



**ELAHI COTTON MILLS LIMITED**  
**INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED**  
**DECEMBER 31, 2020**

## ELAHI COTTON MILLS LIMITED

### DIRECTORS' REVIEW TO THE MEMBERS

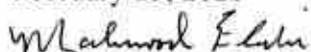
The Directors of the Company are pleased to present financial information for the half year ended December 31, 2020 duly reviewed by the external auditors.

The principal business activity of the Company is to manufacture and sale of Pure Polyester Yarn. Aggregate sales revenue of the Company decreased from Rs. 256.799 million to Rs. 251.811 million showing decrease of Rs. 4.988 million (1.94%) whereas cost of sales decreased from Rs. 248.236 million to Rs. 231.346 million showing decrease of Rs. 16.890 million (6.80%). The Company earned profit before taxation of Rs. 14.599 million for the six months from July 01, 2020 to December 31, 2020 as compared to profit of Rs. 4.156 million for the corresponding period of last six months and profit after taxation of Rs. 10.368 million as compared to profit of Rs. 0.708 million. The increase in profitability of the Company as compared to corresponding period is due to increase in production and decrease in the prices of raw material. We foresee that the next quarter may not be favourable as there is increasing trend in the prices of raw material.

The auditors have drawn attention to Note 1.3 in the financial statements that the Company's current liabilities exceeded its current assets by Rs. 36.404 million. The Company has accumulated loss of Rs. 47.167 million that exceeds the issued, subscribed and paid up capital by Rs. 34.167 million. These conditions indicate the existence of a material uncertainty that cast doubt about the Company's ability to continue as a going concern. During the period under review, the Company earned profit before tax amounting to Rs. 14.599 million and net profit after taxation amounting to Rs. 10.368 million. Accumulated loss has been reduced from Rs. 58.480 million to Rs. 47.167 million. The current ratio of the Company has also improved as compared to previous year. The Company generated cash amounting to Rs. 7.788 million from its operating activities after meeting its cash outflows over the period. The Management is making every effort to minimize the impact through improve efficiency and better marketing. The Sponsor Directors are continuously supporting in the form of funds as and when required by the Company. The Management has neither intention nor the necessity of liquidation or ceasing manufacturing operation in foreseeable future. So, with the successful efforts of the Management, the Company will continue as a going concern.

The earning per share for the half year ended December 31, 2020 is Rs. 7.98 and for the quarter ended December 31, 2020 is Rs. 4.28. The Directors of the Company do not recommend payment of any dividend to shareholders of the Company.

Islamabad  
February 25, 2021



(Mahmood Elahi)  
Director

On behalf of Board of Directors



(Mahfooz Elahi)  
Chief Executive

## الہی کاشن ملز لمیٹڈ

ممبرز کوڈائزیکٹرز کی ششماہی جائزہ رپورٹ

کمپنی کے ڈائریکٹرز ششماہی مالیاتی رپورٹ تختہ ۳۱ دسمبر ۲۰۲۰ء جو کہ بیرونی محاسب سے جائزہ شدہ ہے، پیش کرتے ہیں۔

کمپنی کا بنیادی کام خالص پولیسٹر دھاگہ بنانا اور فروخت کرنا ہے۔ کمپنی کی مجموعی فروخت -/256.799 ملین روپے سے کم کر -/251.811 ملین روپے ہو گئی ہے جو کہ -/4.988 ملین روپے (1.94%) کی کمی ظاہر کر رہی ہے جبکہ فروخت کے اخراجات -/248.236 ملین روپے سے کم ہو کر -/231.346 ملین روپے ہو گئے ہیں جو کہ -/16.890 ملین روپے (6.80%) کی کمی ظاہر کر رہے ہیں۔ اس ششماہی تختہ ۳۱ دسمبر ۲۰۲۰ء میں کمپنی نے قبل از ٹیکس -/14.599 ملین روپے کا منافع کمایا ہے جبکہ گزشتہ سال اسی دورانیہ میں یہ منافع -/4.156 ملین روپے تھا اور بعد از ٹیکس -/10.368 ملین روپے کا منافع ہوا جبکہ گزشتہ سال اسی دورانیہ میں -/0.708 ملین روپے کا منافع ہوا تھا۔ پچھلی ششماہی کی نسبت اس ششماہی میں منافع میں اضافے کی وجہ پیداوار میں اضافہ اور خام مال کی قیمتوں میں کمی ہے۔ کمپنی آنے والے سہ ماہی کو خام مال کی قیمتوں میں اضافے کی وجہ سے اپنے لئے اتنا سازگار نہیں دیکھ رہی۔

