

# INTERIM FINANCIAL REPORT

For the quarter ended

September 30, 2019

## KHALID SIRAJ

Textile Mills Limited



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## Company Information

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

## Directors' Report

The Board of Directors of your Company is pleased to present before you the Condensed Interim Financial Information (Un-Audited) for the 1<sup>st</sup> quarter ended September 2019. The Condensed interim financial Information has been prepared in compliance with IAS – 34 "Interim Financial Reporting" and the Companies Act, 2017.

### Financial Highlights

	Quarter ended September 30, 2019 (Rupees in million)	Quarter ended September 30, 2018 (Rupees in million)
– Loss/ Profit after tax	(6.682)	(7.456)
– Depreciation	6.594	7.320
– Cash Loss / Profit	(0.088)	(0.136)

We have tried to restart business in the past but unfortunately, market and government policies don't support textile sector in a proficient way, resulting in heavy losses. Businesses can't even meet fixed cost, so had to start operations recently, so the shut down continues.

Recently, The Finance Bill 2019 has levied 17% sales tax on textile industry, increase in turnover tax to 1.5%, Rupee devaluation and seeking CNIC of all sales through registered, that has enhanced further severe liquidity crunch and cash drain, which is an unnecessary increase in the cost of production, as hundreds of billions of rupees are already stuck up with the government. Further, Government has imposed increased rate of electricity Units, which burdened heavy cost in business operations.

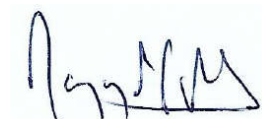
### Future Outlook / Strategy

Under the current Government Commitments, As APTMA has started pursuing on the subject matter of REVIVAL OF SICK UNITS whereby they have asked us to provide information /facts and figures of our sick units to compile a comprehensive report, for concrete negotiation with Government so as to formulate a clear TEXTILE POLICY for the revival of Textile industry, it's a an encouraging move at the end of APTMA , that most probably in the light of the efforts made by APTMA an era of revival of sick units will begin and we will be one of such Units as well.

However, we are putting our best professional efforts for turnaround of the project and to get it operational in near future. The sponsors and the management have faith and belief in the textile business.

### **Acknowledgement:**

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



**Mian Tayyab Iqbal**  
Chief Executive

Lahore:  
Dated: 25<sup>th</sup> October, 2019

For and on behalf of the Board



**Mian Tahir Iqbal**  
Chairman

آپ کی کمپنی کی مجلس نظام 30 ستمبر 2019ء کو ختم ہونے والی پہلی سہ ماہی کی مجموعی عبوری مالی معلومات (غیر جانچ شدہ) پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ مجموعی عبوری مالی معلومات IAS-34 "عبوری مالی رپورٹنگ" اوپنیز ایکٹ 2017 کی تعمیل میں تیار کی گئی ہیں۔

### مالیاتی نتائج

30 ستمبر 2018 مختتمہ سہ ماہی (روپے بلین میں)	30 ستمبر 2019 مختتمہ سہ ماہی (روپے بلین میں)	
(7.456)	(6.682)	قبل از ٹیکس (نقصان)/ منافع
7.320	6.594	قدر میں کمی
(0.136)	(0.088)	نقد (نقصان)/ منافع

ماضی میں ہم نے کاروبار دوبارہ شروع کرنے کی کوشش کی لیکن بد قسمتی سے، مارکیٹ اور گورنمنٹ کی پالیسیاں نفع بخش انداز میں ٹیکسٹائل شعبہ کی معاون نہیں ہیں، جس کے نتیجے میں بھاری نقصانات ہوئے ہیں۔

آپریشنز مخصوص اخراجات کو بھی پورے نہیں کر سکے، فی الحال آپریشنز کو شروع کرنا بہت مشکل ہے، لہذا اسٹاک ڈاؤن جاری ہے۔

موجودہ بجٹ 2019 میں ٹیکسٹائل صنعت پر 17 فیصد سیلز ٹیکس عائد کیا، آمدنی ٹیکس میں 1.5 فیصد کا اضافہ، روپیہ کی قدر میں کمی اور رجسٹرڈ سے تمام سیلز کے CNIC نمبر کا اندراج کرنا لازمی قرار دیا گیا ہے، جس نے لیکویڈیٹی کرینچ اور کیش ڈرین میں مزید اضافہ کر دیا ہے، جو پیداواری لاگت میں غیر ضروری اضافہ ہے، کیونکہ سینکڑوں بلین روپے پہلے ہی حکومت کے پاس چھنے ہوئے ہیں۔ مزید یہ کہ حکومت نے بجلی کی فی یونٹ قیمت بڑھادی ہے، جس سے کاروباری آپریشنز میں بھاری لاگت کا بوجھ پڑا ہے۔


