by M/S Gulf Enterprise as at June 30, 2017. Further revaluation of plant & machinery, electric installations, factory & laboratory equipments was also carried out by independent valuer M/S Gulf Enterprises in January 2020.

7. Redeemable capital

Secured			
Sukuk certificates	7.1	-	-
Less : Adjusted during the year		-	-
		<u>-</u>	<u>-</u>

- 7.1 The Company had filed suit under Financial Institutions (Recovery of Finances) Ordinance, 2001 against the sukuk unit holders in the Honorable Lahore High Court and prayed for declaration of undertaking to purchase the sukuk units at a pre-agreed price as void, unlawful and satisfaction of obligations against the existing amounts paid. The Company has also sought relief of suspension of operation of the undertaking and the bank guarantee issued there under till the final decision of the suit.

As per two different interim orders of The Honorable Lahore High Court, Lahore guarantor has deposited the amount of guarantee against all overdue rentals, as claimed by the sukuk unit holders amounting Rs. 529,734,801, in an escrow account opened by the Deputy Registrar (Judicial) to secure the payments due under sukuk arrangement. The payable sukuk rentals, as claimed by the sukuk holders, have been adjusted in these financial statements against the amounts paid by the guarantor, however, due to pending litigation, sukuk unit holders have not received these payments and sukuk unit holders have not acknowledged the adjustment of sukuk rentals.

Further, in its final order The Honorable Lahore High Court, Lahore has dismissed the above referred suit, with no findings on the issue and prayer of the Company, stating that this Court lacks jurisdiction under Financial Institutions (Recovery of Finances) Ordinance, 2001 and the plaint is returned to the plaintiff (Company) to be presented to the court in which the suit should have been instituted. Being aggrieved Company has filed first appeal against this order before Division Bench of Honorable Lahore High Court, Lahore and same is pending for adjudication and in its interim order Division Bench has passed stay order that no amount will be withdrawn, paid by the guarantor, from escrow account opened by the Deputy Registrar (Judicial) up till further orders in this matter.

	Note	Un-audited March 31, 2020 Rupees	Audited June 30, 2019 Rupees
8. Long term financing			
Secured			
From banking companies and financial institutions			
Under mark up arrangements			
Demand finance	8.1	2,166,037,235	2,202,026,235
Term finance		-	-
Long term finances under SBP	8.2	19,176,163	19,176,163
Syndicated term finance		10,500,000	10,500,000
Morabaha finance	8.3	13,399,072	19,301,582
Morabaha finance II		104,000,000	104,000,000
Not subject to markup			
Demand finance		152,605,923	158,230,923
		<u>2,465,718,393</u>	<u>2,513,234,903</u>
Less: Current portion			
Installments due / overdue		(1,447,895,705)	(965,411,608)
Payable within one year		(516,356,296)	(673,134,056)
		<u>(1,964,252,001)</u>	<u>(1,638,545,664)</u>
		<u>501,466,392</u>	<u>874,689,239</u>

- 8.1 These are secured against specific charges on fixed assets, first charge over fixed and current assets ranking pari passu with the charges created in respect of short term borrowings, ranking charge over fixed assets and equitable and registered mortgage of properties of the Company and its associates. These are further secured against ranking charge over current assets, pledge of sponsor's 45 million shares in the Company, counter bank guarantee of Rs. 340 million and personal guarantee of all directors of the Company. Bank guarantee is secured against first charge over current assets of the Company.
- 8.2 The effective rate of mark up ranges from 5.00% to 7.01% per annum (June 30, 2019: 4.53% to 7.00% per annum).

- 8.3 It represents principal amount of restructured outstanding loans from First National Bank Modaraba as Company has negotiated the settlement terms and entered into Settlement Agreement (“Agreement”) during the period, in respect of outstanding Principal Liability and Markup Liability. As per terms of the Agreement, Company shall pay a settlement amount of Rs 34.43 million as full and final settlement of liabilities i.e. principal, outstanding contractual markup, future cost of funds and cost of suit. As per terms of the Agreement outstanding principal liability amounting to rupees 19.22 million is payable within two years in eight equal quarterly installments of rupees 1,902,510 after making an immediate down payment of rupees 4 million. Outstanding contractual markup along with future cost of funds at the rate of 11% and expenses of suit in aggregate amounting to rupees 15.210 million shall payable in six equal quarterly installments of rupees 2,535,109 at tail end after adjustment of entire principal liability.

Period	Nature	Installment	Date	Amount (PKR)
Year I	Principal	Down Payment	27.08.2019	4,000,000
	Principal	1st Q	27.11.2019	1,902,510
	Principal	2nd Q	27.02.2020	1,902,510
	Principal	3rd Q	27.05.2020	1,902,510
	Principal	4th Q	27.08.2020	1,902,510
Year II	Principal	5th Q	27.11.2020	1,902,510
	Principal	6th Q	27.02.2021	1,902,510
	Principal	7th Q	27.05.2021	1,902,510
	Principal	8th Q	27.08.2021	1,902,510
Year III	Markup+ COF	In six equal quarterly Installments of rupees 2,535,109 each		15,210,652

- 8.4 As per terms of agreement with a bank, the recommendation, declaration and payment of dividend is subject to prior written approval of the bank.

