



**Condensed Interim  
Un-Audited Financial Statements  
For the 1st Quarter Ended  
September 30, 2020**





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## COMPANY INFORMATION

<b>Board of Directors</b>	Mr. Faisal Mukhtar Ms. Abida Mukhtar Mrs. Nilofar Mukhtar Mrs. Mahwesh Faisal Mukhtar Mr. Muhammad Gul Nawaz Mr. Muhammad Yousaf Mr. Ejaz Hussain	Chairperson & Director Chief Executive Officer
<b>Audit committee</b>	Mr. Muhammad Gul Nawaz Mrs. Mahwesh Faisal Mukhtar Mrs. Nilofar Mukhtar	Chairman Member Member
<b>HR &amp; Remuneration Committee</b>	Mr. Muhammad Yousaf Mrs. Mahwesh Faisal Mukhtar Mrs. Nilofar Mukhtar	Chairman Member Member
<b>Chief Financial Officer Company Secretary</b>	Mr. Shahid Ameen Chaudhry	
<b>Share Registrar</b>	M/s. Corplink (Pvt) Ltd. Wing Arcade, 1-K, Commercial Model Town, Lahore. Tel: 042-35839182, 35869037	
<b>Auditors</b>	M/s Rizwan & Co. Chartered Accountants	
<b>Bankers</b>	National Bank of Pakistan The Bank of Punjab United Bank Limited Faysal Bank Limited Silk Bank Limited Summit Bank Limited	
<b>Registered Office</b>	54-C III, Gulberg III, Lahore. Phones: (042) 3587863-44 Fax : (042) 35878642	
<b>Factory</b>	10th Km Muridke-Sheikhupura Road, Muridke.	

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## DIRECTORS' REPORT

The Directors of Dar es Salaam Textile Mills Limited ("the Company") take pleasure in presenting the 1<sup>st</sup> Quarter Financial Report for the period ended September 30, 2020.

### **Economic Outlook**

Post the first wave of Covid 19, the world economies are slowly recovering. However, the extent of recovery will be hard to ascertain before a vaccine is developed. The Pakistani economy, like the rest of the world, is struggling to overcome the challenges brought forth by the pandemic. Given such unusual times, it was difficult for the management to close any deal and dispose of land, building and machinery to pay down its liabilities. Therefore, in the last quarter of 2020, the management held an Extra Ordinary General Meeting to obtain approval from shareholders for leasing out the premises.

The management's decision to lease the land and building during the interim period was a beneficial decision. The company has closed its quarter with a positive bottom line and hopes to continue that throughout the current year. The income has allowed the company to meet its cashflow requirements and reduce liabilities as well. Nonetheless, the management is still seeking buyers for the disposal of land and building in order to pay down its liabilities and revive the company. These are challenging times, but the management is hopeful to dispose of land and building within shortest possible time and implement business plan for revival of the Company.

Your directors are continuing their efforts to prepare a best possible solution for the benefit of all the stakeholders. We would like to thank all shareholders for their continued support.

On behalf of the Board of Directors



**Abida Mukhtar**  
Chief Executive Officer

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## ڈائریکٹرز کی رپورٹ

دارالسلام ٹیکسٹائل ملز لمیٹڈ ("کمپنی") کے ڈائریکٹرز 30 ستمبر 2020ء کو اختتام پذیر دورانیہ کے لئے کمپنی کی پہلی سہ ماہی رپورٹ کے ازراہ مسرت پیش کرتے ہیں۔

### اقتصادی منظر نامہ

COVID-19 کی پہلی لہر کے بعد عالمی معیشت بحالی کی جانب گامزن ہے۔ تاہم، ویکسین دریافت ہونے سے قبل اس بحالی کے استحکام کے بارے میں کچھ نہیں کہا جاسکتا۔ عالمی معیشت کی طرح پاکستانی معیشت کو رونا وائرس کی وبا سے درپیش مشکلات سے چھٹکارا حاصل کرنے کی تگ و دو میں مصروف ہے۔ اس بحالی کی کیفیت میں انتظامیہ کے لئے کسی بھی سودے بازی کو ختم کرنا اور واجبات کی ادائیگی کے لئے زمین، تعمیرات اور مشینری کو فروخت کرنا انتہائی مشکل تھا۔ لہذا، 2020ء کی آخری سہ ماہی کے دوران انتظامیہ نے عمارات منقولہ کو لیز پر دینے کے لئے حصص داران کی منظوری کی غرض سے ایک غیر معمولی اجلاس عام منعقد کیا۔

