

INTERIM FINANCIAL REPORT  
For the Nine Months ended  
March 31, 2020

**KHALID SIRAJ**  
Textile Mills Limited



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## Company Information

Chief Executive Officer	-	Mian Tayyab Iqbal
Directors	-	Mian Iqbal Barkat
	-	Mian Hassan Barkat
	-	Mian Tahir Iqbal
	-	Mrs. Abida Iqbal
	-	Mrs. Rafia Hassan.
	-	Mrs. Rukhsana Arif.
Audit Committee		
Chairman	-	Mrs. Rukhsana Arif
Members	-	Mrs. Rafia Hassan.
	-	Mian Tahir Iqbal
HR Committee		
Chairman	-	Mian Tahir Iqbal
Members	-	Mian Hassan Barkat
	-	Mrs. Abida Iqbal
Company Secretary	-	Haji Tariq Samad
Auditors	-	Kamran & Co. Chartered Accountants A/2, Ingola Appartments, 24-Jail Road, Lahore.
Bankers	-	National Bank of Pakistan Dubai Islamic Bank Pakistan Limited Habib Metropolitan Bank Limited Silk Bank Pakistan Ltd Meezan Bank Limited
Chief Financial Officer	-	Mr. Nabeel Ahmed
Legal Advisor	-	Mr. Majid Ali Rana (Advocate)
Share Registrar	-	M/s. Corplink (Pvt) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore. Ph: 042-35916714, Fax: 042-35869037
Registered Office	-	135-Upper Mall, Lahore.
Website Address	-	<a href="http://www.kstml.com">www.kstml.com</a>
Mills	-	48-K.M, Lahore-Multan Road, Phool Nagar (Bhai Pheru), Tehsil Pattoki, Distt. Kasur.

## Directors' Report

The Board of Directors of your Company is pleased to present before you the Condensed Interim Financial Information (Un-Audited) for the Nine Months period ended on March 31, 2020. The Condensed interim financial Information has been prepared in compliance with IAS – 34 “Interim Financial Reporting” and the Companies Act, 2017.

### Financial Highlights

	(Rupees in million)			
	Nine Months ended	Nine Months ended	Quarter ended	Quarter ended
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
– Loss after tax	15.294	22.194	5.065	7.418
– Depreciation	19.784	22.193	6.595	7.418
– Deferred Tax	4.685	0.000	1.562	0.000
– Cash Loss	0.196	0.001	0.032	0.000

Today the entire world, and our country also, has been affected by COVID-19. Its devastating impact on our daily life including the economy is now evident and future appears to be challenging. We are unable at this time to assess how prevailing situation will impact the Company's operation to start. Your Company shutdown continues due to the instruction from provincial government considering the health and safety of its employees and stakeholders.


### Future Outlook / Strategy

The uncertainty, given Pakistan's fragile economic situation, led to further depreciation of PKR by 8% against US dollar, while the Stock exchange came crash down to 29,232 on 31<sup>st</sup> March 2020. On 24<sup>th</sup> March, Government reduced its policy rate by 225 bps to 11% by 13.25%. However, the management is putting its best professional efforts for turnaround of the project and to get it operational as climate become favorable by government. The sponsors and the management have faith and belief in the textile business.

### Acknowledgement:

We are grateful to all our stakeholders exclusively the bankers for their ongoing support and the employees of the company for their commitment and hard work.

For and on behalf of the Board



**Mian Tayyab Iqbal**  
Chief Executive



**Mian Tahir Iqbal**  
Director

Lahore:  
Dated: 28<sup>th</sup> April, 2020

مجلسِ نطماء کی رپورٹ

آپ کی کمپنی کی مجلسِ نطماء 31 مارچ 2020ء کو ختم ہونے والی نوامی کی مجموعی عبوری مالی معلومات (غیر جانچ شدہ) پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ مجموعی عبوری مالی معلومات IAS-34 "عبوری مالی رپورٹنگ" اور کنڈینز ایکٹ 2017 کی تعمیل میں تیار کی گئی ہیں۔

مالیاتی نتائج

31 مارچ 2020ء مختتمہ نوامی (روپے ملین میں)	31 مارچ 2019ء مختتمہ نوامی (روپے ملین میں)	31 مارچ 2020ء مختتمہ نوامی (روپے ملین میں)	31 مارچ 2019ء مختتمہ نوامی (روپے ملین میں)	
15.294	22.194	5.065	7.418	بعد از ٹیکس نقصان
19.784	22.193	6.595	7.418	قدر میں کمی
4.685	0.000	1.562	0.000	ملتی ٹیکس
0.196	0.001	0.032	0.000	انقد نقصان

