

AMTEX LIMITED

Third Quarterly Report

March 31, 2021



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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. Gul Muhammad Naz
Mr. Suhail Maqsood Ahmed
Mr. Shahzad Iftikhar

Chairman

Auditors

Zahid Jamil & Co.
Chartered Accountants

Legal Advisor

Mr. Aamir Nawaz Bhatti
Advocate High 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 period ended March 31, 2021.

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	
	2021 RUPEES	2020 RUPEES	2021 RUPEES	2020 RUPEES
Sales	205,340,224	97,271,689	849,041,549	415,159,901
Cost of sales	217,163,410	112,656,478	808,464,959	484,053,092
Gross profit / (loss)	(11,823,186)	(15,384,789)	40,576,590	(68,893,191)
Net loss for the period	(48,239,208)	(327,044,077)	(94,377,793)	(507,183,453)
Earnings per share - Basic and diluted	(0.19)	(1.26)	(0.36)	(1.95)

During 1st nine months under review company earned gross profit of Rs. 40.576 million as compared to gross loss of Rs. 68.893 million in the corresponding period of last year and net loss of Rs. 94.377 million as compared to net loss of Rs. 507.183 million in the corresponding period of last year. Sales volume has increased as compared to previous corresponding period and the company's total sales are Rs. 849.041 million in 1st nine months against sales of Rs. 415.159 million in the corresponding period of last year. Before existing third wave of COVID-19 economy was also improving and especially textile sector enjoying significant relief due to availability of export orders due to which sales volume becomes double and company has earned gross profit in 1st nine months of the year. However due to under-utilization of manufacturing capacities and low volume of export sales in last quarter company bears after tax loss of rupees 94.377 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

Company is making its full efforts to maintain the consistency regarding increasing trend of export volume of 1st nine months in future periods however in last quarter again due to COVID-19 threats export sales volume remain below from expectations. Although government had announced some reliefs for industry including subsidized electricity and payment of refunds to export

oriented industries but the future of growth of exports and textile industry mainly depends on the actual implementation of the supports announced by the Government, release of refunds to exporters and on availability of financial support from the banks.

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, 2021

ڈائریکٹرز کی رپورٹ:

آپ کی کمپنی کے ڈائریکٹرز حضرات آپ کے روبرو نومبر کی رپورٹ مع مالی غیر آڈٹ شدہ گوشوارہ حساب برائے 31 مارچ 2021 پیش کرتے ہیں۔

مالی نتائج:

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

31 مارچ 2021 مارچ نومبر 31 مارچ 2020 مارچ نومبر 31 مارچ 2021 مارچ سہ ماہی 31 مارچ 2020 مارچ سہ ماہی

روپے	روپے	روپے	روپے	فروخت
849,041,549	415,159,901	205,340,224	97,271,689	
808,464,959	484,053,092	217,163,410	112,656,478	لاگت فروخت
40,576,590	(68,893,191)	(11,823,186)	(15,384,789)	مجموعی منفع/نقصان
(94,377,793)	(507,183,453)	(48,239,208)	(327,044,077)	بعد از ٹیکس منفع/ نقصان
(0.36)	(1.95)	(0.19)	(1.26)	

نومبر کے دوران کمپنی کی فروخت میں پچھلے سال کی منسبت اضافہ ہوا ہے اور کل فروخت مبلغ 849.041 ملین روپے کی مد میں کل منافع رقم مبلغ 40.576 ملین روپے ہوا جبکہ پچھلے نومبر کی کل فروخت مبلغ 415.159 ملین روپے اور کل نقصان مبلغ 68.893 ملین روپے ہوا تھا۔ نومبر کے دوران کمپنی کو بعد از ٹیکس ادائیگی مبلغ 94.377 ملین روپے کا خالص نقصان ہوا جبکہ پچھلے نومبر میں بعد از ٹیکس ادائیگی مبلغ 507.183 ملین روپے کا خالص نقصان ہوا تھا۔ COVID-19 کی موجودہ تیسری لہر سے پہلے معیشت میں بھی بہتری آرہی تھی اور خاص طور پر ٹیکسٹائل سیکٹر برآمدی آرڈرز کی دستیابی کی وجہ سے نمایاں بہتری حاصل کر رہا تھا جس کی وجہ سے فروخت کا حجم دوگنا ہو گیا ہے اور کمپنی نے پہلے نومبر میں منافع حاصل کیا ہے۔ تاہم مینوفیکچرنگ سہولیات کے کم استعمال اور آخری سہ ماہی میں برآمدی فروخت میں کمی کی وجہ سے کمپنی کو بعد از ادائیگی ٹیکس مبلغ 94.377 ملین روپے کے خسارے کا سامنا کرنا پڑا۔