عبوری مدت کے دوران زمین اور عمارت کو لیز پر دینے کا انتظامیہ کا فیصلہ انتہائی کارگر ثابت ہوا۔ کمپنی نے مثبت رجحان کے ساتھ یہ سہ ماہی ختم کی اور کمپنی اسے آئندہ سال بھی برقرار رکھنے کے لئے پر امید ہے۔ آمدنی سے کمپنی اپنی کیش فلو ضروریات کو پورا کرنے اور واجبات کو کم کرنے کے قابل ہوئی۔ تاہم، انتظامیہ واجبات کی ادائیگی اور کمپنی کو از سر نو فعال کرنے کے لئے تاحال زمین اور عمارت کی فروخت کے لئے خریدار تلاش کر رہی ہے۔ یہ بحالی کی کیفیت ہے لیکن انتظامیہ پر امید ہے کہ وہ کم ترین مدت میں زمین اور عمارت کو فروخت اور کمپنی کو فعال کرنے کے لئے کاروباری منصوبہ کا اطلاق کر لے گی۔

آپ کے ڈائریکٹرز اپنے تمام سٹیک ہولڈرز کو منافع دینے کے لئے ہر ممکن حد تک اپنی کوششوں کو بروئے کار لارہے ہیں۔ ہم مسلسل حمایت اور تعاون کے لئے اپنے تمام حصص داران کے تہہ دل سے شکر گزار ہیں۔

منجانب/ برائے بورڈ آف ڈائریکٹرز

  
عابدہ مختار  
چیف ایگزیکٹو آفیسر

**Condensed Interim Statement of Financial Position (Un-audited)**  
**As at September 30, 2020**

	Note	30-Sep-2020 Rupees (Un-Audited)	30-Jun-20 Rupees (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Operating fixed assets		20,000	-
Investment property		322,131,000	322,131,000
Long term deposits		1,426,354	1,426,354
		<u>323,577,354</u>	<u>323,557,354</u>
<b>Current Assets</b>			
Advances, deposits, prepayments and other receivables		6,272,221	1,325,970
Tax refunds due from government		4,056,968	4,056,968
Advance income tax		19,115,245	18,440,245
Non-current assets held for sale	6	10,576,500	15,196,500
Cash and bank balances		898,942	295,806
		<u>40,919,876</u>	<u>39,315,489</u>
<b>Current liabilities</b>			
Trade and other payables		135,037,402	135,363,604
Unclaimed dividend		1,159,777	1,159,777
Accrued markup		108,429,327	108,429,327
Short term borrowings	7	116,220,088	116,220,088
Current portion of long term financing	8	156,645,197	156,645,197
Provision for taxation		2,013,789	1,045,943
		<u>519,505,580</u>	<u>518,863,936</u>
<b>Working capital employed</b>		<u>(478,585,704)</u>	<u>(479,548,447)</u>
<b>Non-current liabilities</b>		-	-
<b>NET CAPITAL EMPLOYED</b>		<u>(155,008,350)</u>	<u>(155,991,093)</u>
<b>Represented by:</b>			
<b>Share capital and reserves</b>			
Authorized share capital 15,000,000 (June 30, 2020 : 15,000,000) ordinary shares of Rupees 10 each		150,000,000	150,000,000
Issued, subscribed and paid up share capital		80,000,000	80,000,000
Accumulated loss		(341,836,186)	(343,523,929)
Revaluation surplus		6,663,300	6,663,300
Loan from sponsors		100,164,536	100,869,536
<b>TOTAL EQUITY</b>		<u>(155,008,350)</u>	<u>(155,991,093)</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		

The annexed notes from 1 to 13 form an integral part of these condensed financial information.