9. Short term borrowings

- 9.1. The aggregate unavailed borrowing facilities available to the Company are Rs. Nil (June 30, 2019: Rs. Nil).
- 9.2. Short term borrowings, excluding cash finances are secured against lien on export documents, hypothecation of current assets, first charge over current assets ranking pari passu with the charges created in respect of long term financing and ranking charge over current assets of the Company.

These are further secured against first charge over fixed assets ranking pari passu with the charges created in respect of long term financing, ranking charge over fixed assets and by personal guarantee of directors of the Company. Cash finances are secured against pledge of stocks and personal guarantee of directors of the Company.

The effective rate of mark up charged during the period / year ranges from 5.00% to 15.04% per annum (June 30, 2019: 5.00% to 20.00% per annum).

10. Contingencies & commitments

10.1. Contingencies

- a. There is no material change in the status of contingencies as disclosed in note # 26 of the financial statements for the year ended June 30, 2019 except following:
- b. The Company has not fully recognized mark up on long and short term financing due to pending litigations and also due to settlements with other banks.

10.2. Commitments

Collector of custom

Un-audited	Audited
March 31,	June 30,
2020	2019
Rupees	Rupees

3,293,869

2,696,922

	Note	Quarter ended March 31,		Period ended March 31,	
		2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
11. Cost of sales					
Cost of goods manufactured	11.1	108,354,437	150,349,887	460,023,018	510,700,070
Finished goods					
Opening stock		298,403,111	328,270,656	318,131,144	362,285,494
Closing stock		(294,101,070)	(322,406,142)	(294,101,070)	(322,406,142)
		4,302,041	5,864,514	24,030,074	39,879,352
		112,656,478	156,214,401	484,053,092	550,579,422
11.1					
Raw material consumed		40,406,309	60,696,534	171,089,259	152,006,823
Salaries, wages and benefits		9,487,313	14,465,662	45,591,727	51,305,952
Staff retirement benefits		780,512	608,551	2,920,752	1,574,884
Stores and spares		3,533,922	5,376,702	9,177,728	18,068,491
Dyes and chemicals		12,135,421	14,754,642	75,120,474	101,255,479
Packing material		5,100,140	485,328	20,759,352	21,464,300
Conversion and processing charges		17,491,201	19,647,969	56,163,535	51,872,915
Engraving and wadding		-	-	-	-
Repairs and maintenance		153,445	998,505	987,032	1,704,828
Fuel and power		4,134,885	3,355,340	13,410,601	11,650,781
Insurance		-	-	-	-
Depreciation		13,471,725	23,690,355	58,024,671	73,591,066
Other		730,002	1,372,671	3,178,695	3,316,461
		107,424,875	145,452,259	456,423,826	487,811,980
Work in process					
Opening stock		13,545,110	24,115,753	16,214,740	42,106,215
Closing stock		(12,615,548)	(19,218,125)	(12,615,548)	(19,218,125)
		929,562	4,897,628	3,599,192	22,888,090
		108,354,437	150,349,887	460,023,018	510,700,070
12. Overdue loans					

On the reporting date the installments of long term finances amounting to Rs. 1964.252 million alongwith mark up of Rs. 185.106 million, lease finance amounting to Rs. 67.326 million alongwith mark up of Rs. 18.775 million and short term borrowings amounting to Rs. 6,063.442 million alongwith mark up of Rs. 2,483.359 million were over due.

On reporting date, the carrying amount of loans relevant to above overdue are, long term finances of Rs. 2465.718 million, lease finance of Rs. 67.326 million and short term borrowings of Rs. 6,063.442 million.

Overdue installment of loans amounting to Rs. Nil paid subsequently.

13. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, directors of the company and key management personnel. The company in the normal course of business carries out transaction with related parties. The transactions with related parties other than those disclosed in relevant notes are as follows;

Relationship with the Party	Nature of transactions	Un-audited	Audited
		March 31, 2020 Rupees	June 30, 2019 Rupees
Associated undertakings	-Services acquired	-	9,416,310
	- Purchase	-	4,612,882
	- Rentals	15,120,000	21,200,000
	- Rent Receivable	19,780,000	21,357,000
Key management personnel	Remuneration to Directors	1,800,000	2,400,000

14. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 30, 2020 by the Board of Directors of the Company.

15. GENERAL

- 15.1** In order to comply with the requirements of IAS 34, the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flow have been compared with the balances of comparable period of immediately preceding financial year.
- 15.2.** Provision for taxation are based on this condensed interim financial information and is subject to adjustments in annual financial statements.
- 15.3.** Figures have been rounded off to the nearest Rupee.



Three handwritten signatures are displayed on a light background. The first signature is on the left, with the name "Khurram Iftikhar" and the title "Chief Executive Officer" printed below it. The second signature is in the center, with the name "Shahzad Iftikhar" and the title "Director" printed below it. The third signature is on the right, with the name "Waheed Aslam" and the title "Chief Financial Officer" printed below it.

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