کچھ بینکوں/مالی 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 بابت مالی لاگت کو اکاؤنٹس میں نہیں لے رہی اور اس رقم کی وضاحت کھاتہ جات کے نوٹس میں بیان کی گئی ہے۔ قانونی رائے پر اٹھارہ کرتے ہوئے کمپنی کی جانب سے اس بات کو محسوس کیا گیا ہے کہ دعویٰ کے دائرہ ہونے کے بعد بینک/مالی 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۔ اس لیے 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:

کمپنی پہلے نومبر کے بڑھتے ہوئے برآمدی حجم کو مستقبل میں بھی برقرار رکھنے کے لیے کوشاں ہے۔ تاہم آخری سہ ماہی میں ایک بار پھر COVID-19 کے بڑھتے ہوئے خطرات کی وجہ سے برآمدی فروخت کا حجم توقعات سے کم رہا ہے۔ اگرچہ حکومت نے برآمدی صنعتوں کے لیے سبسڈی فراہمی اور ریفنڈز کی ادائیگی جیسے امدادی ٹیکہ کا اعلان کیا ہے لیکن برآمدات اور ٹیکسٹائل کی صنعت میں بہتری کا مستقبل بنیادی طور پر حکومت کی طرف سے اعلان کردہ امداد پر اصل میں عمل درآمد برآمد کنندگان کو ریفنڈز کی واپسی اور بینکوں کی جانب سے مالی امداد کی دستیابی پر ہی منحصر 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 امید وابستہ 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
چیف ایگزیکٹو

شہزاد افشار
ڈائریکٹر

فیصل آباد

تاریخ: 30 اپریل 2021

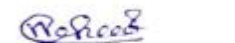
AMTEX LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021

		UN-AUDITED	AUDITED
		MARCH 31	JUNE 30
		2021	2020
		RUPEES	RUPEES
ASSETS	NOTE		
NON CURRENT ASSETS			
Property, plant and equipment	3	1,209,559,235	1,236,847,371
Investment property - fair value		1,161,401,391	1,161,401,391
Long term deposits	4	50,719,526	50,719,526
		2,421,680,152	2,448,968,288
CURRENT ASSETS			
Stores, spares and loose tools		164,260,126	167,030,937
Stock in trade		519,411,399	538,829,362
Trade debts	5	73,295,085	109,100,262
Loans and advances		14,493,487	4,962,100
Deposits and prepayments		5,217,609	4,799,126
Other receivables		80,946,425	99,880,325
Tax refunds due from the Government		188,012,976	175,739,525
Cash and bank balances		178,472,138	174,851,830
		1,224,109,245	1,275,193,467
		3,645,789,397	3,724,161,755
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
260,000,000 (2020: 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		(13,099,958,061)	(13,008,387,481)
Surplus on revaluation of property, plant and equipment		830,115,836	832,923,049
		(9,144,501,555)	(9,050,123,762)
NON-CURRENT LIABILITIES			
Redeemable capital	6	-	-
Long term financing	7	264,045,691	414,127,318
Deferred liabilities		1,304,971,524	1,239,802,189
		1,569,017,215	1,653,929,507
CURRENT LIABILITIES			
Trade and other payables		169,614,371	191,536,088
Contract Liabilities		18,363,826	26,492,932
Interest / markup payable		2,728,284,306	2,719,967,363
Short term borrowings	8	6,045,442,444	6,063,442,444
Current portion of non current liabilities		2,259,568,790	2,118,917,183
		11,221,273,737	11,120,356,010
Contingencies and commitments	9	-	-
		3,645,789,397	3,724,161,755
		-	-