  
Abida Mukhtar  
Chief Executive Officer

  
Shahid Ameen Chaudhry  
Chief Financial Officer

  
Nilofar Mukhtar  
Director

**Condensed Interim Profit and Loss Account (Un-audited)  
for the three months ended September 30, 2020**

	<b>Three months period ended</b>	
	<b>September 30, 2020</b>	<b>September 30, 2019</b>
	<b>(Rupees)</b>	
Sales	-	-
Cost of sales	-	-
<b>Gross profit / (loss)</b>	<b>-</b>	<b>-</b>
Administrative expenses	<b>(2,440,352)</b>	(2,254,905)
	<b>(2,440,352)</b>	(2,254,905)
Other income	<b>5,098,407</b>	800,000
	<b>2,658,055</b>	(1,454,905)
Finance costs	<b>(2,466)</b>	(957)
<b>Profit / (loss) before taxation</b>	<b>2,655,589</b>	(1,455,862)
Taxation	<b>(967,846)</b>	-
<b>Profit / (loss) after taxation</b>	<b>1,687,743</b>	(1,455,862)
Earnings per share	<b>0.211</b>	(0.182)

The annexed notes from 1 to 13 form an integral part of these condensed financial information.

  
Abida Mukhtar  
Chief Executive Officer

  
Shahid Ameen Chaudhry  
Chief Financial Officer

  
Nilofar Mukhtar  
Director



**Condensed Interim Statement of Comprehensive Income (Un-audited)**  
**for the three months ended September 30, 2020**

	<b>Three months period ended</b>	
	<b>September 30, 2020</b>	<b>September 30, 2019</b>
	<b>(Rupees)</b>	
Profit / (loss) after taxation	<b>1,687,743</b>	(1,455,862)
Other comprehensive income / (loss)	-	-
Total comprehensive income / (loss)	<b><u>1,687,743</u></b>	<b><u>(1,455,862)</u></b>

The annexed notes from 1 to 13 form an integral part of these condensed financial information.

  
**Abida Mukhtar**  
 Chief Executive Officer

  
**Shahid Ameen Chaudhry**  
 Chief Financial Officer

  
**Nilofar Mukhtar**  
 Director

**Condensed Interim Statement of Cash Flows (Un-audited)  
for the three months ended September 30, 2020**

	<b>Three months period ended</b>	
	<b>September 30, 2020</b>	<b>September 30, 2019</b>
	<b>(Rupees)</b>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	2,655,589	(1,455,862)
<i>(Increase) / decrease in current assets:</i>		
Advances, deposits, prepayments and other receivables	(4,946,251)	61,264
<i>Increase / (decrease) in current liabilities:</i>		
Trade and other payables	4,293,798	684,598
<b>Changes in working capital</b>	<b>(652,453)</b>	<b>745,862</b>
<b>Cash used in operating activities</b>	<b>2,003,136</b>	<b>(710,000)</b>
Income tax paid	(675,000)	-
<b>Net cash used in operating activities</b>	<b>1,328,136</b>	<b>(710,000)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Addition in investment property	(20,000)	-
<b>Net cash generated from investing activities</b>	<b>(20,000)</b>	<b>-</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loan from sponsors	(705,000)	800,009
<b>Net cash (used in) / generated from financing activities</b>	<b>(705,000)</b>	<b>800,009</b>
<b>Net increase in cash and cash equivalents</b>	<b>603,136</b>	<b>90,009</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>295,806</b>	<b>283,435</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>898,942</b>	<b>373,444</b>

The annexed notes from 1 to 13 form an integral part of these condensed financial information.