محاسب نے کمپنی کی مالیاتی رپورٹ میں نوٹ نمبر 1.3 کے متعلق کہا ہے کہ کمپنی کی موجودہ واجب الادا رقم اس کے موجودہ اثاثہ جات سے 34.404 ملین روپے سے تجاوز کر گئی ہیں۔ کمپنی کا کل خسارہ 47.167 ملین روپے ہے جو کہ اس کے جاری شدہ، ادا شدہ سرمایہ سے 34.167 ملین روپے زیادہ ہے۔ یہ حالات کمپنی کے جاری رہنے پر شکوک و شبہات کا اظہار کرتے ہیں۔ اس سال کے دوران کمپنی کو 14.599 ملین روپے ٹیکس کی ادائیگی سے پیشتر منافع ہوا اور ٹیکس کی ادائیگی کے بعد 10.368 ملین روپے منافع ہوا مجموعی خسارہ 58.480 ملین روپے سے کم ہو کر 47.167 ملین روپے ہوا ہے۔ کمپنی کا موجودہ تناسب گزشتہ سال کے مقابل بڑھا ہے۔ کمپنی نے اپنی چلتی ہوئی سرگرمیوں سے اپنی نقد ضروریات پورا کرنے کے بعد 7.788 ملین روپے کیش بزیٹ کی ہے۔ انتظامیہ پوری کوشش کر رہی ہے کہ وہ ان اثرات کو اپنی کارکردگی اور بہتر مارکیٹنگ سے کم از کم کرے۔ سپانسر ڈائریکٹرز کمپنی سے مسلسل مالی تعاون کر رہے ہیں مستقبل قریب میں انتظامیہ کا نہ تو ارادہ کمپنی کو ختم کرنے کا ہے اور نہ ہی پیداواری سرگرمیاں بند کرنے کا ہے لہذا وہ پر عزم ہیں کہ کمپنی انتظامیہ کی بھرپور کوشش سے جاری و ساری رہے گی۔

اس ششماہی تختہ ۳۱ دسمبر ۲۰۲۰ء میں کمپنی کا منافع -/7.98 روپے فی حصص ہوا جبکہ دوسری سہ ماہی تختہ ۳۱ دسمبر ۲۰۲۰ء کو فی حصص -/4.28 روپے منافع ہوا۔ کمپنی کے ڈائریکٹرز حصہ داران کے لئے حصص پر کسی قسم کا منافع دینے کی سفارش نہیں کرتے۔

اسلام آباد

۲۵ فروری ۲۰۲۱

بورڈ آف ڈائریکٹرز کی جانب سے

Mahmud Elahi

محمود الہی  
ڈائریکٹر

Mahmud Elahi  
محمود الہی  
چیف ایگزیکٹو

## INDEPENDENT AUDITORS REVIEW REPORT TO THE MEMBERS OF ELAHI COTTON MILLS LIMITED

### Report on review of Interim Financial Statements

#### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Elahi Cotton Mills Limited ("the Company") as at December 31, 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and notes to the interim financial statements for the six months period then ended (herein after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

#### Scope of Review

We conducted our review in accordance with the International Standards on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and financial reporting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarter ended December 31, 2020 and December 31, 2019 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

#### Material Uncertainty Related to Going Concern

Without qualifying to our conclusion, we draw attention to Note 1.3 in the condensed interim financial information which indicates that the Company's current liabilities exceeded its current assets by Rs. 36.404 million. The Company has accumulated loss of Rs. 47.167 million. The Company's accumulated losses exceeded the issued, subscribed and paid up capital by Rs. 34.167 million. These conditions, along with other matters as set forth in Note 1.3, indicate the existence



of material uncertainty which may cast doubt about the Company's ability to continue as going concern.

The engagement partner on the review audit resulting in this independent auditors review report is Iffat Hussain.

