



# Shadman

Cotton Mills Limited

**REPORT FOR THE 3RD QUARTER ENDED  
MARCH 31, 2020**

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# Shadman Cotton Mills Limited

## COMPANY INFORMATION

BOARD OF DIRECTORS	MR. SHAHID MAZHAR (Chief Executive) MRS. GHAZALA SHAHID (Chairperson) MR. AHMED BIN SHAHID MRS. NAUREEN REHAN MR. MUHAMMAD AKHTAR MR. HAMID BASIR MR. NADEEM BHATTI
AUDITORS	MUSHTAQ & COMPANY CHARTERED ACCOUNTANTS
LEGAL ADVISOR	MR. FAZAL MAHMOOD (ADVOCATE)
AUDIT COMMITTEE	MR. NADEEM BHATTI (Chairman) MRS. GHAZALA SHAHID (Member) MRS. NAUREEN REHAN (Member)
H.R. AND REMUNERATION COMMITTEE	MR. HAMID BASIR (Chairman) MR. AHMED BIN SHAHID (Member) MR. MUHAMMAD AKHTAR (Member)
CHIEF FINANCIAL OFFICER	MR. SHAHID MAHMUD
COMPANY SECRETARY	MR. MUHAMMAD AKHTAR
BANKERS	ALLIED BANK LIMITED SONERI BANK LIMITED THE BANK OF PUNJAB HABIB BANK LIMITED MEEZAN BANK LIMITED
REGISTERED OFFICE	2-E, BLOCK-G, MUSHTAQ AHMED GURMANI ROAD, GULBERG - II, LAHORE-PAKISTAN TEL: 042-35959121-25 FAX: 042-35959120
HEAD OFFICE	2-E, BLOCK-G, MUSHTAQ AHMED GURMANI ROAD, GULBERG - II, LAHORE-PAKISTAN TEL: 042-35959121-25 FAX: 042-35959120
SHARE REGISTRAR	M/S HAMEED MAJEED ASSOCIATES (PVT.) LTD. H.M.HOUSE, 7-BANK SQUARE LAHORE. TEL: 042-37235081-82 FAX: 042-37358817
MILLS	3.5 K.M. FEROZ WATOAN, WARBURTON ROAD, KOT SHAH MOHAMMAD TEHSIL & DISTRICT: NANKANA SAHIB
URL	<a href="http://www.shadman.com.pk">www.shadman.com.pk</a>

## DIRECTORS' REPORT

Dear Shareholders,

The Directors are pleased to present the un-audited condensed interim financial information of the company for the nine months period and third quarter ended March 31, 2020.

During the nine months period under review, the net turnover of the company is Rs. 107.245 million as compared to net turnover of Rs. 306.475 million of corresponding period of previous year. During the nine months period the company earned after tax profit of Rs. 6.974 million as compared to after tax profit of Rs. 5.136 million. Earnings per share are Rs. 0.40 as compared to earnings per share of Rs. 0.29 of the corresponding period of previous year.

During the third quarter, the company utilized partial manufacturing process, adopted alternative measures and successfully started apparel division. But unfortunately soon after the start of apparel division, in response to the threat of COVID-19 pandemic, the company went into lock down forced by the government with effect from March 24, 2020 to keep safe the people of the country from Coronavirus. In spite of all these conditions company produced better financial results during the quarter.

Federal and Provincial governments have extended the lockdown until May 04, 2020 with certain few industries exempted, excluding our company. This lock down has great impact on the financial position of the company. Once the lockdown is lifted, there would be various challenges facing the management to ensure smooth resumption of operation. It will be very difficult to ensure health and safety measures to protect its employees and to restrict the spread of virus. The way Coronavirus is hitting the Europe, America and other countries, the future prospects of economic conditions and industries all over the world including Pakistan are very uncertain and no prediction can be made at this stage. However the management is trying its level best to produce favorable results as much as it can, in the remaining period of financial year.

The Board would like to express its solidarity with the Federal/Provincial governments and non-governmental organizations in fighting the COVID-19 pandemic across the country. The company will stand shoulder to shoulder with the government to ensure provision of livelihood to the members of the company.

At this difficult time of COVID-19, we remain committed to the difficult task to improve the financial results. We would like to highlight the hard work put in by the member of corporate family. We look forward to same dedication and cooperation in the days ahead.

