



SHAMS TEXTILE MILLS LIMITED

## 9 MONTHS REPORT

March 31, 2020

(Un-Audited)



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## COMPANY INFORMATION

**Board of Directors**

Muhammad Anwar	(Chairman)
Asif Bashir	
Adil Bashir	
Khurram Mazhar Karim	
Muhammad Shafiq Gill	(Nominee: NIT)
Shahid Arshad	
Sharik Bashir	

**Chief Executive Officer**

Khalid Bashir

**Chief Financial Officer**

Farooq Ahmad

**Company Secretary**

Tariq Javed

**Audit Committee**

Khurram Mazhar Karim	(Chairman)
Muhammad Anwar	(Member)
Asif Bashir	(Member)

**Human Resource & Remuneration Committee**

Asif Bashir	(Chairman)
Muhammad Anwar	(Member)
Khurram Mazhar Karim	(Member)

**Share Registrar**

Corptec Associates (Pvt) Ltd.  
503-E, Johar Town, Lahore.

**Auditors**

Riaz Ahmad & Company  
Chartered Accountants

**Bankers**

Allied Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
The Bank of Punjab  
United Bank Limited

**Registered Office**

7-B-3, Aziz Avenue, Gulberg-5, Lahore  
Ph: +92-423-576 0379, 576 0382  
Fax: +92-423-576 0376  
Email: [info@shams.com.pk](mailto:info@shams.com.pk)  
Web: [www.shams.com.pk](http://www.shams.com.pk)

**Project Locations**

Kotla Kahloon, District Nankana Sahib, Punjab  
3-KM, Faisalabad Road, Chiniot, Punjab

## DIRECTORS' REPORT

The Directors are pleased to present their report on the operational results of the Company for the nine months ended March 31, 2020.

**General Review**

During the quarter under review the textile industry has performed under great stress. Offtake has been slow and cost have shown a rising trend. The devaluation of the Pakistani Rupee has resulted in increased cost of imports especially raw materials such as cotton, polyester and also some increase in energy costs. Your company was however able to improve its performance as compared to the previous quarter.

**Operational Efficiencies:**

The company production during the period reviewed remained satisfactory. Cotton products in the country again failed to achieve its targets with buyers chasing higher prices. The quality was also not up to the required standard. The management continues to exercise strict measure to reduce cost.

**Financial summary of the current quarter is as follow:**

	NINE MONTHS ENDED	
	31 March 2020	31 March 2019
	(Rupees in thousands)	
SALES	3,967,597	3,584,921
COST OF SALES	(3,821,512)	(3,453,529)
GROSS PROFIT	146,085	131,392
DISTRIBUTION COST	(38,586)	(20,490)
ADMINISTRATIVE EXPENSES	(49,893)	(52,900)
OTHER EXPENSES	(14,526)	(1,780)
	(113,005)	(75,170)
OTHER INCOME	33,080	56,222
	3,005	8,855
PROFIT FROM OPERATIONS	36,085	65,077
FINANCE COST	(45,962)	(31,250)
(LOSS)/PROFIT BEFORE TAXATION	(9,877)	33,827
TAXATION	(55,507)	(53,834)
(LOSS) AFTER TAXATION	(65,384)	(20,007)

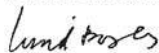
**Future Outlook:**

It is very difficult to predict the future outlook in view of the difficult economic condition's being faced by the country. The Rupee continuous to weaken and foreign exchange reserves continue to deplete. This may result in some curbs on import which may in turn impact our raw material prices. We are however hopeful of achieving better results through more efforts. The Carona virus crises will have devastating consequences on the economy of the country which may take years to recover. All production facilities as also trade are presently suspended under a strict lock-down regime. Resumption of normal activities are totally dependent on the Carona Virus and its abatement. Under the present conditions the future appears bleak.