  
Abida Mukhtar  
Chief Executive Officer

  
Shahid Ameen Chaudhry  
Chief Financial Officer


  
Nilofar Mukhtar  
Director

**Condensed Interim Statement of Changes in Equity (Un-audited)  
for the three months ended September 30, 2020**

	Share capital	Accumulated loss	Revaluation surplus	Loan from sponsors	Total
	(Rupees)				
<b>Balance as at June 30, 2019 (Audited)</b>	80,000,000	(293,786,258)	-	95,422,097	(118,364,161)
Loss after taxation	-	(1,455,862)	-	-	(1,455,862)
Other comprehensive income / (loss)	-	-	-	-	-
Total comprehensive loss	-	(1,455,862)	-	-	(1,455,862)
<b>Transactions with sponsors</b>					
Loan received from sponsors	-	-	-	900,000	900,000
<b>Balance as at September 30, 2019 (Un-audited)</b>	80,000,000	(295,242,120)	-	96,322,097	(118,920,023)
<b>Balance as at June 30, 2020 (Audited)</b>	80,000,000	(343,523,929)	6,663,300	100,869,536	(155,991,093)
Profit after taxation	-	1,687,743	-	-	1,687,743
Other comprehensive income / (loss)	-	-	-	-	-
Total comprehensive income	-	1,687,743	-	-	1,687,743
<b>Transactions with sponsors</b>					
Loan repaid from sponsors	-	-	-	(705,000)	(705,000)
<b>Balance as at September 30, 2020 (Un-audited)</b>	80,000,000	(341,836,186)	6,663,300	100,164,536	(155,008,350)

The annexed notes from 1 to 13 form an integral part of these condensed financial information.

  
Abida Mukhtar  
Chief Executive Officer

  
Shahid Ameen Chaudhry  
Chief Financial Officer

  
Nilofar Mukhtar  
Director

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**Notes to the Condensed Interim Financial Information (Un-audited)  
for the three months ended September 30, 2020**

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**1 LEGAL STATUS AND OPERATIONS**

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Dar Es Salaam Textile Mills Limited ("the Company") was incorporated in Pakistan on September 28, 1989 as public unlisted company under the Companies Ordinance, 1984 (now the Companies Act, 2017). The Company became listed on Pakistan Stock Exchange in 1992. The registered office of the Company is located at 54-C III, Gulberg III, Lahore. The Company was engaged in the business of manufacturing and sale of yarn.

**2 BASIS OF PREPARATION**

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**2.1 Statement of compliance**

These 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 International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017, and Provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ 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 the annual audited financial statements, and should be read in conjunction with Company's annual audited financial statements for the year ended June 30, 2020. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the Company's financial position and performance since the last annual financial statements.

**2.3** These condensed interim financial information has been submitted to shareholders as required by the Listing Regulations of Pakistan Stock Exchange and section 237 of Companies Act, 2017.

**3 GOING CONCERN ASSUMPTION**

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The Company has closed its operations since 2014 and reported accumulated loss of Rupees 341.836 million (June 30, 2020: Rupees 343.524 million). The current liabilities exceeded its current assets by Rupees 478.586 million (June 30, 2020: Rupees 479.548 million) as of reporting date and there are pending litigations cases filed by the banking companies. In order to settle the liabilities towards lenders and other creditors, the Company in Extra Ordinary General Meeting (EOGM) held on April 30, 2018 approved alternate business plan and disposal off property, plant and equipment. The alternate business plan was based on the disposal of plant & machinery, land and building and repay loans to lenders, creditors and to meet working capital requirements for implementation of alternate business plan. The Company had disposed off plant and machinery but could not dispose off land and building to settle the liabilities with lenders / creditors and implement alternate business plan as envisaged in EOGM held on April 30, 2018.

During the last quarter of the financial year ended on June 30, 2020, the Company has leased out its factory premises in accordance with the approval of the shareholders on April 20, 2020 to meet cash flow requirements of the Company. The Company is making its fullest efforts to sell factory premises in order to generate sufficient cash to settle its liabilities towards lenders and other creditors in foreseeable future and implement revised alternate business plan with the approval of the shareholders.

In view of the above, these condensed interim financial information have been prepared on going concern basis on the grounds that the Company will be able to achieve satisfactory levels of profitability in the future drawn up as per plan by the management for this purpose and bringing its liabilities to

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serviceable level and availability of adequate working capital through support from sponsors. The management is of the view that the Company will continue to get support of sponsors. The condensed interim financial information consequently do not include any adjustment relating to the realization of the assets and liquidation of its liabilities that might be necessary would the Company be unable to continue as a going concern.