ISLAMABAD

DATED: 25 FEB 2021

*Bdo ebrahim & co -*  
BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS  
*Pakistan*

**ELAHI COTTON MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS AT DECEMBER 31, 2020**

		December 31, 2020	June 30, 2020
	Note	Rupees Unaudited	Rupees Audited
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment			
Operating fixed assets	4	126,848,436	125,430,225
Long term security deposits		918,810	918,810
Loan to employees		2,768,258	2,614,508
		130,535,504	128,963,543
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		2,234,093	2,114,022
Stock in trade	5	19,958,917	12,896,840
Trade debts	6	1,853,427	4,619,018
Loans and advances		6,461,562	675,921
Short terms prepayments		4,950	74,452
Taxation - net		-	371,515
Cash and bank balances	7	31,847,824	30,519,406
		62,360,773	51,271,174
<b>TOTAL ASSETS</b>		192,896,277	180,234,717
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	8	13,000,000	13,000,000
Revaluation surplus on property, plant and equipment		105,290,633	106,235,835
Accumulated loss		(47,167,381)	(58,480,232)
		71,123,252	60,755,603
<b>NON-CURRENT LIABILITIES</b>			
Deferred liabilities		23,007,829	23,367,037
<b>CURRENT LIABILITIES</b>			
Taxation - net		1,303,393	-
Loan from directors	9	72,139,546	72,382,547
Due to associated undertaking	10	2,866,077	5,566,077
Trade and other payables	11	22,208,015	17,915,288
Unclaimed dividend		248,165	248,165
		98,765,196	96,112,077
<b>TOTAL EQUITY AND LIABILITIES</b>		192,896,277	180,234,717
<b>CONTINGENCIES AND COMMITMENTS</b>	12	-	-

The annexed notes from 1 to 24 form an integral part of these interim financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

**ELAHI COTTON MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2020**

	Note	Six months ended December 31,		Three months ended December 31,	
		2020	2019	2020	2019
-----Rupees-----					
Sales	13	251,811,388	256,799,452	129,829,575	142,147,691
Cost of sales	14	(231,346,410)	(248,236,304)	(118,305,398)	(136,981,901)
Gross profit		20,464,978	8,563,148	11,524,177	5,165,790
Operating expenses					
Administrative expenses		(4,756,163)	(3,861,475)	(2,668,809)	(2,069,661)
Other operating charges		(1,235,981)	(502,230)	(1,133,836)	(461,498)
Operating profit		14,472,834	4,199,443	7,721,532	2,634,631
Other income		126,531	7,419	119,525	3,663
Financial charges		(567)	(50,383)	(477)	(50,000)
Profit before taxation		14,598,798	4,156,479	7,840,580	2,588,294
Taxation:					
Current		(4,582,075)	(3,852,103)	(2,534,458)	(2,132,327)
Prior		-	(47,825)	-	(47,825)
Deferred		350,926	451,577	263,194	225,739
Profit after taxation		10,367,649	708,128	5,569,316	633,881
Earnings per shares - Basic and diluted (Rupees)	15	7.98	0.54	4.28	0.49

The annexed notes from 1 to 24 form an integral part of these interim financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

**ELAHI COTTON MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2020**

Six months ended December 31,		Three months ended December 31,	
2020	2019	2020	2019
-----Rupees-----			

Profit / (loss) for the period	10,367,649	708,128	5,569,316	633,881
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>10,367,649</u>	<u>708,128</u>	<u>5,569,316</u>	<u>633,881</u>

The annexed notes from 1 to 24 form an integral part of these interim financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**



**ELAHI COTTON MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2020**

	Reserves		Total	
	Share capital	Revenue		
	Issued, subscribed and paid-up capital	Revaluation surplus on property, plant and equipment	Accumulated loss	
	Rupees			
Balance as at July 01, 2019	13,000,000	108,328,237	(66,292,141)	55,036,096
Final cash dividend for the year ended June 30, 2019	-	-	(650,000)	(650,000)
Total comprehensive income for the period	-	-	708,128	708,128
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation-net of deferred tax	-	(1,046,202)	1,046,202	-
Balance as at December 31, 2019	13,000,000	107,282,035	(65,187,811)	55,094,224
Balance as at July 01, 2020	13,000,000	106,235,835	(58,480,232)	60,755,603
Total comprehensive income for the period	-	-	10,367,649	10,367,649
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation-net of deferred tax	-	(945,202)	945,202	-
Balance as at December 31, 2020	13,000,000	105,290,633	(47,167,381)	71,123,252

The annexed notes from 1 to 24 form an integral part of these interim financial statements.