**ACKNOWLEDGEMENTS:**

We would like to thank the Board of Directors for their guidance at all times to all employees and shareholders for their cooperation. For and On behalf of Board of Director's

For and On behalf of Board of Directors



**Khalid Bashir**  
Chief Executive

29 April 2020  
Lahore



**Asif Bashir**  
Director

## ڈائریکٹر رپورٹ

ڈائریکٹر 31 مارچ 2020 کو ختم ہونے والے سہ ماہی کے لیے کمپنی کے اپریشنل نتائج پر اپنی رپورٹ پیش کرنے کے لیے خوش ہیں۔

### عمومی جائزہ:

زیر نظر سہ ماہی کے دوران ٹیکسٹائل انڈسٹری نے زبردست تناؤ کا مظاہرہ کیا ہے۔ آف ٹیک سٹ رہا ہے اور لاگت میں بڑھتا ہوا رجحان دیکھا گیا ہے۔ تاہم پاکستانی روپے کی تنزلی کے نتیجے میں درآمدات کی قیمتوں میں اضافہ ہوا ہے خاص طور پر خام مال، کپاس، پولیسٹر اور توانائی کے اخراجات میں کچھ اضافہ بھی ہوا ہے۔ تاہم آپ کی کمپنی گزشتہ سہ ماہی کے مقابلے میں اپنی کارکردگی کو بہتر بنانے میں کامیاب رہی۔

### آپریشنل صلاحیتیں:

اس عرصے کے دوران کمپنی کی پیداوار اطمینان بخش رہی۔ ملک میں کپاس کی مصنوعات اپنے اعلیٰ قیمتوں کے مقاصد کو حاصل کرنے میں ناکام رہی ہیں۔ خام مال کی کوالٹی ضروری معیار کے مطابق نہیں تھی۔ انتظامیہ سخت پیکش کا استعمال کرتے ہوئے لاگت کو کم کرنے میں مسلسل کوشاں ہے۔ موجودہ سہ ماہی کے مالی خلاصہ کی تفصیل درج ذیل ہے۔


31 مارچ 2019ء	31 مارچ 2020ء	(مبلغ ملین میں)
3,584,921 (3,453,529)	3,967,597 (3,821,512)	فروخت فروخت کی لاگت
131,392 (20,490) (52,900) (1,780) (75,170)	146,085 (38,586) (49,893) (14,526) (113,005)	خام نتائج تعمیر کی لاگت انتظامی اخراجات دیگر اخراجات
56,222 8,855	33,080 3,005	دیگر آمدنی
65,077 (31,250)	36,085 (45,962)	آپریٹنگ سے نفع مالیاتی اخراجات
33,827 (53,834)	(9,877) (55,507)	ٹیکسیشن سے پہلے نفع ٹیکسیشن
(20,007)	(65,384)	ٹیکسیشن کے بعد (تقصان)/نفع


### مستقبل کی امکانات:

مستقبل کے نقطہ نظر کی پیش گوئی کرنا بہت کی مشکل ہے خاص کر ملک کو جس مشکل اقتصادی حالت کا سامنا کرنا پڑا ہے۔ روپیہ کی قدر مسلسل کمزور اور غیر ملکی کرنسی کے ذخائر میں مسلسل کمی کا سامنا ہے۔ اس کے نتیجے میں کچھ درآمدات مختصر ہو سکتی ہیں جس کا اثر ہمارے خام مال کی قیمتوں پر پڑ سکتا ہے۔ تاہم ہمیں امید ہے کہ ہم زیادہ کوششوں کے ذریعے بہتر نتائج حاصل کر سکتے ہیں۔ کارونہ وائرس کا بحران تباہ کن ہو گا اس سے ملک کی معیشت پر ایسے نتائج برآمد ہوں گے جن کی بحالی میں سالوں کا وقت لگ سکتا ہے۔ پیداوار کی تمام سہولیات اور تجارت کو حکومت نے ایک سخت لاک ڈون کے تحت معطل کر دیا ہے۔ معمول کی سرگرمیاں دوبارہ شروع کرنا پوری طرح سے کارونہ وائرس اور اس کی کمی پر منحصر ہے۔ موجودہ حالات کے تناظر میں مستقبل تاریک نظر آتا ہے۔

### اظہار تشکر:

ہم اس موقع پر اپنے تمام حصص داروں، شرکاء داروں کے تعاون اور اپنے ملازمین کے کام کو سراہتے ہیں۔ ہم بورڈ آف ڈائریکٹرز کا اُن کی رہنمائی اور اُن کے مشوروں کا شکریہ ادا کرتے ہیں۔