#### 4 SIGNIFICANT ACCOUNTING POLICIES

4.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements for the year ended June 30, 2020 except for certain amendments which did not have any affect on these condensed interim financial statements.

4.2 The tax provision represents the tax on rental income of the Company for the year under Section 15 of the Income Tax Ordinance, 2001.

#### 4.3 Functional and presentation currency

These interim financial statements is presented in Pak rupees, which is the functional and presentation currency for the Company.

#### 5 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are same as those applied in the Company's annual audited financial statements for the year ended June 30, 2020.

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

	September 30, 2020 Rupees	June 30, 2020 Rupees
<b>6 NON-CURRENT ASSETS HELD FOR SALE</b>		
Opening carrying value	15,196,500	17,698,381
Transfer to property and equipment	-	(1,041,832)
Impairment loss	-	(1,460,049)
Disposal during the period	<b>(4,620,000)</b>	-
Closing carrying value	<b><u>10,576,500</u></b>	<b><u>15,196,500</u></b>

#### 7 SHORT TERM BORROWINGS

7.1 These facilities were obtained from various banking companies for working capital requirements and are secured through charge on all present and future movable fixed assets amounting to Rupees 135 million, hypothecation charge on machinery amounting to Rupees 200 million, first joint pari passu charge over current assets of the Company, pledge of stocks and personal guarantees of sponsors / directors of the Company at reporting date. Balance of stock in trade, machinery and other movable fixed assets does not support these pledge / charge amounts. These facilities carry mark up of one to six months KIBOR plus a spread of 1.75 percent to 3.50 percent per annum (June 30, 2020: one to six months KIBOR plus a spread of 1.75 to 3.50 percent per annum), payable quarterly.

	September 30, 2020 Rupees	June 30, 2020 Rupees
<b>8 LONG TERM FINANCING</b>		
<i>Demand finances from banking companies - secured:</i>		
- The Bank of Punjab	12,412,177	12,412,177
- United Bank Limited	14,959,062	14,959,062
- United Bank Limited	20,000,000	20,000,000
- United Bank Limited (Forced Demand Finance)	10,000,000	10,000,000
- National Bank of Pakistan	78,749,958	78,749,958
- National Bank of Pakistan (CF swap)	15,976,000	15,976,000
- National Bank of Pakistan (Frozen mark-up)	4,548,000	4,548,000
	<u>156,645,197</u>	<u>156,645,197</u>
Current portion taken as current liability	<u>(156,645,197)</u>	<u>(156,645,197)</u>
	<u>-</u>	<u>-</u>

8.1 There is no change in the terms of loans as referred in note 17 of the audited financial statements of the Company for the year ended June 30, 2020.

## 9 CONTINGENCIES AND COMMITMENTS

### 9.1 Contingencies

9.1.1 In Tax Year 2005 ending on September 30, 2004 and June 30, 2005 respectively; the Department did not give credit of tax deducted on exports under Section 154 amounting to Rupees 6,617,590 and Rupees 4,250,270 against minimum tax liability for the tax years under reference. The Company filed an appeal against the orders of the Department issued under Section 122 of the Income Tax Ordinance, 2001 before CIR(A-1) but rejected the plea of the Company. The Company preferred an appeal before the Appellate Tribunal Inland Revenue which is pending for adjudication.

9.1.2 The Company filed Income Tax Return for the Tax Year 2009 by declaring taxable loss of Rupees 14,534,816 for the year and claimed brought forward losses of Rupees 123,213,497. The assessment Order under Section 122 (5A) of the Income Tax Ordinance, 2001 was finalized by the Department at taxable income of Rupees 137,646,895 and computed tax payable of Rupees 47,443,907. The Company preferred an appeal before Commissioner Appeals [CIR(A)] whereby CIR concluded the matter by deletion of proration of expenses, deletion of loan by Rupees 55,600,000, cash payments by Rupees 100,455,778 and understatement of imports by Rupees 11,565,330, School expenses by Rupees 349,422 and confirmation of addition of retirement by Rupees 3,166,000 benefits and department being aggrieved with the decision of CIR filed an appeal before ATIR which is pending for adjudication.