**CHIEF EXECUTIVE**



**DIRECTOR**



**CHIEF FINANCIAL OFFICER**

**ELAHI COTTON MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2020**

	Note	Six months ended December 31,	
		2020 Rupees	2019 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	16	13,097,573	2,220,480
Financial charges paid		(567)	(50,383)
Workers welfare fund paid		(476)	-
Income tax paid		(2,907,183)	(4,489,297)
Gratuity paid		(2,401,050)	(1,090,700)
Net cash generated from / (used in) operating activities		<u>7,788,297</u>	<u>(3,409,900)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Increase in loan to employees		(153,750)	(193,750)
Additions in operating assets		(3,363,128)	-
Net cash used in investing activities		<u>(3,516,878)</u>	<u>(193,750)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of loan to directors		(243,001)	-
Loan received from directors		-	1,500,000
Repayment of loan to associated undertaking		(3,000,000)	-
Loan received from associated undertaking		300,000	-
Dividend paid		-	(630,494)
Net cash (used in) / generated from financing activities		<u>(2,943,001)</u>	<u>869,506</u>
Net (decrease) in cash and cash equivalents		<u>1,328,418</u>	<u>(2,734,144)</u>
Cash and cash equivalents at the beginning of the period		<u>30,519,406</u>	<u>18,152,507</u>
Cash and cash equivalents at the end of the period		<u><u>31,847,824</u></u>	<u><u>15,418,363</u></u>

The annexed notes from 1 to 24 form an integral part of these interim financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

## **ELAHI COTTON MILLS LIMITED**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2020**

#### **1 STATUS AND NATURE OF BUSINESS**

- 1.1 The Company was incorporated as a public limited company on June 22, 1970 under the repealed Companies Act, 1913 (now the Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The principal business of the Company is manufacture and sale of yarn.
- 1.2 The registered office of the Company is situated at 270, sector I-9, Industrial Area, Islamabad. The mill (plant) of the Company is located at Mandra - Chakwal road, Tehsil Gujar Khan, District Rawalpindi, Pakistan.
- 1.3 The Company's current liabilities exceeded its current assets by Rs. 36.404 million. The Company has accumulated loss of Rs. 47.167 million (June 30, 2019: Rs. 58.480 million). The Company's accumulated losses exceeded the issued, subscribed and paid up capital by Rs. 34.167 million. These conditions indicate the existence of material uncertainty which may cast doubt about the Company's ability to continue as going concern.

These interim financial statements have been prepared on going concern basis without any adjustment to assets and liabilities in view of profitable future projections and financial support from associated undertaking and sponsors. The management is confident of improving profitability through streamlining the operations of the Company.

#### **2 BASIS OF PREPARATION**

##### **2.1 Statement of compliance**

These interim financial statements of the Company for the six months ended December 31, 2020 have been prepared in accordance with the requirements of the International Accounting Standard - 34: "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions or directives issued under the Companies Act, 2017 have been followed.

These interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2020. Comparative condensed interim statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2020 and comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from un audited condensed interim financial statements for the six months ended December 31, 2020.

*Adaco*

These interim financial statements are unaudited but subject to the limited scope review by auditors and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

## **2.2 Basis of measurement**

These interim financial statements have been prepared under the historical cost convention except for some operating fixed assets which have been stated at revalued amount, investment property at fair value, investments classified as fair value through other comprehensive income (FVTOCI) and employee benefits at present value.

These interim financial statements have been prepared following accrual basis of accounting except for cash flow information.