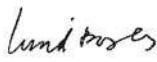
  
آصف بشیر  
ڈائریکٹر

  
خالد بشیر  
چیف ایگزیکٹو  
29 اپریل 2020

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
As At 31 March 2020

	<b>Un Audited</b>	Audited
	<b>31 March</b>	30 June
	<b>2020</b>	2019
<b>Note</b>	<b>(Rupees in thousands)</b>	
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
<b>Authorized share capital</b>		
25,000,000 (30 June 2019: 25,000,000)		
ordinary shares of Rupees 10 each		
	<b>250,000</b>	250,000
<b>Issued, subscribed and paid-up share capital</b>		
8,640,000 (30 June 2019: 8,640,000) ordinary		
shares of Rupees 10 each		
	<b>86,400</b>	86,400
<b>Reserves</b>		
<b>Accumulated loss</b>		
	<b>711,681</b>	706,839
	<b>(191,267)</b>	(116,811)
<b>Total equity</b>		
	<b>606,814</b>	676,428
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Long term financing	4	4,236
Deferred income tax liability		14,036
		12,328
		16,564
		26,562
<b>CURRENT LIABILITIES</b>		
Trade and other payables	1,041,555	876,422
Accrued mark-up	11,050	5,674
Short term borrowings	505,237	131,806
Current portion of long term financing	13,067	13,067
Unclaimed dividend	4,425	4,266
	<b>1,575,334</b>	1,031,235
<b>Total liabilities</b>		
	<b>1,591,898</b>	1,057,797
<b>CONTINGENCIES AND COMMITMENTS</b>		
	5	-
	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		
	<b>2,198,712</b>	1,734,225

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



Chief Executive



Director



Chief Financial Officer

	Un Audited 31 March 2020	Audited 30 June 2019
Note	(Rupees in thousands)	
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	6      798,680	819,904
Long term investments	44,520	68,289
Long term security deposits	1,576	1,576
	<b>844,776</b>	889,769
<b>CURRENT ASSETS</b>		
Stores and spare parts	63,260	58,982
Stock-in-trade	752,144	411,980
Trade debts	430,010	223,860
Advances	11,024	18,444
Short term prepayments	1,543	-
Other receivables	23,020	30,928
Sales tax refundable	33,620	36,891
Taxation - net	29,634	36,073
Cash and bank balances	9,681	27,298
	<b>1,353,936</b>	844,456
<b>TOTAL ASSETS</b>	<b>2,198,712</b>	1,734,225



Chief Executive



Director

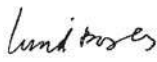


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS  
(Un-Audited)  
For The Nine Months Ended 31 March 2020

	Note	NINE MONTHS ENDED		QUARTER ENDED	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
(Rupees in thousands)					
REVENUE		<b>3,967,597</b>	3,584,921	<b>1,552,060</b>	1,285,197
COST OF SALES	7	<b>(3,821,512)</b>	(3,453,529)	<b>(1,486,371)</b>	(1,233,062)
GROSS PROFIT		<b>146,085</b>	131,392	<b>65,689</b>	52,135
DISTRIBUTION COST		<b>(38,586)</b>	(20,490)	<b>(18,853)</b>	(10,434)
ADMINISTRATIVE EXPENSES		<b>(59,893)</b>	(52,900)	<b>(19,668)</b>	(17,905)
OTHER EXPENSES		<b>(14,526)</b>	(1,780)	<b>(13,613)</b>	(730)
		<b>(113,005)</b>	(75,170)	<b>(52,134)</b>	(29,069)
		<b>33,080</b>	56,222	<b>13,555</b>	23,066
OTHER INCOME		<b>3,005</b>	8,855	<b>803</b>	2,945
PROFIT FROM OPERATIONS		<b>36,085</b>	65,077	<b>14,358</b>	26,011
FINANCE COST		<b>(45,962)</b>	(31,250)	<b>(17,232)</b>	(12,139)
PROFIT BEFORE TAXATION		<b>(9,877)</b>	33,827	<b>(2,874)</b>	13,872
TAXATION		<b>(55,507)</b>	(53,834)	<b>(21,413)</b>	(15,423)
LOSS AFTER TAXATION		<b>(65,384)</b>	(20,007)	<b>(24,287)</b>	(1,551)
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)		<b>(7.57)</b>	(2.32)	<b>(2.81)</b>	(0.18)

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



Chief Executive



Director



Chief Financial Officer



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
(Un-audited)

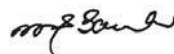
For The Nine Months Ended 31 March 2020

	NINE MONTHS ENDED		QUARTER ENDED	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	(Rupees in thousands)			
<b>LOSS AFTER TAXATION</b>	<b>(65,384)</b>	(20,007)	<b>(24,287)</b>	(1,551)
<b>OTHER COMPREHENSIVE INCOME / (LOSS)</b>				
<b>Items that will not be reclassified to profit or loss:</b>				
Surplus / (deficit) arising on remeasurement of investments at fair value through other comprehensive income	4,842	(11,142)	(2,677)	(7,454)
<b>Items that may be reclassified subsequently to profit or loss</b>	-	-	-	-
<b>Other comprehensive income / (loss) for the period</b>	<b>4,842</b>	(11,142)	<b>(2,677)</b>	(7,454)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(60,542)</b>	(31,149)	<b>(26,964)</b>	(9,005)