9.1.3 As a result of assessment order under Section 122(5A), the tax liability of Rupees 1,594,999 was created. The case has been responded by the company at its own. Further, the taxpayer filed an appeal before Commissioner Inland Revenue and the appeal was decided that the tax demand created was adjusted against the Tax Credit under Section 65B amounting to Rupees 3,603,276. Thus the tax demand assessed by the learned DCIR was deleted, but the loss was amended as per the additions of learned DCIR on account of Exchange Loss of Rupees 1,990,851.

9.1.4 The Company filed Income Tax Return for the Tax Year 2012 and paid minimum tax at the rate of 0.5% on the basis of Sindh High Court Judgment. However, the Department disputed the same and charged minimum tax at the 1% resulting in additional minimum tax liability of Rupees 3,527,145. Further, the

Department levied penalties under Section 182 (1)(5) of the Ordinance amounting to Rupees 176,357 and Rupees 881,786 for non-payment of tax for first and second defaults respectively. The Company being aggrieved filed an appeal before CIR (A-I) whereby CIR (A-I) directed DCIR to delete the penalties after verification of available refunds. No further action is taken by the department so far.

- 9.1.5** The Company was selected for audit under section 214D of the income tax ordinance, 2001, the correspondences on legal ground with the Department are in process.
- 9.1.6** The SNGPL levied surcharge of Rupees 22.954 million under Gas Infrastructure Development Cess on industrial undertakings during FY 2012 to May 2015. Lahore High Court passed an order and directed to constitute a High Power Committee of SNGPL to look into the case of industrial undertaking. Federal Government challenged the decision of the High Court of Sindh, which declared the GIDC as ultra vires and unconstitutional in case of another company, and obtained a direction from a Larger Bench of the High Court of Sindh suspending the order. In a separate case, Peshawar High Court passed a judgment on May 31, 2017 validating the Gas Infrastructure Development Cess Act, 2015 and the same has been challenged by the petitioners in the Supreme Court of Pakistan.

During the last year, Gas Infrastructure Development Cess Act, 2015 (Amendment) Ordinance, 2019 was promulgated by the Federal Government which provided for 50% waiver of outstanding liability as at December 31, 2018. Later, the said Ordinance was withdrawn by the Federal Government and pending decision with the Supreme Court of Pakistan. Now Subsequent to the reporting date; Supreme Court of Pakistan has announced on August 13, 2020 its reserved verdict on the Gas Infrastructure Development Cess (GIDC) and has rejected the appeals and ordered the companies to pay the outstanding amount. Despite the Supreme Court of Pakistan verdict, specifically the textile industrial units, feel grieved and levy of unjustified cess applied contrary to the provisions of the GIDC Act, 2015. The Textile companies through APTMA is going to file review petition before the Honorable Supreme Court of Pakistan; therefore, the Company has not recognised the amount of Rupees 22.954 million in these financial statements as the management of the Company, as per advise of the legal counsel of Company, is of the view that decision on review petition shall be decided in favour of the Company.

- 9.1.7** Faysal Bank Limited filed a suit against the Company and its management for recovery of Rupees 22,697,054 before the Banking Courts, Lahore. Said suit was decreed but was challenged by the Company on May 16, 2017 before the Division Bench of Lahore High Court, Lahore vide RFA No. 107003/2017. Said appeal is still pending for adjudication and the final outcome of this matter depends upon the decision of this appeal. The Bank has filed an Execution Petition before the Banking Court No. II Lahore which is also pending adjudication. The Company is vigilantly pursuing this case.
- 9.1.8** National Bank of Pakistan has filed a suit against the Company and its management before the Lahore High Court Lahore vide COS No. 167921/2018, wherein the Bank claimed recovery of Rupees 100.628 million. The suit is still pending for adjudication. This case is being vigorously and diligently contested by the Company and there are good chances of a favorable result in this case.
- 9.1.9** United Bank Limited has filed a suit against the Company and its management before the Lahore High Court Lahore vide COS No. 221677/2018, wherein the Bank has claimed for recovery of Rupees 183.709 million from the Company. This suit is still pending for adjudication. This case is being vigorously and diligently contested by the Company and there are good chances of a favorable result in this case.
- 9.1.10** National Bank of Pakistan has lodged a frivolous and time barred claim of Rupees 51.48 million based upon the LC's facilities sanctioned about 7/8 years back. National Accountability Bureau has also taken up this matter, which act of the NBP and the NAB has been challenged in a Writ Petition No. 221742/2018 before the Lahore High Court, Lahore. Writ Petition along with other similar matters were
-