## **2.3 Functional and presentation currency**

These interim financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

## **3 ACCOUNTING POLICIES**

- 3.1 The accounting policies adopted and methods of computation followed in the preparation of these interim financial statements are same as those applied in the preparation of financial statements for the year ended June 30, 2020.
- 3.2 The preparation of these interim financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2020.
- 3.4 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Company's accounting period beginning on or after July 01, 2020. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have a significant effect on these interim financial

## **3.5 Taxation**

The provision for taxation for the half year and quarter ended December 31, 2020 has been made using the estimated effective tax rate applicable to expected total annual earnings.

	December 31, 2020 Rupees Unaudited	June 30, 2020 Rupees Audited
<b>4 OPERATING FIXED ASSETS</b>		
Opening net book value	125,430,225	129,465,424
Add:		
Additions during the period / year	3,363,128	100,000
Less:		
Depreciation charged during the period / year	1,944,917	4,135,199
Closing net book value	<u>126,848,436</u>	<u>125,430,225</u>
4.1 Detail of additions (at cost) during the period / year are as follows:		
Building (colony)	319,270	-
Plant and machinery	337,258	100,000
Furniture, fixture and equipment	65,600	-
Power and other installation	2,641,000	-
	<u>3,363,128</u>	<u>100,000</u>
<b>5 STOCK IN TRADE</b>		
Raw material	11,511,981	6,690,537
Work in progress	1,911,147	2,678,451
Finished goods	6,405,702	3,422,832
Waste	130,087	105,020
	<u>19,958,917</u>	<u>12,896,840</u>
<b>6 TRADE DEBTS</b>		
Unsecured - considered good	<u>1,853,427</u>	<u>4,619,018</u>
<b>7 CASH AND BANK BALANCES</b>		
Cash in hand	14,198	28,354
Cash at banks: (local currency)		
Current accounts	8,901,255	6,595,276
Saving account	22,932,371	23,895,776
	<u>31,847,824</u>	<u>30,519,406</u>

7.1 Saving account carries mark up at the rates ranging from 0.02% to 0.06% (June 30, 2019: 0.02% to 0.06%) per annum.

*pdslw*

		December 31, 2020 Rupees Unaudited	June 30, 2020 Rupees Audited
	Note		
<b>8 SHARE CAPITAL</b>			
<b>8.1 Issued, subscribed and paid up capital</b>			
<b>Number of ordinary shares of Rs. 10/- each</b>			
<b>December 31, 2020</b>	<b>June 30, 2020</b>		
<u>1,300,000</u>	<u>1,300,000</u>	<u>13,000,000</u>	<u>13,000,000</u>
	Fully paid in cash		

### 8.2 Authorized share capital

This represents 5,000,000 (June 30, 2020: 5,000,000) ordinary shares of Rs. 10 each amounting to Rs. 50,000,000 (June 30, 2020: Rs. 50,000,000).

		December 31, 2020 Rupees Unaudited	June 30, 2020 Rupees Audited
	Note		
<b>9 LOAN FROM DIRECTORS</b>			
Unsecured			
Balance brought forward		72,382,547	74,382,547
Additions during the period / year		-	1,500,000
Payments during the period / year		(243,001)	(3,500,000)
	9.1	<u>72,139,546</u>	<u>72,382,547</u>

9.1 This represents unsecured interest free loan from two directors and Chief Executive of the Company to meet the working capital requirements. These are payable on demand.

9.2 The maximum aggregate amount due to directors at the end of any month during the period was Rs. 72,382,547 (June 30, 2019: Rs. 75,882,547).

		December 31, 2020 Rupees Unaudited	June 30, 2020 Rupees Audited
	Note		
<b>10 DUE TO ASSOCIATED UNDERTAKING</b>			
Unsecured			
Opening balance		5,566,077	5,566,077
Additions during the period / year		300,000	-
Paid during the period / year		(3,000,000)	-
	10.1	<u>2,866,077</u>	<u>5,566,077</u>
Less: Current portion shown under current liabilities		(2,866,077)	(5,566,077)
		<u>-</u>	<u>-</u>

- 10.1 This mainly represents the amount payable to International Beverages (Private) Limited (IBL) against MCB Bank Limited long term facility restructured during the year ended June 30, 2008, as per settlement agreement dated May 29, 2008 signed between the Company, IBL and MCB Bank Limited. As per above agreement, this facility now stands transferred in the name of IBL.
- 10.2 The maximum aggregate amount due to associated undertaking at the end of any month during the period was Rs. 5,566,077 (June 30, 2020: Rs. 5,566,077).