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



Chief Executive



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited)  
For The Nine Months Ended 31 March 2020

	SHARE CAPITAL	Reserves				TOTAL RESERVE	ACCUMULATED LOSS	TOTAL EQUITY
		Capital		Revenue				
		Premium on issue of right shares	Fair value reserve FVTOCI Investments	Sub total	General reserve			
		(Rupees in thousands)						
Balance as at 30 June 2018 (Audited)	86,400	31,628	31,628	600,000	718,028	(138,900)	665,528	
Loss for the nine months ended 31 March 2019	-	-	-	-	-	(20,007)	(20,007)	
Transaction with owner - Dividend for the year ended 30 June 2018 @ Rs 2.35 per share	-	-	-	-	-	(20,304)	(20,304)	
Total comprehensive loss for the half year ended 31 March 2019	-	(11,142)	(11,142)	-	(11,142)	-	(11,142)	
Balance as at 31 March 2019 (Un-audited)	86,400	20,486	20,486	600,000	706,886	(179,211)	614,075	
Profit for the three months year ended 30 June 2019	-	-	-	-	-	62,400	62,400	
Other comprehensive income for the three months year ended 30 June 2019	-	(47)	(47)	-	(47)	-	(47)	
Total comprehensive income for the three months year ended 30 June 2019	-	(47)	(47)	-	(47)	62,400	62,353	
Balance as at 30 June 2019 (Audited)	86,400	20,439	20,439	600,000	706,839	(116,811)	676,428	
Transaction with owner - Dividend for the year ended 30 June 2019 @ Rs 1.05, per share	-	-	-	-	-	(9,072)	(9,072)	
Loss for the nine months ended 31 March 2020	-	-	-	-	-	(65,384)	(65,384)	
Other comprehensive loss for the nine months ended 31 March 2020	-	4,842	4,842	-	4,842	-	4,842	
Total comprehensive loss for the nine months ended 31 March 2020	-	4,842	4,842	-	4,842	(65,384)	(60,542)	
Balance as at 31 March 2020 (Un-audited)	86,400	25,281	25,281	600,000	711,681	(191,267)	606,814	

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

*Amir Iqbal*  
Chief Executive

*Asim*  
Director

Chief Financial Officer

## SHAMS TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOW (Un-Audited)  
For The Nine Months Ended 31 March 2020

	Note	Nine Months Ended	
		31 March 2020	31 March 2019
(Rupees in thousands)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	8	(251,045)	31,064
Finance cost paid		(40,586)	(25,192)
Income tax paid		(49,068)	(27,071)
<b>Net cash used in operating activities</b>		<b>(340,699)</b>	(21,199)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(32,177)	(7,112)
Dividend received		180	168
Proceeds from sale of property, plant and equipment		350	3,055
<b>Net cash used in investing activities</b>		<b>(31,647)</b>	(3,889)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing		(9,800)	(22,301)
Short term borrowings - net		373,431	69,351
Dividend paid		(8,902)	(19,756)
<b>Net cash from financing activities</b>		<b>354,729</b>	27,294
<b>Net decrease in cash and cash equivalents</b>		<b>(17,617)</b>	2,206
<b>Cash and cash equivalents at the beginning of the period</b>		<b>27,298</b>	4,760
<b>Cash and cash equivalents at the end of the period</b>		<b>9,681</b>	6,966

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



Chief Executive



Director



Chief Financial Officer

**SELECTED NOTES TO THE CONDENSED INTERIM  
FINANCIAL STATEMENTS (Un-Audited)**  
For The Nine Months Ended 31 March 2020

**1. THE COMPANY AND ITS OPERATIONS**

Shams Textile Mills Limited ("the Company") is a public limited Company incorporated in Pakistan under the Companies Act, 1913 (Now the Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. Its registered office is situated at 7-B-III, Aziz Avenue, Gulberg V, Lahore. The Company is engaged in the business of manufacturing, sale and trading of yarn.