آج پوری دنیا اور ہمارا ملک بھی COVID-19 سے متاثر ہوا ہے۔ معیشت سمیت ہماری روزمرہ کی زندگی پر اس کے تباہ کن اثرات واضح ہیں اور مستقبل مشکل ہوتا نظر آ رہا ہے۔ ہم اس وقت یہ اندازہ کرنے سے قاصر ہیں کہ موجودہ صورتحال کمپنی کے آپریشن پر کس طرح اثر انداز ہوگی۔ اپنے ملازمین اور اسٹیک ہولڈرز کی صحت اور حفاظت کی خاطر صوبائی حکومت کی ہدایت کے مطابق آپ کی کمپنی مسلسل بند ہے۔

مستقبل کا نقطہ نظر/ حکمت عملی

غیر یقینی صورتحال، پاکستان کی نازک معاشی صورتحال کے پیش نظر، امریکی ڈالر کے مقابلے میں پاکستانی روپیہ کی قیمت مزید 8 فیصد کم ہو گئی، جبکہ اسٹاک ایکسچینج 31 مارچ 2020ء کو گر کر 29,232 پوائنٹس پر آ گئی۔ 24 مارچ کو، حکومت نے پالیسی شرح بحساب 225 بی پی ایس کم کر کے 13.25 فیصد سے 11 فیصد کر دی۔ تاہم، انتظامیہ حکومت کی طرف سے ماحول موافق ہونے کے بعد منصوبے کی تبدیلی اور اس کو عملی شکل دینے کے لئے اپنی بہترین پیشہ ورانہ کوششیں کر رہی ہے۔ سپانسرز اور انتظامیہ کا ٹیکسٹائل کے کاروبار میں اعتماد اور یقین ہے۔

اظہار تشکر

بورڈ اپنے بینکاروں کے مسلسل تعاون اور کمپنی کے تمام ملازمین کی لگن اور سخت محنت کی تعریف کرتے ہوئے خوشی محسوس کرتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

طاہر اقبال  
چیئرمین

میاء طیب اقبال  
چیف ایگزیکٹو آفیسر


لاہور:

مورخہ: 28 اپریل 2020ء


**KHALID SIRAJ TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**  
**As at March 31, 2020**

	Note	Un-Audited Mar 31, 2020 Rupees	Audited Jun 30, 2019 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital 12,000,000 (30 June 2019: 12,000,000) ordinary shares of Rs. 10 each		120,000,000	120,000,000
Share capital	5	107,000,000	107,000,000
Accumulated loss		(456,234,451)	(452,411,463)
Surplus on revaluation of property, plant and equipment		208,276,688	219,747,944
		(140,957,763)	(125,663,519)
<b>Non-current liabilities</b>			
Long term finances	6	226,769,487	226,769,487
Deferred liabilities		35,981,348	40,666,790
		262,750,835	267,436,277
<b>Current liabilities</b>			
Trade and other payables		113,381,877	113,306,877
Unclaimed dividend	7	24,058,182	24,058,182
Mark-up accrued		16,790,575	16,790,575
Short term borrowings		68,180,179	68,180,179
		222,410,813	222,335,813
<b>CONTINGENCIES AND COMMITMENTS</b>			
		-	-
		344,203,885	364,108,571
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	313,772,156	333,556,140
Long-term deposits		2,001,000	2,001,000
Long-term advances		15,650,727	15,650,727
		331,423,883	351,207,867
<b>Current assets</b>			
Stores, spare parts and loose tools		12,147,495	12,147,495
Trade debts		-	-
Trade deposits and short-term prepayments		507,100	507,100
Cash and bank balances		125,407	246,109
		12,780,002	12,900,704
		344,203,885	364,108,571

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

**KHALID SIRAJ TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT /**  
**STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2020**

Note	Nine Months ended		Quarter ended	
	Mar 31, 2020	Mar 31, 2019	Mar 31, 2020	Mar 31, 2019
	Rupees		Rupees	
Operating expenses				
Administrative and selling expenses	(195,702)	-	(32,542)	-
Other operating expenses	(19,783,984)	(22,192,715)	(6,594,661)	(7,417,905)
	(19,979,686)	(22,192,715)	(6,627,203)	(7,417,905)
Finance cost	-	(1,308)	-	-
Loss before taxation	(19,979,686)	(22,194,023)	(6,627,203)	(7,417,905)
Taxation	4,685,442	-	1,561,813	-
Loss after taxation	(15,294,244)	(22,194,023)	(5,065,390)	(7,417,905)
Total comprehensive loss	(15,294,244)	(22,194,023)	(5,065,390)	(7,417,905)
Loss per share - basic and diluted	(1.43)	(2.07)	(0.47)	(0.69)