	<b>December 31, 2020 Rupees Unaudited</b>	<b>June 30, 2020 Rupees Audited</b>
<b>11 TRADE AND OTHER PAYABLES</b>		
Creditors	653,954	40,965
Accrued expenses	11,366,306	12,206,013
Advances from customers	7,563,331	4,004,732
Government dues	19,550	519,274
Workers' Profit Participation Fund	785,256	649,528
Workers' Welfare Fund	344,052	325,971
Zakat payable	3,791	3,791
Dividend payable	19,506	19,506
Income tax payable	21,504	23,364
Sales tax due to government	1,430,765	122,144
	<u>22,208,015</u>	<u>17,915,288</u>

## **12 CONTINGENCIES AND COMMITMENTS**

### **12.1 Contingencies**

There was no contingent liability of the Company as at December 31, 2020 (June 30, 2020: Nil).

### **12.2 Commitments**

There was no commitment for capital expenditures as at the balance sheet date (June 30, 2020: Nil).

	Note	Six months ended		Three months ended	
		December 31,		December 31,	
		2020	2019	2020	2019
		Rupees	Rupees	Rupees	Rupees
		Unaudited	Unaudited	Unaudited	Unaudited
<b>13 SALES</b>					
Yarn		294,261,622	300,121,614	151,721,010	166,125,865
Waste		357,701	333,743	179,565	186,931
		<u>294,619,323</u>	<u>300,455,357</u>	<u>151,900,575</u>	<u>166,312,796</u>
Less: sales tax		(42,807,935)	(43,655,905)	(22,071,000)	(24,165,105)
		<u>251,811,388</u>	<u>256,799,452</u>	<u>129,829,575</u>	<u>142,147,691</u>
<b>14 COST OF SALES</b>					
Raw material consumed	14.1	161,453,684	184,381,881	84,212,514	96,665,972
Salaries, wages and other		35,556,146	32,877,248	17,540,638	17,559,244
Electricity		28,362,988	29,036,092	13,613,024	15,798,903
Insurance		313,660	53,434	69,502	40,819
Repair and maintenance		12,600	27,130	9,500	11,030
Stores and spares consumed	14.2	6,077,059	4,729,025	3,378,377	2,520,279
Depreciation		1,810,906	1,923,849	936,964	961,925
		<u>233,587,043</u>	<u>253,028,659</u>	<u>119,760,519</u>	<u>133,558,172</u>
Opening work in process		2,678,451	2,666,743	2,532,359	3,141,290
Closing work in process		(1,911,147)	(2,827,445)	(1,911,147)	(2,827,445)
		<u>767,304</u>	<u>(160,702)</u>	<u>621,212</u>	<u>313,845</u>
Cost of goods manufactured		<u>234,354,347</u>	<u>252,867,957</u>	<u>120,381,731</u>	<u>133,872,017</u>
Opening stock of finished goods		3,422,832	3,236,425	4,354,436	10,974,238
Closing stock of finished goods		(6,405,702)	(7,837,973)	(6,405,702)	(7,837,973)
		<u>(2,982,870)</u>	<u>(4,601,548)</u>	<u>(2,051,266)</u>	<u>3,136,265</u>
Opening stock of waste material		105,020	13,110	105,020	16,834
Closing stock of waste material		(130,087)	(43,215)	(130,087)	(43,215)
		<u>(25,067)</u>	<u>(30,105)</u>	<u>(25,067)</u>	<u>(26,381)</u>
		<u>231,346,410</u>	<u>248,236,304</u>	<u>118,305,398</u>	<u>136,981,901</u>
<b>14.1 Raw material consumed</b>					
Opening stock		6,690,537	7,557,976	8,412,364	6,387,560
Purchases		166,275,128	185,358,274	87,312,131	98,812,781
		<u>172,965,665</u>	<u>192,916,250</u>	<u>95,724,495</u>	<u>105,200,341</u>
Closing stock		(11,511,981)	(8,534,369)	(11,511,981)	(8,534,369)
		<u>161,453,684</u>	<u>184,381,881</u>	<u>84,212,514</u>	<u>96,665,972</u>