**2. BASIS OF PREPARATION**

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

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

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** These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2019. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

**3. ACCOUNTING POLICIES**

The accounting policies and methods of computations adopted for the preparation of these unconsolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2019. The Company has adopted IFRS 16 from 01 July 2019. The new standard eliminates the classification of leases as either operating leases or finance leases and instead introduces a single lessee accounting model. IFRS 16 is not applicable on short-term leases and leases of low-value assets. The Company has only short-term operating leases, hence, the adoption of IFRS 16 does not have any impact on the amounts recognized in prior periods and is not expected to significantly affect the current or future periods.

**3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of these 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.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2019.

	<b>Unaudited 31 March 2020</b>	Audited 30 June 2019
	<b>(Rupees in thousands)</b>	
<b>4. LONG TERM FINANCING - SECURED</b>		
Opening balance	<b>27,103</b>	52,670
Less: Repaid during the period / year	<b>(9,800)</b>	(25,567)
	<b>17,303</b>	27,103
Less: Current portion shown under current liabilities	<b>(13,067)</b>	(13,067)
	<b>4,236</b>	14,036

SELECTED NOTES TO THE CONDENSED INTERIM  
FINANCIAL STATEMENTS (Un-Audited)  
For The Nine Months Ended 31 March 2020

**5. CONTINGENCIES AND COMMITMENTS**

**Contingencies**

Bank guarantees of Rupees 69.596 million (30 June 2019: Rupees 69.596 million) are given by the bank of the company in favour of Sui Northern Gas Pipelines Limited against gas connections.

**Commitments**

Letters of credit for other than capital expenditures amounted to Rupees 49.628 million (30 June 2019: Rupees 10.152 million).

	<b>Un-audited 31 March 2020</b>	Audited 30 June 2019
	<b>(Rupees in thousands)</b>	
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets (Note 6.1)	<b>798,680</b>	817,790
Capital work-in-progress (Note 6.2)	-	2,114
	<b>798,680</b>	819,904
<b>6.1 Operating fixed assets</b>		
Opening book value	<b>817,790</b>	887,854
Add: Cost of additions during the period / year (Note 6.1.1)	<b>34,293</b>	10,532
Less: Book value of deletions during the period / year (Note 6.1.2)	<b>(501)</b>	(3,497)
Less: Depreciation charged during the period / year	<b>(52,902)</b>	(77,099)
	<b>798,680</b>	817,790
<b>6.1.1 Cost of additions</b>		
Plant and machinery	<b>31,737</b>	3,265
Vehicles	<b>2,556</b>	7,267
	<b>34,293</b>	10,532
<b>6.1.2 Book value of deletions</b>		
Plant and machinery	<b>501</b>	235
Vehicles	-	3,262
	<b>501</b>	3,497
<b>6.2 Capital work-in-progress</b>		
Advance against purchase of vehicles	-	2,114

	<b>Un-Audited</b>			
	<b>Nine Months Ended 31 March 2020</b>	31 March 2019	<b>Quarter Ended 31 March 2020</b>	31 March 2019
	<b>(Rupees in thousands)</b>			
<b>7 COST OF SALES</b>				
Raw materials consumed	<b>3,101,915</b>	2,868,801	<b>1,001,644</b>	977,398
Salaries, wages and other benefits	<b>309,530</b>	255,883	<b>94,807</b>	88,826
Stores and spare parts consumed	<b>91,099</b>	69,910	<b>29,789</b>	19,704
Packing materials consumed	<b>59,961</b>	56,679	<b>20,038</b>	18,485
Repair and maintenance	<b>11,148</b>	11,546	<b>3,034</b>	2,246
Fuel and power	<b>438,242</b>	419,102	<b>124,727</b>	134,985
Insurance	<b>4,246</b>	5,483	<b>1,471</b>	1,852
Other factory overheads	<b>5,534</b>	4,657	<b>1,734</b>	1,805
Depreciation	<b>48,232</b>	52,597	<b>16,306</b>	17,546
	<b>4,069,907</b>	3,744,658	<b>1,293,550</b>	1,262,847

SELECTED NOTES TO THE CONDENSED INTERIM  
FINANCIAL STATEMENTS (Un-Audited)  
For The Nine Months Ended 31 March 2020