### مستقبل کا نقطہ نظر/ حکمت عملی

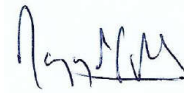
موجودہ حکومتی وعدوں کے تحت، چونکہ اپٹا نے کمزور یونٹوں کی بحالی کے حوالہ سے چھان بین شروع کی ہے جس کے تحت انہوں نے حکومت سے ٹھوس اقدامات کے لئے ہمیں کمزور یونٹوں کے بارے میں معلومات/ حقائق اور اعداد و شمار پر مبنی ایک جامع رپورٹ فراہم کرنے کو کہا ہے تاکہ ٹیکسٹائل انڈسٹری کی بحالی کے لئے ایک واضح ٹیکسٹائل پالیسی مرتب کی جاسکے۔ اپٹا کے اختتام پر یہ ایک حوصلہ افزا اقدام ہے، قوی امکان ہے کہ اپٹا کی طرف سے کی جانے والی کوششوں کی روشنی میں کمزور یونٹوں کی بحالی کا دور شروع ہوگا اور ہم بھی اس طرح کی یونٹوں میں شامل ہوں گے۔ تاہم، ہم منصوبے کو تبدیل کرنے اور مستقبل قریب میں اس کو چلانے کے لئے اپنی بہترین پیشہ ورانہ کوششیں کر رہے ہیں۔ اسپانسرز اور انتظامیہ ٹیکسٹائل کے کاروبار پر اعتماد اور یقین رکھتے ہیں۔

### اظہار تشکر

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

منجانب بورڈ آف ڈائریکٹر

  
ماہر اقبال  
چیرمین

  
میاں طیب اقبال  
چیف ایگزیکٹو آفیسر

لاہور: 25 اکتوبر 2019ء

**KHALID SIRAJ TEXTILE MILLS LIMITED**

# Condensed Interim Statement of Financial Position

## As at September 30, 2019

	Notes	Un-audited Sep 30, 2019 ( Rupees )	Audited Jun 30, 2019 ( Rupees )
<b>Equity and liabilities</b>			
<b>Share capital and reserves</b>			
<b>Share capital</b>			
Issued, subscribed and paid-up share capital	6	107,000,000	107,000,000
<b>Capital reserves</b>			
Revaluation surplus on property, plant and equipment		215,978,049	219,747,944
<b>Revenue reserves</b>			
Accumulated / unappropriated (loss) / profit		(455,324,266)	(452,411,465)
<b>Total share capital and reserves</b>		<u>(132,346,217)</u>	<u>(125,663,521)</u>
<b>Liabilities</b>			
<b>Non-current</b>			
Long term financing-secured	7	226,769,487	226,769,487
Deferred tax and other liabilities		40,666,790	40,666,790
<b>Total non-current liabilities</b>		<u>267,436,277</u>	<u>267,436,277</u>
<b>Current</b>			
Trade and other payables		113,306,879	113,306,879
Interest / markup accrued on borrowings		16,790,575	16,790,575
Short term borrowings - banks and financial institutions	8	68,180,179	68,180,179
Unclaimed dividend		24,058,182	24,058,182
<b>Total current liabilities</b>		<u>222,335,815</u>	<u>222,335,815</u>
<b>Total liabilities</b>		<u>489,772,092</u>	<u>489,772,092</u>
<b>Total equity and liabilities</b>		<u>357,425,875</u>	<u>364,108,571</u>
<b>Contingencies and commitments</b>			
<b>Assets</b>			
<b>Non-current</b>			
Property, plant and equipment	9	326,961,479	333,556,140
Long term deposits		2,001,000	2,001,000
Long-term advances		15,650,727	15,650,727
<b>Total Non-current assets</b>		<u>344,613,206</u>	<u>351,207,867</u>
<b>Current</b>			
Stores, spare parts and loose tools		12,147,495	12,147,495
Trade deposits and prepayments		507,100	507,100
Cash and bank balances		158,074	246,109
<b>Current assets</b>		<u>12,812,669</u>	<u>12,900,704</u>
<b>Total assets</b>		<u>357,425,875</u>	<u>364,108,571</u>

The annexed notes from 1 to 12 form an integral part of this interim financial information.