For and on behalf of the Board



CHIEF EXECUTIVE

For and on behalf of the Board



DIRECTOR

Lahore: April 29, 2020

## مجلس انصاف کی رپورٹ

محترم حصص یافتگان

ڈائریکٹرز نو ماہ کی مدت اور 31 مارچ 2020 کو ختم ہونے والی تیسری سرمایہ کے لئے کمپنی کے غیر آڈٹ شدہ کنٹریبسڈ عبوری مالی معلومات پیش کرنے پر خوش ہیں۔

زیر نظر نو ماہ کی مدت میں کمپنی نے 107.245 ملین روپے فروخت کی جب کہ پچھلے سال اسی مدت کی فروخت 306.475 ملین روپے تھی۔ کمپنی نے زیر جائزہ نو مہینوں میں 6.974 ملین روپے کا نفع کمایا ہے۔ جب کہ پچھلے سال کی اسی مدت میں یہ منافع 5.136 ملین روپے تھا۔ اس مدت کے دوران نفع فی حصص 0.40 روپے رہا۔ جب کہ پچھلے سال کی اسی مدت میں یہ نفع فی حصص 0.29 روپے تھا۔

تیسری سرمایہ کے دوران کمپنی نے جزوی تیاری کے عمل کو بروئے کار لاکر متبادل اقدامات اختیار کئے اور بلبوسات کی تیاری کو کامیابی کے ساتھ شروع کیا۔ لیکن بد قسمتی سے بلبوسات کی تیاری کے آغاز کے فوراً بعد COVID-19 وبا کی مرض کے خطرے کی وجہ سے کمپنی 24 مارچ 2020 سے ملک کے عوام کو کرونا وائرس سے محفوظ رکھنے کے لئے لاک ڈاؤن میں چلی گئی۔ ان تمام شرائط کے باوجود سرمایہ کے دوران کمپنی نے بہتر مالی نتائج برآمد کئے۔

وفاقی اور صوبائی حکومتوں نے ہماری کمپنی کو چھوڑ کر کچھ مخصوص صنعتوں کو چھوٹ دینے کے ساتھ اس لاک ڈاؤن میں 4 مئی 2020 تک توسیع کر دی ہے۔ اس لاک ڈاؤن کا کمپنی کی مالی حیثیت پر بہت اثر پڑتا ہے۔ لاک ڈاؤن ختم ہونے کے بعد، انتظامیہ کو مختلف چیلنجوں کا سامنا کرنا پڑے گا تا کہ آپریشن کو آسانی سے بہال کرنا یقینی بنایا جاسکے۔ ماہانہ ملازمین کی حفاظت اور وائرس کے پھیلاؤ کو روکنے کے لئے صحت اور حفاظت کے اقدامات کو یقینی بنانا بہت مشکل ہوگا۔ کرونا وائرس جس طرح سے یورپ، امریکا اور دوسرے ممالک کو نکتہ نہ بنا رہا ہے اس میں پاکستان سمیت پوری دنیا میں معاشی حالات اور صنعتوں کے مستقبل کے امکانات انتہائی غیر یقینی ہیں اور اس مرحلے پر کوئی پیش گوئی نہیں کی جاسکتی۔ تاہم انتظامیہ مالی سال کے بقیہ حصہ میں جتنا ہو سکے سازگار نتائج پیدا کرنے کی اپنی پوری کوشش کر رہی ہے۔

یورڈ ملک میں COVID-19 وبا کی مرض سے بچاؤ کے لئے وفاقی اور صوبائی حکومتوں اور غیر سرکاری تنظیموں کے ساتھ اظہارِ یکجہتی کرنا چاہتا ہے۔ کمپنی کے ممبران کو روزگار کی فراہمی کو یقینی بنانے کے لئے حکومت کے ساتھ شانہ بنانا نہ کھڑے ہوں گے۔

مشکل کے اس وقت جب کہ COVID-19 میں بھی ہم مالی نتائج کو بہتر بنانے کے لئے مشکل کام کے پابند ہیں۔ ہم کارپوریٹ ممبران کی طرف سے دی گئی محنت کو اجاگر کرنا چاہیں گے۔ ہم اگلے دنوں میں بھی اسی گمن اور تعاون کے منتظر ہیں۔