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


Chief Financial Officer

AMTEX LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2021

	NOTE	QUARTER ENDED		PERIOD ENDED	
		MARCH 31		MARCH 31	
		2021 RUPEES	2020 RUPEES	2021 RUPEES	2020 RUPEES
Sales	10	205,340,224	97,271,689	849,041,549	415,159,901
Cost of sales		217,163,410	112,656,478	808,464,959	484,053,092
Gross profit / (loss)		(11,823,186)	(15,384,789)	40,576,590	(68,893,191)
Other income		5,463,219	7,429,276	21,070,301	18,211,658
		(6,359,967)	(7,955,513)	61,646,891	(50,681,533)
Selling and distribution expenses		8,460,145	3,895,105	25,319,974	10,087,128
Administrative expenses		13,086,407	259,558,222	46,283,198	285,820,622
Finance cost		19,632,862	53,022,082	75,839,168	151,795,484
		41,179,414	316,475,409	147,442,340	447,703,234
Loss for the period before taxation		(47,539,381)	(324,430,922)	(85,795,449)	(498,384,767)
Provision for taxation		699,827	2,613,155	8,582,344	8,798,686
Net loss for the period		(48,239,208)	(327,044,077)	(94,377,793)	(507,183,453)
Earnings per share - Basic and diluted		(0.19)	(1.26)	(0.36)	(1.95)

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


Chief Financial Officer

AMTEX LIMITED**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2021**

	QUARTER ENDED		PERIOD ENDED	
	MARCH 31		MARCH 31	
	2021	2020	2021	2020
	RUPEES	RUPEES	RUPEES	RUPEES
Net profit / (loss) for the period	(48,239,208)	(327,044,077)	(94,377,793)	(507,183,453)
Other comprehensive income for the period				
Revaluation surplus realized during the period	-	29,192,528	-	29,192,528
Total comprehensive profit / (loss) for the period	<u>(48,239,208)</u>	<u>(297,851,549)</u>	<u>(94,377,793)</u>	<u>(477,990,925)</u>

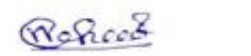
The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



Chief Financial Officer

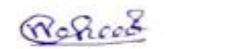
AMTEX LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2021

	PERIOD ENDED	
	MARCH 31	
	2021	2020
	RUPEES	RUPEES
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period before taxation	(85,795,449)	(498,384,767)
Adjustments for:		
Depreciation of property, plant and equipment	38,314,630	59,485,235
Provision for staff retirement gratuity	2,233,500	2,920,752
Impairment on operating fixed assets	-	253,918,047
Gain on disposal of property, plant and equipment	(5,950,301)	(3,091,658)
Finance cost	75,839,168	151,795,484
Operating cash flows before working capital changes	24,641,548	(33,356,907)
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	2,770,811	46,221,093
Stock in trade	19,417,963	53,699,537
Trade debts	35,805,177	69,622,256
Loans and advances	(8,781,386)	(5,644,551)
Deposits and prepayments	(418,483)	2,452,536
Other receivables	18,933,900	(1,259,961)
Tax refunds due from the Government	(12,273,451)	(7,326,772)
Increase / (decrease) in current liabilities		
Trade and other payables	(21,921,717)	(64,784,023)
Contract liabilities	(8,129,106)	
	25,403,708	92,980,115
Cash generated from operations	50,045,256	59,623,208
Income tax paid	(9,332,345)	(5,231,510)
Finance cost paid	(4,586,390)	(15,919,719)
Net cash generated from operating activities	36,126,521	38,471,979
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(23,812,693)	-
Proceed from disposal of property, plant & equipment	18,736,500	45,555,000
Net cash (used in) / generated from investing activities	(5,076,193)	45,555,000
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(9,430,020)	(47,516,510)
Lease liability paid	-	(922,177)
Short term borrowings - net	(18,000,000)	(29,645,000)
Net cash used in financing activities	(27,430,020)	(78,083,687)
Net increase in cash and cash equivalents (a+b+c)	3,620,308	5,943,292
Cash and cash equivalents at the beginning of the period	174,851,830	162,688,117
Cash and cash equivalents at the end of the period	178,472,138	168,631,409

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


Chief Financial Officer

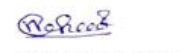
AMTEX LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2021