CHIEF EXECUTIVE

Lahore



DIRECTOR



CHIEF FINANCIAL OFFICER

**KHALID SIRAJ TEXTILE MILLS LIMITED**

## Condensed Interim Statement of Profit or Loss and other comprehensive Income (un-audited)

For the quarter ended September 30, 2019

	Note	For the quarter ended Sep 30, 2019 Rupees	For the quarter ended Sep 30, 2018 Rupees
<b>Other Operating income</b>		-	-
Administrative and general expenses		(88,035)	(7,454,517)
Other operating expenses	10	(6,594,661)	-
<b>Operating (loss) / profit</b>		<b>(6,682,696)</b>	<b>(7,454,517)</b>
Finance cost		-	(1,308)
<b>(Loss) / profit before taxation</b>		<b>(6,682,696)</b>	<b>(7,455,825)</b>
Provision for taxation		-	-
<b>(Loss) / profit after taxation</b>		<b>(6,682,696)</b>	<b>(7,455,825)</b>
<b>Other comprehensive income for the period</b>			
Items that will not be reclassified to profit or loss:			
Incremental depreciation of surplus on revaluation of property, plant and equipment realized for the year (net of tax)		3,769,895	-
<b>Other comprehensive income for the year (net of tax)</b>		<b>3,769,895</b>	<b>-</b>
<b>Total comprehensive loss for the period</b>		<b>(2,912,801)</b>	<b>(7,455,825)</b>
<b>Loss per share (basic and anti-dilutive)</b>		<b>(0.62)</b>	<b>(0.70)</b>

The annexed notes from 1 to 12 form an integral part of this interim financial information.



CHIEF EXECUTIVE

Lahore



DIRECTOR



CHIEF FINANCIAL OFFICER

# Condensed Interim Statement of Cash Flows (un-audited)

For the quarter ended September 30, 2019

	Note	For the quarter ended Sep 30, 2019 Rupees	For the quarter ended Sep 30, 2018 Rupees
<b>Cash flow from operating activities</b>			
Loss before taxation		(6,682,696)	(7,455,825)
Add / (Less): Adjustment for non-cash items:			
Depreciation on property, plant and equipment		6,594,661	7,320,297
Finance cost		-	1,308
		6,594,661	7,321,605
Operating profit/(loss) before working capital changes		(88,035)	(134,220)
Working capital changes			
(Increase) / Decrease in current assets		-	-
(Decrease)/increase in trade and other payables		-	55,144
		-	55,144
Net cash (used in) operations		(88,035)	(79,076)
Finance cost paid		-	(1,308)
<b>Net cash (used in) operating activities</b>		<b>(88,035)</b>	<b>(80,384)</b>
<b>Cash flow from financing activities</b>			
Proceeds from long-term finances - net		-	87,476
<b>Net cash in flow in financing activities</b>		<b>-</b>	<b>87,476</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(88,035)</b>	<b>7,092</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>246,109</b>	<b>683,824</b>
<b>Cash and cash equivalents at end of the period</b>		<b>158,074</b>	<b>690,914</b>

The annexed notes from 1 to 12 form an integral part of this interim financial information.



CHIEF EXECUTIVE  
Lahore



DIRECTOR



CHIEF FINANCIAL OFFICER

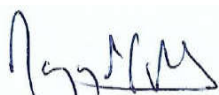


# Condensed Interim Statement of Changes in Equity (un-audited)

For the quarter ended September 30, 2019

Particulars	Issued, subscribed and paid up share capital	Capital Reserve Revaluation surplus on property, plant and equipment	Revenue reserve Revenue reserve- Accumulated Profits/(Loss)	Sub-total	Total Equity
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
	<i>A</i>	<i>B</i>	<i>C</i>	<i>D=B+C</i>	<i>E=A+D</i>
Balance as at June 30, 2018- restated	107,000,000	234,279,097	(429,101,703)	(194,822,606)	(87,822,606)
Loss for the period	-	-	(7,455,825)	(7,455,825)	(7,455,825)
Obtained during the period	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	(7,455,825)	(7,455,825)	(7,455,825)
Transfer from surplus on revaluation of property, plant and equipment -net of tax	-	(4,183,711)	4,183,711	-	-
Balance as at September 30, 2018	107,000,000	230,095,386	(432,373,817)	(202,278,431)	(95,278,431)
Loss for the period	-	-	(32,827,852)	(32,827,852)	(32,827,852)
Obtained during the period	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	(32,827,852)	(32,827,852)	(32,827,852)
Transfer from surplus on revaluation of property, plant and equipment -net of tax	-	(10,347,441)	12,790,204	2,442,763	2,442,763
Balance as at June 30, 2019	107,000,000	219,747,945	(452,411,465)	(232,663,521)	(125,663,521)
Loss for the period	-	-	(6,682,696)	(6,682,696)	(6,682,696)
Obtained during the period	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	(6,682,696)	(6,682,696)	(6,682,696)
Transfer from surplus on revaluation of property, plant and equipment -net of tax	-	(3,769,895)	3,769,895	-	-
Balance as at September 30, 2019	107,000,000	215,978,050	(455,324,266)	(239,346,217)	(132,346,217)

The annexed notes from 1 to 12 form an integral part of this interim financial information.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Lahore

## KHALID SIRAJ TEXTILE MILLS LIMITED

### Notes to the Condensed Interim Financial Information (un-audited)

For the quarter ended September 30, 2019

#### 1 General information and nature of operations

The Company was incorporated in Pakistan on January 17, 1988 as Public Limited Company under the Companies Ordinance, 1984 ( now Companies Act, 2017). The shares of the Company are listed on Pakistan Stock Exchanges. Registered office of the Company is situated at 135, Upper Mall, Lahore. The project of the Company is located at 48 KM, Lahore Multan Road, Phool Nagar (Bhai Pheru), Tehsil Pattoki, District Kasur.