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer


**KHALID SIRAJ TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2020**

	Share capital	Accumulated loss	Revaluation surplus on property, plant and equipment	Total Equity
	-----Rupees-----			
Balance as at 30 June 2018	107,000,000	(429,101,703)	234,279,097	(87,822,606)
<i>Total comprehensive loss for the nine months period ended 31 March 2019</i>				
Loss for the period	-	(22,194,023)		(22,194,023)
Incremental depreciation on revaluation of property, plant and equipment for the period (net of deferred taxation)	-	12,551,135	(12,551,135)	-
Balance as at 31 March 2019	107,000,000	(438,744,591)	221,727,962	(110,016,629)
<i>Total comprehensive loss for the three months period ended 30 June 2019</i>				-
Loss for the period	-	(18,089,652)		(18,089,652)
Incremental depreciation on revaluation of property, plant and equipment for the period (net of deferred taxation)	-	4,422,780	(4,422,780)	-
Revaluation surplus on property, plant and equipment for the year (net of tax)			2,442,762	2,442,762
Balance as at 30 June 2019	107,000,000	(452,411,463)	219,747,944	(125,663,519)
<i>Total comprehensive loss for the nine months period ended 31 March 2020</i>				-
Loss for the period	-	(15,294,244)		(15,294,244)
Incremental depreciation on revaluation of property, plant and equipment for the period (net of deferred taxation)	-	11,471,256	(11,471,256)	-
Balance as at 31 March 2020	<u>107,000,000</u>	<u>(456,234,451)</u>	<u>208,276,688</u>	<u>(140,957,763)</u>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

**KHALID SIRAJ TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2020**

	----- Nine months ended -----	
	Mar 31, 2020	Mar 31, 2019
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(19,979,686)	(22,194,023)
Adjustments for non-cash charges / items:		
Depreciation of property, plant and equipment	19,783,984	21,960,892
Finance cost	-	1,308
	19,783,984	21,962,200
Loss before working capital changes	(195,702)	(231,823)
Working capital changes		
(Increase) / Decrease in current assets	-	-
(Decrease) in trade and other payables	75,000	55,143
	75,000	55,143
Cash used in operations	(120,702)	(176,680)
Income tax paid	-	-
Finance cost paid	-	(1,308)
<b>Net cash used in operating activities</b>	(120,702)	(177,988)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds (net) of long term finances	-	87,476
<b>Net cash in flow from financing activities</b>	-	87,476
<b>Net decrease in cash and cash equivalents</b>	(120,702)	(90,512)
Cash and cash equivalents at beginning of period	246,109	683,824
<b>Cash and cash equivalents at end of period</b>	125,407	593,312

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

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**KHALID SIRAJ TEXTILE MILLS LIMITED**  
**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL**  
**INFORMATION (UN-AUDITED)**  
**FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2020**

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**1 STATUS AND ACTIVITIES**

1.1 Khalid Siraj Textile Mills Limited (the "Company") was incorporated in Pakistan as a public limited company on 17 January 1988 under the repealed Companies Ordinance, 1984 and is quoted on Pakistan Stock Exchange.

Registered office of the Company is situated at 135, Upper Mall, Lahore. The project of the Company is located at 48 KM, Lahore Multan Road, Phool Nagar (Bhai Pheru), Tehsil Pattoki, District Kasur.

The principle business of the Company is manufacturing and sale of yarn and the other related / allied operations.

**1.2 Going concern assumption**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business.

The Company incurred a net loss for the period ended of Rs. 15,294,244 (Mar 2019: Rs. 22,194,023) resulting in accumulated losses at the end of the period of Rs. 456,234,451 (June 2019: Rs. 452,411,463). The Company's current liabilities exceed its current assets at reporting date by Rs. 209,630,811 (June 2019: Rs. 209,435,109).

The Company had ceased its operations since November 2013 due to working capital. However, subsequent to the balance sheet date, the management is taking steps to recommence operations and the Company is in negotiations with financial institutions / sponsors of the Company for borrowing of funds to manage working capital requirements. The Company managed its liquidity constraints largely thru financing from its sponsors. The Company's ability to continue as a going concern is dependent on continued financing from sponsors. Management's efforts for obtaining finances from financial institutions are not so far materilized, however, management is confident that efforts will be realized and that the Company will be able to continue as a going concern.