	CAPITAL RESERVES				REVENUE RESERVES		TOTAL
	ISSUED, SUBSCRIBED AND PAID UP CAPITAL	MERGER RESERVE	SHARE PREMIUM	SURPLUS ON REVALUA- TION OF PROPERTY, PLANT AND EQUIPMENT	GENERAL RESERVE	ACCUMULATED LOSS	
-----Rupees-----							
Balances as at July 01, 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 period from continuing operations	-	-	-	-	-	(507,183,453)	(507,183,453)
Surplus adjustment on revaluation	-	-	-	(29,192,528)	-	-	(29,192,528)
Total comprehensive loss for the period	-	-	-	(29,192,528)	-	(507,183,453)	(536,375,981)
Transfer to accumulated loss in respect of incremental depreciation for the period	-	-	-	(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)
Loss for the period from continuing operations	-	-	-	-	-	(163,782,533)	(163,782,533)
Other comprehensive income for the period	-	-	-	-	-	-	-
- Remeasurement of defined benefit obligation	-	-	-	-	-	2,990,116	2,990,116
Total comprehensive loss for the year	-	-	-	-	-	(160,792,417)	(160,792,417)
Transfer to accumulated loss in respect of loss realized on disposal of assets during the year	-	-	-	-	-	-	-
Transfer to accumulated loss in respect of depreciation for the year	-	-	-	(1,125,377)	-	1,125,377	-
Balances as at June 30, 2020	2,594,301,340	98,039,330	183,000,000	832,923,049	250,000,000	(13,008,387,481)	(9,050,123,762)
Loss for the period from continuing operations	-	-	-	-	-	(94,377,793)	(94,377,793)
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	(94,377,793)	(94,377,793)
Transfer to accumulated loss in respect of incremental depreciation for the period	-	-	-	(2,807,213)	-	2,807,213	-
Balances as at March 31, 2021	2,594,301,340	98,039,330	183,000,000	830,115,836	250,000,000	(13,099,958,061)	(9,144,501,555)

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


Chief Financial Officer

AMTEX LIMITED

NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2021

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 unit and stitching units are located at 1 KM Jaranwala Road, Khurrianwala, 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.
- 1.3.** The Company has incurred loss before taxation of Rs. 85.795 million and its sales have slightly increased during the period as compared to previous corresponding period. Loss is mainly due to significantly under / low utilization of production capacities due to closure of spinning unit, temporary shutdown of processing unit and increase in raw material prices for our value added business. 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.

The management is working hard, hopeful that with the improvement of textile market along with removal of gas price differential in the Punjab Province bringing the gas price down up to the price in other provinces will reduce the operating cost and the production and operating results will be improved. The management of the Company has already taken steps for extension and restructuring of loans. The major 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 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. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017.
- Provisions of and directives issued 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

This condensed interim financial report has been prepared under "historical cost convention" except certain items of property, plant and equipment included at revaluation and staff retirement gratuity carried at present value and certain financial instruments at fair value.

2.3 Significant Accounting Policies And Changes Therein

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements as at 30 June 2020.

The accounting policies and method of computation adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2020, except for the adoption of new standards effective as of 1 July 2020 as notified by Securities and Exchange Commission of Pakistan (SECP). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.4 Accounting Estimates And Judgments

The preparation of this condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of the estimation are the same as those that applied to the financial statements for the year ended 30 June 2020.

		Un-audited March 31 2021 Rupees	Audited June 30 2020 Rupees
	Note		
3. Property, plant and equipment			
Operating fixed assets	3.1	1,171,301,563	1,206,531,446
Right-of-use assets	3.2	28,042,231	30,315,925
Capital work in progress		10,215,441	-
		<u>1,209,559,235</u>	<u>1,236,847,371</u>
3.1. Operating fixed assets			
Opening balance written down value		1,206,531,446	1,552,783,503
Additions during 9 months / 12 months	3.1.1	13,597,252	-
Transfer from investment property		-	26,295,127
Transfer from right of use assets to company owned assets		-	10,000,000
Deletions during 9 months / 12 months	3.1.2	(15,614,633)	(57,673,001)
Depreciation charge for 9 months / 12 months		(36,040,936)	(68,719,049)
Revaluation deficit		-	(4,726,277)
Impairment loss		-	(253,629,396)
Depreciation adjustment for disposal		2,828,434	2,200,539
Closing written down value		<u>1,171,301,563</u>	<u>1,206,531,446</u>
3.1.1. Additions during 9 months / 12 months:			
Vehicles		13,597,252	-
		<u>13,597,252</u>	<u>-</u>
3.1.2. Deletions during 9 months / 12 months			
Plant & machinery		12,825,410	56,257,001
Vehicles		2,789,223	1,416,000
		<u>15,614,633</u>	<u>57,673,001</u>