	Un-Audited			
	Nine months ended		Quarter ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	(Rupees in thousands)			
Work-in-process:				
Opening stock	49,915	45,449	38,024	51,173
Closing stock	(25,678)	(41,895)	(25,678)	(41,895)
	24,237	3,554	12,346	9,278
Cost of goods manufactured	4,094,144	3,748,212	1,305,896	1,272,125
Finished goods:				
Opening stock	256,654	176,788	709,761	432,408
Closing stock	(529,286)	(471,471)	(529,286)	(471,471)
	(272,632)	(294,683)	180,475	(39,063)
	3,821,512	3,453,529	1,486,371	1,233,062

	Un-audited Nine Months Ended	
	31 March 2020	31 March 2019
	(Rupees in thousands)	

**8 CASH (USED IN) / GENERATED FROM OPERATIONS**

Profit before taxation	(9,877)	33,827
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	52,902	57,810
Gain on sale of property, plant and equipment	151	(1,494)
Finance cost	45,962	31,250
Dividend income	(180)	(168)
Working capital changes (Note 8.1)	(340,003)	(90,161)
	(251,045)	31,064

**8.1 Working capital changes**

(Increase) / decrease in current assets:		
- Stores and spare parts	(4,278)	12,151
- Stock-in-trade	(340,164)	(285,847)
- Trade debts	(206,150)	(79,549)
- Advances	7,420	49,112
- Short term prepayments	(1,543)	(2,094)
- Other receivables	7,697	7,279
- Sales tax refundable	31,882	(13,308)
	(505,136)	(312,256)
Increase in trade and other payables	165,133	222,095
	(340,003)	(90,161)

**9. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL STATEMENTS**

**(i) Fair value hierarchy**

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

SELECTED NOTES TO THE CONDENSED INTERIM  
FINANCIAL STATEMENTS (Un-Audited)  
For The Nine Months Ended 31 March 2020

Recurring fair value measurements At 31 March 2020	Level 1	Level 2	Level 3	Total
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Rupees in thousands

**Financial assets**

Investments at fair value through other comprehensive income	44,520	-	-	44,520
<b>Total financial assets</b>	<b>44,520</b>	<b>-</b>	<b>-</b>	<b>44,520</b>

Recurring fair value measurements At 30 June 2019	Level 1	Level 2	Level 3	Total
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Rupees in thousands

**Financial assets**

Available for sale financial assets	39,678	-	-	39,678
<b>Total financial assets</b>	<b>39,678</b>	<b>-</b>	<b>-</b>	<b>39,678</b>

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period. Further there was no transfer in and out of level 3 measurements.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

**ii. Valuation techniques used to determine fair values**

Specific valuation technique used to value financial instruments was use of quoted market prices.

**10. TRANSACTION WITH RELATED PARTIES**

Related parties of the Company comprise associated undertakings, other related parties, key management personnel and provident fund trust. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties are as follows:

i. Transactions	Un-Audited			
	Nine Months Ended		Quarter ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019

(Rupees in thousands)

**Associated companies**

Sale of goods and services	124,236	1,633	10,786	133
Purchase of goods and services	3,024	164	2,746	62
Insurance premium	8,265	9,008	545	448
Rent expense	1,800	1,800	600	600
Dividend paid	3,078	-	-	-
Electricity purchased	-	1,065	-	-

SELECTED NOTES TO THE CONDENSED INTERIM  
FINANCIAL STATEMENTS (Un-Audited)  
For The Nine Months Ended 31 March 2020

	Un-Audited			
	Nine Months Ended 31 March 2020	31 March 2019	Quarter ended 31 March 2020	31 March 2019

(Rupees in thousands)

**Other related parties**

Company's contribution to employees' provident fund trust	5,168	4,229	1,866	1,510
Remuneration of Chief Executive, Director and Executives	21,342	23,526	7,114	7,842

**ii. Period end balances****As at 31 March 2020 (Un-audited)**

	Associated Companies	Other related Parties	Total
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(Rupees in thousands)

Trade and other payables	-	139,768	139,768
Trade debts	5,906	-	5,906
Long term investments	5,447	-	5,447
Other receivables	666	-	666

**As at 30 June 2019 (Audited)**

	Associated Companies	Other related Parties	Total
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(Rupees in thousands)

Trade and other payables	272	111,657	111,929
Trade debts	493	-	493
Short term investments	4,457	-	4,457
Other receivables	586	-	586

**11. FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2019.

**12. DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial statements were approved by the Board of Directors and authorized for issue on 29 April, 2020.

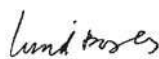
**13. CORRESPONDING FIGURES**

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", 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 flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made.

**14. GENERAL**

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.



Chief Executive



Director



Chief Financial Officer



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