**2 STATEMENT OF COMPLIANCE**

This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 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 provisions of and directives issued under the Companies Act, 2017 differ from the IAS 34 and IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information has, however, been subjected to limited scope review by the auditors, as required by the Code of Corporate Governance, and should be read in conjunction with the audited annual financial statements of the Company for the year ended 30 June 2019.

**3 BASIS OF MEASUREMENT**

This condensed interim financial information has been prepared under the historical cost convention modified by adjustment of revaluation of certain assets. In this condensed interim financial information, except for the cash flow statements, all the transactions have been accounted for on accrual basis.

**KHALID SIRAJ TEXTILE MILLS LIMITED**  
**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL**  
**INFORMATION (UN-AUDITED)**  
**FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2020**

**4 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and method for computation adopted for the preparation of this condensed interim financial information is the same as those applied in preparation of the financial statements for the year ended June 30, 2019.

	Un-Audited Mar 31, 2020 Rupees	Audited Jun 30, 2019 Rupees
<b>5 SHARE CAPITAL</b>		
<b>Authorized capital</b>		
Ordinary shares of Rs. 10 each	120,000,000	120,000,000
<b>Issued, subscribed and paid-up share capital</b>		
10,000,000 (June 30, 2019: 10,000,000) ordinary shares of Rs 10/- each fully paid in cash	100,000,000	100,000,000
700,000 (June 30, 2019: 700,000) ordinary shares of Rs 10/- each fully paid as bonus shares	7,000,000	7,000,000
	<u>107,000,000</u>	<u>107,000,000</u>
<b>6 LONG TERM FINANCES</b>		
<i>From related parties (current and prior) - unsecured</i>		
Sponsors - note 6.1	30,400,000	30,400,000
Previous associated undertakings - note 6.2	32,329,798	32,329,798
Ex-directors	164,039,689	164,039,689
	<u>226,769,487</u>	<u>226,769,487</u>

**6.1 Loan from sponsors**

These represents unsecured loan from sponsors of the Company. The terms of repayment has not yet been decided so far. (also refer note 6.2)

**6.2 Previous associated undertakings**

This represents unsecured loans from various companies which were previously associated undertakings but had been allocated by the Honorable Lahore High Court, Lahore to other families of ex-Ittefaq group. This amount includes principal amount of Rs. 13.440 million (June 2019: Rs. 13.440 million) and mark-up accrued on said loans amounting to Rs. 18.890 million (June 2019: Rs. 18.890 million). Furtherance to same, the parties in dispute have entered into a settlement agreement dated 6 April 2014 which was accorded by Lahore High Court, Lahore in its order dated 16 April 2014. However, no steps had been taken by the parties to execute the settlement agreement till date.

**6.3** These represents unsecured and interest free loans from chief executive officer, directors and sponsors. The terms of repayment has not yet been decided so far, however, the directors and sponsors have given undertaking that they have no intention to demand such loan within period of next twelve months, as such the current maturity has not been presented.

**KHALID SIRAJ TEXTILE MILLS LIMITED**  
**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL**  
**INFORMATION (UN-AUDITED)**  
**FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2020**

6.4 These are classified as 'financial liabilities' under IFRS 9 'Financial Instruments - Recognition and Measurement' which are required to be carried at amortized cost. However, these long term loans have no fixed maturity date as discussed above, are carried at cost as their amortized cost is impracticable to determine.

		Un-Audited Mar 31, 2020 Rupees	Audited Jun 30, 2019 Rupees
		<u>                    </u>	<u>                    </u>
<b>7</b>	<b>UNCLAIMED DIVIDEND</b>		
	Sponsors' uncalled dividends - note 7.1	<u>24,058,182</u>	<u>24,058,182</u>
	7.1 These represents uncalled dividends by sponsors of the Company. The above uncalled dividend alongwith loans from sponsors is subjudice before the Honorable Lahore High Court, Lahore.		
<b>8</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Opening WDV	333,556,140	362,837,330
	Less: Depreciation	<u>(19,783,984)</u>	<u>(29,281,190)</u>
	Book value as at period end	<u>313,772,156</u>	<u>333,556,140</u>

**9 AUTHORIZATION FOR ISSUE**  
 These financial statements have been approved by the board of directors of the Company and authorized for issue on March 28, 2020.

**10 CORRESPONDING FIGURES**

10.1 Corresponding figures have been re-arranged, wherever necessary to the facilitation of comparison.  
 10.2 Figures have been rounded off to the nearest of rupees.

  
 Chief Executive Officer

  
 Director

  
 Chief Financial Officer

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