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	Six months ended December 31,		Three months ended December 31,	
	2020	2019	2020	2019
	Rupees Unaudited	Rupees Unaudited	Rupees Unaudited	Rupees Unaudited
<b>14.2 Stores and spares consumed</b>				
Opening stock	2,114,022	1,195,411	1,974,876	1,629,021
Purchases	6,197,130	5,868,658	3,637,594	3,226,302
	8,311,152	7,064,069	5,612,470	4,855,323
Closing stock	(2,234,093)	(2,335,044)	(2,234,093)	(2,335,044)
	6,077,059	4,729,025	3,378,377	2,520,279

## 15 EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	Six months ended December 31,		Three months ended December 31,	
	2020	2019	2020	2019
	Unaudited	Unaudited	Unaudited	Unaudited
Profit after taxation (Rupees)	10,367,649	708,128	5,569,316	633,881
Weighted average number of ordinary shares at the end of the period (Number of shares)	1,300,000	1,300,000	1,300,000	1,300,000
Earnings per shares - Basic and diluted (Rupees)	7.98	0.54	4.28	0.49

## 16 CASH GENERATED FROM OPERATIONS

	Note	December 31, 2020 Rupees Unaudited	December 31, 2019 Rupees Unaudited
Profit before taxation		14,598,798	4,156,479

### Adjustment for non-cash charges and other items:

Depreciation		1,944,917	2,065,516
Financial charges		567	50,383
Provision for gratuity		2,412,766	2,364,191
Changes in working capital	16.1	(5,859,475)	(6,416,089)
		(1,501,225)	(1,935,999)
		13,097,573	2,220,480

	Note	December 31, 2020 Rupees Unaudited	December 31, 2019 Rupees Unaudited
<b>16.1 Changes in working capital</b>			
<b>(Increase) / decrease in current assets</b>			
Stock in trade		(7,062,077)	(5,768,748)
Stores, spares and loose tools		(120,071)	(1,139,633)
Trade debts		2,765,591	(6,760,687)
Loans and advances		(5,785,641)	30,455
Short term prepayments		69,502	44,962
Tax refunds due from government		-	550,002
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		4,273,221	6,627,560
		<u>(5,859,475)</u>	<u>(6,416,089)</u>

## 17 TRANSACTIONS WITH RELATED PARTIES

17.1 The related parties and associated undertakings of the Company comprise of associated companies, directors and key management personnel. Transactions with related parties during the period are as follows:

*Balance*

Name of the related party	Relationship and percentage shareholding	Transactions during the period and period end balances	Half year ended		Quarter ended	
			2020 December 31, Rupees	2019 Rupees	2020 December 31, Rupees	2019 Rupees
International Beverages (Private) Limited	Associated company by virtue of common directorship	Payment made against balance due to associated undertaking	3,000,000	-	1,500,000	-
		Amount payable at period end	2,866,077	5,566,077	4,066,077	5,566,077
Taj Mills Limited	Associated company by virtue of common directorship	Office rent paid / payable	300,000	300,000	150,000	150,000
		Amount payable at period end	300,000	300,000	150,000	150,000
Mahfooz Elahi	Chief Executive	Loan obtained during the period	-	1,500,000	-	-
		Loan paid during the period	243,001			
		Amount payable at period end (Loan obtained previously)	13,188,999	16,932,000	13,542,000	16,932,000
Mahboob Elahi	Director	Amount payable at period end (Loan obtained previously)	53,775,546	53,775,546	53,775,546	53,775,546
Mahmood Elahi	Director	Amount payable at period end (Loan obtained previously)	5,175,000	5,175,000	5,175,000	5,175,000

*Advised*

The transactions with key management personnel includes remuneration and other benefits under the terms of their employment which are as follows:

	Six months ended December 31,		Three months ended December 31,	
	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
Short term employment benefits	870,000	830,000	420,000	412,000
Provision towards retirement benefits	77,500	70,000	38,750	70,000
	<u>947,500</u>	<u>900,000</u>	<u>458,750</u>	<u>482,000</u>

## 18 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the financial statements for the year ended June 30, 2020.

## 19 FAIR VALUE MEASUREMENT

The carrying values of all financial assets and liabilities reflected in the interim financial statements approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The management assessed that the carrying value of cash and short term deposits, trade debts, other receivables trade and other payables and other current liabilities approximate their fair values largely due to the short term maturities of these instruments. Fair value is determined on the basis of objective evidence at each reporting date.