		Un-audited	Audited
		March 31	June 30
		2021	2020
		Rupees	Rupees
3.2. Right-of-use assets	Note		
Plant & Machinery			
Cost			
Opening balance		31,911,500	86,636,000
Impact of initial application of IFRS 16		-	-
Revaluation loss			(24,466,251)
Impairment loss			(288,651)
Adjustment of Revaluation loss			(19,969,598)
Transfer from right of use assets to company owned assets			(10,000,000)
Closing balance		31,911,500	31,911,500
Accumulated depreciation			
Opening balance		1,595,575	16,460,840
Impact of initial application of IFRS 16		-	-
Adjustment of Revaluation loss		-	(19,969,598)
Depreciation charge for 9 months / 12 months		2,273,694	5,104,333
Closing balance		3,869,269	1,595,575
		<u>28,042,231</u>	<u>30,315,925</u>
4. Long term deposits			
Against utilities		41,345,029	41,345,029
Against TFC		9,374,497	9,374,497
		<u>50,719,526</u>	<u>50,719,526</u>
5. Trade debts			
Considered good			
Unsecured			
Foreign		48,602,275	47,880,225
Local		24,692,810	61,220,037
		<u>73,295,085</u>	<u>109,100,262</u>
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)
		<u>73,295,085</u>	<u>109,100,262</u>
5.1. The aging of trade debts as at statement of financial position's date is as under:			
Not past due		73,295,085	65,454,793
Past due within one year		-	43,645,469
Past due more than one year		7,041,998,879	7,041,998,879
		<u>7,041,998,879</u>	<u>7,085,644,348</u>
		<u>7,115,293,964</u>	<u>7,151,099,141</u>
6. Redeemable capital			
Secured			
Sukuk certificates	6.1	-	-
Less : Adjusted during the year		-	-
		<u>-</u>	<u>-</u>

- 6.1** The Company had filed suit under Financial Institutions (Recovery of Finances) Ordinance, 2001 against the sukuk unit holders in the Honorable Lahore High Court, Lahore 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	Audited
		March 31 2021 Rupees	June 30 2020 Rupees
7. Long term financing			
Secured			
From banking companies and financial institutions			
Under mark up arrangements			
Demand finance	7.1	2,166,037,235	2,166,037,235
Long term finances under SBP	7.2	19,176,163	19,176,163
Syndicated term finance		10,500,000	10,500,000
Morabaha finance	7.3	9,594,052	13,399,072
Morabaha finance II		104,000,000	104,000,000
Not subject to markup			
Demand finance		146,980,923	152,605,923
		<u>2,456,288,373</u>	<u>2,465,718,393</u>
Less: Current portion			
Installments due / overdue		(1,954,812,360)	(1,540,234,779)
Payable within one year		(237,430,322)	(511,356,296)
		<u>(2,192,242,682)</u>	<u>(2,051,591,075)</u>
		<u>264,045,691</u>	<u>414,127,318</u>

- 7.1** 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.
- 7.2** The effective rate of mark up ranges from 5.00% to 7.00% per annum (June 30, 2020: 5.00% to 7.00% per annum).

- 7.3** 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

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

8. Short term borrowings

The aggregate unavailed borrowing facilities available to the Company are Rs. Nil (June 30, 2020: Rs. Nil).

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, 2020: 5.00% to 20.00% per annum).