allowed by the full Bench of Lahore High Court, Lahore on December 24, 2018. The NAB has assailed this judgment in Supreme Court of Pakistan vide CPLA No. 1478/2019, which is pending adjudication and there are good chances of a favorable result in this case. There is no scope of any fiscal loss to the Company in the instant matter.

**9.1.11** The Company has filed a suit against National Bank of Pakistan, before the Lahore High Court, Lahore vide COS No. 220828/2018, challenging Bank's alleged claim based upon the LC's facilities sanctioned about 7/8 years back. The claim of the Bank is baseless and time barred. This suit is still pending adjudication. There is no scope of any fiscal loss to the Company in the instant matter. This case is being vigorously pursued by the Company.

**9.1.12** Securities and Exchange Commission of Pakistan has initiated show cause proceedings against the Company under Section 301 of the Companies Act, 2017. The Company has submitted detailed reply to the show cause notice along with revival plan of the Company upon disposal of land and building and settlement of loans with lenders and creditors. The Company is making all its efforts to revive the Company by implementing revised business plan after approval of shareholders. We are hopeful that show cause proceedings shall be dropped in near future.

**9.1.13** There are expired Letter of guarantees to Sui Northern Gas Pipelines Company Limited (SNGPL) amounting to Rupees 20.647 million (June 30, 2020: Rupees 20.647 million) and Rupees 0.598 million (June 30, 2020: Rupees 0.598 million ) from United Bank Limited and Faysal Bank Limited respectively for the various amounts expired. These guarantees have not yet been returned by the Sui Northern Gas Pipelines Company Limited for onward submissions to the banks for cancellation.

## 9.2 Commitments

**9.2.1** There are no material commitments to disclose as at reporting date (June 30, 2020: Nil).

## 10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

Related parties comprise of directors of the Company, their close relatives and key management personnel. Detail of related parties (with whom the Company has transacted) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these condensed interim financial information, are as follows:

### 10.1 Name and nature of relationship

#### Sponsors

Ms. Nilofer Mukhtar - Director / Chairman  
Ms. Abida Mukhtar - Director  
Mr. Ahmed Mukhtar - Close relative

### 10.2 Transactions with related parties

Nature of Relationship	Nature of Transaction	September 30,	June 30,
		2020	2020
		(Rupees)	
Sponsors	Loan (repaid)/received	(705,000)	900,000



## 11 FINANCIAL RISK MANAGEMENT

### 11.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk.

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

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2020.

### 11.2 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these interim financial statements.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (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).
- Inputs for the asset or liability that are not based on observable market data (Unobservable inputs) (level 3).

As at reporting date, the Company has following item to report in these levels:

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Fair value measurements	(Rupees)			
<b>Assets</b>				
Assets at fair value through statement of profit or loss	-	190,734,000	131,397,000	322,131,000

There is no item to report in corresponding period.

## 12 GENERAL AND CORRESPONDING FIGURES

**12.1** The condensed interim statement of financial position has been compared with preceding statement of financial position as at June 30, 2020, whereas the 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 have been compared with the corresponding period of the previous year.

**12.2** Figures have been rounded off to rupees, unless otherwise stated.

## 13 DATE OF AUTHORIZATION

**13.1** These interim financial statements was approved by the Board of Directors of the Company and authorized for issue on October 31, 2020.

  
Abida Mukhtar  
Chief Executive Officer

  
Shahid Ameen Chaudhry  
Chief Financial Officer

  
Nilofar Mukhtar  
Director

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