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

#### 2 Basis of preparation

This condensed interim financial information is un-audited and is being submitted to shareholders, as required by the Companies Act, 2017.

This financial information have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

This condensed interim financial report does 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, 2019.

#### 3 Significant accounting policies

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are consistent with those applied in the preparation of the annual published financial statements of the Company for the year ended June 30, 2019.

The new standards, amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2019, were either considered not to be relevant to the Company's operations or did not significantly effect the accounting policies of the Company.

#### 4 Critical accounting estimates and judgments

Judgments and estimates made by the management in the preparation of this condensed interim financial report are the same as those applied to the preceding annual published financial statements of the Company for the year ended June 30, 2019.

#### 5 Financial risk management

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the financial statements of the Company for the year ended June 30, 2019.

#### 6 Share capital

##### Authorized share capital

12,000,000 (June 30, 2019: 12,000,000) ordinary shares of Rs. 10/- each

(Un-Audited) Sep 30, 2019	(Audited) Jun 30, 2019
------------------------------	---------------------------

----- (Rupees) -----

##### Total

120,000,000	120,000,000
120,000,000	120,000,000

##### Issued, subscribed and paid-up share capital

10,000,000 (30 June 2019: 10,000,000) ordinary shares of Rs. 10 each fully paid in cash

100,000,000	100,000,000
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700,000 (30 June 2019: 700,000) ordinary shares of Rs. 10 each fully paid as bonus shares

7,000,000	7,000,000
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##### Total

107,000,000	107,000,000
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# Notes to the Condensed Interim Financial Information (un-audited)

## For the quarter ended September 30, 2019

(Un-Audited) Sep 30, 2019	(Audited) Jun 30, 2019
----- (Rupees) -----	

### 7 Long term financing

<b>7.01</b>	Sponsors	30,400,000	30,400,000
<b>7.02</b>	Current and ex-directors	164,039,689	164,039,689
<b>7.03</b>	Previous associated undertakings	32,329,798	32,329,798
		<u>226,769,487</u>	<u>226,769,487</u>

#### 7.01 Sponsors

These represent unsecured loan from sponsors of the Company. The terms repayment has not yet been decided so far.

#### 7.02 Current and ex-directors

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

#### 7.03 Previous associated undertakings

This represents unsecured loans from various Companies which were previously associated undertakings but now have been allocated by the Honorable Lahore High Court, Lahore to other families of ex-Ittefaq Group. The matter is still pending adjudication.

### 8 Short term borrowings - banks and financial institutions

Cash finance/overdraft	60,680,179	60,680,179
Finance against trust receipts	7,500,000	7,500,000
	<u>68,180,179</u>	<u>68,180,179</u>

### 9 Property, plant and equipment

Opening written down value	333,556,143	362,837,330
Addition during the period	-	-
Depreciation for the period	<u>6,594,661</u>	<u>29,281,187</u>
	<u>6,594,661</u>	<u>29,281,187</u>
Closing book value	<u>326,961,481</u>	<u>333,556,143</u>

### 10 Cost of sale

Since there is no sales during this period, therefore depreciation and factory repairs amounting **Rs. 6.68** million has been classified into administrative and general expenses.

### 11 General

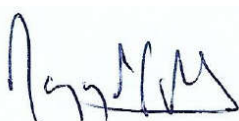
**11.01** Corresponding figures have been rearranged wherever necessary, for the purpose of comparison. However, there were no material reclassification or rearrangement to report.

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the Condensed Interim Statement of Financial Position has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the Condensed Interim profit or loss account and Other Comprehensive Income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of condensed interim half yearly financial information of comparable period.

**11.02** Figures have been rounded off to the nearest rupees unless otherwise stated.

### 12 Date of authorization for issue

This condensed financial information was approved by the Board of Directors and authorised for issue on **October 25, 2019**.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

www.jamapunji.pk



سرمایہ کاری سمجھداری کے ساتھ

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**An informed  
investor is a “safe”  
investor**

**Stay informed, invest  
wisely.**

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service offers:**

-  **Company verification**  
SMS <incorporation ID> to 8181
-  **License verification**  
SMS LV<space><incorporation ID>  
to 8181
-  **Agent verification**  
SMS <Agent ID> to 8181
-  **Modaraba verification**  
SMS MV<space><Modaraba  
authorization ID> to 8181

Never invest in unregistered and unlicensed entity, it's risky

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