9. Contingencies & commitments

9.1. Contingencies

- There is no material change in the status of contingencies as disclosed in note # 26.1 of the financial statements for the year ended June 30,2020 except the following:
- M/S Albaraka Bank Pakistan Limited has instituted a suit for recovery of Rs. 929,221,858/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable Lahore High Court, Lahore against the company in September 2020. The company has filed its petition for leave to defend in the said matter and same is pending adjudication.
- M/S United Bank Limited has instituted a suit for recovery of Rs. 2,069,996,910/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in Honorable Lahore High Court, Lahore against the company in December 2020. The company has filed its petition for leave to defend in the said matter and same is pending adjudication.

		Un-audited	Audited
		March 31	June 30
		2021	2020
		Rupees	Rupees
9.2. Commitments			
Collector of custom		-	1,345,890

		Quarter ended		Period ended	
		March 31		March 31	
	Note	2021	2020	2021	2020
		Rupees	Rupees	Rupees	Rupees
10. Cost of sales					
Cost of goods manufactured	10.1	205,133,464	108,354,437	762,567,106	460,023,018
Finished goods					
Opening stock		188,380,742	298,403,111	222,248,649	318,131,144
Closing stock		(176,350,796)	(294,101,070)	(176,350,796)	(294,101,070)
		12,029,946	4,302,041	45,897,853	24,030,074
		217,163,410	112,656,478	808,464,959	484,053,092
10.1. Cost of goods manufactured					
Raw material consumed		80,270,682	40,406,309	359,109,984	171,089,259
Salaries, wages and benefits		24,554,031	9,487,313	55,805,029	45,591,727
Staff retirement benefits		903,150	780,512	2,233,500	2,920,752
Stores and spares		3,143,778	3,533,922	14,057,241	9,177,728
Dyes and chemicals		16,125,211	12,135,421	73,471,333	75,120,474
Packing material		11,270,784	5,100,140	46,792,334	20,759,352
Conversion and processing charges		43,080,512	17,491,201	123,977,001	56,163,535
Repairs and maintenance		1,318,276	153,445	9,460,570	987,032
Fuel and power		11,393,466	4,134,885	27,422,675	13,410,601
Insurance		173,557		173,557	-
Depreciation		12,079,218	13,471,725	36,677,319	58,024,671
Other		1,467,396	730,002	11,722,451	3,178,695
		205,780,061	107,424,875	760,902,994	456,423,826
Work in process					
Opening stock		7,104,545	13,545,110	9,415,254	16,214,740
Closing stock		(7,751,142)	(12,615,548)	(7,751,142)	(12,615,548)
		(646,597)	929,562	1,664,112	3,599,192
		205,133,464	108,354,437	762,567,106	460,023,018

11. Overdue loans

On the reporting date the installments of long term finances amounting to Rs.1,954.812 million along with mark up of Rs.597.028 million, lease finance amounting to Rs. 67.326 million along with mark up of Rs. 19.619 million and short term borrowings amounting to Rs.6,045.442 million along with mark up of Rs. 2,148.336 million were overdue. On reporting date the carrying amount of loans relevant to above overdue were long term finances Rs 2,456.248 million, lease finance Rs 67.326 million and short term borrowings Rs 6,045.442 million. An amount of Rs. Nil has subsequently paid against overdue installment.

12. Finance cost

The provision of mark up on financial facilities under litigation has not been made in this condensed interim financial report. Based on the legal opinion, the company feels that after institution of the suit, a financial institution is only entitled to cost of funds if so awarded by the court in any decree which may be passed by the court. Therefore company has not accrued any cost of funds/interest on the said outstanding balances.

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;

		Un-audited	Audited
		March 31 2021 Rupees	June 30 2020 Rupees
Relationship with the Party	Nature of transactions		
Associated undertakings	- Sales	10,091,037	-
	- Receivable	6,833,608	-
	- Rental income	15,120,000	20,430,000
	- Rent receivable	-	24,820,000
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, 2021 by the Board of Directors of the Company.

15. Corresponding Figures

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.

16. General

- 16.1.** There is no unusual item included in this condensed interim financial report which is affecting assets, liabilities, loss, comprehensive loss, cash flows or equity of the Company.
- 16.2.** Provision for taxation are based on this condensed interim financial information and is subject to adjustments in annual financial statements.
- 16.3.** Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE



DIRECTOR



Chief Financial Officer

Book Post



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