### Transfers during the period

During the six month period ended December 31, 2020, there were no transfers into or out of Level 3 fair value measurements.

As at December 31, 2020 and June 30, 2020 the Company did not hold any financial instruments carried at fair value except free hold land, buildings and plant and machinery.

The Company has revalued its freehold land, buildings and plant and machinery on December 31, 2018 by independent valuer M/s Asrem (Private) Limited on the basis of market values of similar properties. The fair value of plant and machinery is a level 3 recurring fair value measurement.

Fair value of land and building are based on assumptions considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation, while fair value of plant and machinery are considered to be level 3 in the fair value hierarchy due to significant unobservable inputs used in the

#### **Valuation techniques used to derive level 2 fair values - Land and Building**

Fair value of land and building has been derived using a sales comparison approach. Sale prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as location and size of the property. Moreover value of building also depends upon the type of construction, age and quality. The most significant input in this valuation approach is price / rate per square foot in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

#### **Valuation techniques used to derive level 3 fair values - Plant and Machinery**

In the absence of current prices in an active market, the fair value is determined by taking into account the following factors:

- Make, model, country of origin and etc.;
- Operational capacity;
- Present physical condition;
- Resale prospects; and
- Obsolescence.

The valuation is considered to be level 3 in the fair value hierarchy due to the above unobservable inputs used in the valuation. Most significant input in this valuation is the current replacement cost which is adjusted for factors above.

A reconciliation from opening balances to closing balances of fair value measurements categorised in level 3 is provided below:

	<b>December 31, 2020 Rupees Unaudited</b>	<b>June 30, 2020 Rupees Audited</b>
Opening balance (level 3 recurring fair values)	22,592,715	24,996,536
Additions - Cost	3,363,128	100,000
Depreciation charge	(1,138,261)	(2,503,821)
Closing balance (level 3 recurring fair values)	<u>24,817,582</u>	<u>22,592,715</u>

There were no transfers between levels 2 and 3 for recurring fair value measurements during the period.

Had there been no revaluation, the net book value of the specific classes of operating assets would have been as follows:

	<b>December 31, 2020 Rupees Unaudited</b>	<b>June 30, 2020 Rupees Audited</b>
Freehold land	299,995	299,995
Buildings on freehold land	1,020,715	1,046,888
Plant and machinery	6,725,212	7,079,171

## 20 DISCLOSURE REQUIREMENT FOR ALL SHARE ISLAMIC INDEX

Following information has been disclosed with reference to disclosure requirements of fourth schedule of the Companies Act, 2017 relating to "All Shares Islamic Index".

<b>Description</b>	<b>Explanation</b>	<b>December 31, 2020 Rupees Unaudited</b>	<b>June 30, 2020 Rupees Audited</b>
Bank balances as at December 31, 2020	Placed under Shariah permissible arrangements	22,932,371	23,895,776
Income on bank deposits	Placed under interest arrangement	-	-
	Placed under Shariah permissible arrangements	-	-
All sources of other income	Other income	126,531	752,358

There is no other bank balance / investments which carry any interest or mark-up arrangements.

## 21 IMPACT OF COVID -19 ON THE FINANCIAL STATEMENTS

In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. In the first few months of 2020 the virus had spread globally, and its negative impact had gained momentum. The management considers presently this outbreak does not have any impact on the amounts being reported in the Company's statement of financial position as at December 31, 2020. While this is still an evolving situation as at the time of issuing these condensed interim financial statements yet, to date the operations of the Company have continued uninterrupted during this pandemic, future effects cannot be predicted. However management is of view, that it will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

*Review*

**22 CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and for better presentation. However, no significant reclassification has been made during the period.

**23 DATE OF AUTHORIZATION**

These interim financial statements were authorised for issue on 12 5 FEB 2021 by the Board of Directors of the Company.

**24 GENERAL**

Figures have been rounded off to the nearest rupee.

*PKS/000*

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**