لاہور 29 اپریل 2020

منجانب بورڈ



ڈائریکٹر

منجانب بورڈ



چیف ایگزیکٹو

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

	Note	Mar. 31, 2020 Rupees (Un-Audited)	June 30, 2019 Rupees (Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
18,000,000 (2019: 18,000,000) ordinary shares of Rs. 10 each		<u>180,000,000</u>	<u>180,000,000</u>
Issued, subscribed and paid-up capital		<u>176,367,190</u>	176,367,190
Capital reserve		<u>53,218,752</u>	53,218,752
Accumulated losses		<u>(344,265,310)</u>	(355,834,416)
Equity portion of Directors loan		<u>120,000,000</u>	120,000,000
Surplus on revaluation of property, plant and equipment		<u>502,189,590</u>	506,785,111
<b>TOTAL EQUITY</b>		<b>507,510,222</b>	500,536,637
<b>NON-CURRENT LIABILITIES</b>			
Long term finances - <i>secured</i>	5	-	-
Deferred liabilities	6	<u>20,872,277</u>	21,251,163
		<b>20,872,277</b>	21,251,163
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<u>108,111,807</u>	143,208,370
Accrued interest/markup		<u>103,514,885</u>	103,514,885
Short term borrowings		<u>326,762,148</u>	341,546,148
Current portion of non-current liabilities		<u>105,968,864</u>	105,968,864
Lease rentals payable		<u>28,544,690</u>	28,544,690
Provision for taxation		<u>1,595,833</u>	5,282,190
		<b>674,498,227</b>	728,065,147
<b>TOTAL LIABILITIES</b>		<b>695,370,504</b>	749,316,310
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL LIABILITIES</b>	7	<u>1,202,880,726</u>	<u>1,249,852,947</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	<u>998,422,760</u>	1,060,980,372
Investment Property	9	<u>55,246,733</u>	-
Long term deposits - <i>unsecured, considered good</i>		<u>28,180,774</u>	28,180,774
		<b>1,081,850,267</b>	1,089,161,146
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		<u>13,264,420</u>	13,778,882
Stock in trade		<u>20,281,528</u>	15,479,636
Trade debts - <i>unsecured</i>		<u>29,877,912</u>	76,378,150
Loans and advances		<u>7,974,198</u>	9,308,087
Trade deposits and short term prepayments		<u>3,620,120</u>	3,500,000
Other receivables		<u>4,833,050</u>	5,851,796
Tax refunds due from govt.		<u>8,361,177</u>	12,218,236
Short term investments		<u>8,694,897</u>	62,279
Cash and bank balances		<u>24,123,157</u>	24,114,735
		<b>121,030,459</b>	160,691,801
<b>TOTAL ASSETS</b>		<u>1,202,880,726</u>	<u>1,249,852,947</u>

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

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# Shadman Cotton Mills Limited

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020 (UN-AUDITED)

Note	Nine months ended		Three months ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Rupees	Rupees	Rupees	Rupees
Turnover - net	107,244,691	306,474,813	12,997,208	93,242,796
Cost of sales	(118,059,183)	(303,278,914)	(16,224,872)	(93,515,196)
<b>Gross profit/ (loss)</b>	<b>(10,814,492)</b>	3,195,899	<b>(3,227,664)</b>	(272,400)
Selling and distribution expenses	(409,690)	(1,254,528)	(11,061)	(144,419)
Administrative and general expenses	(15,114,406)	(15,403,063)	(4,490,347)	(5,285,923)
	(15,524,096)	(16,657,591)	(4,501,408)	(5,430,342)
	(26,338,588)	(13,461,692)	(7,729,072)	(5,702,742)
Other income	37,201,113	22,780,474	10,098,289	10,180,727
<b>Operating profit</b>	<b>10,862,525</b>	9,318,782	<b>2,369,217</b>	4,477,985
Finance cost	(259,906)	(84,214)	(9,273)	(24,022)
Other Expenses	(1,501,301)	(332,456)	(351,878)	(3,729)
<b>Profit before taxation</b>	<b>9,101,318</b>	8,902,112	<b>2,008,066</b>	4,450,234
Taxation	(2,127,733)	(3,766,136)	(194,959)	(1,143,925)
<b>Profit after taxation</b>	<b>6,973,585</b>	5,135,976	<b>1,813,107</b>	3,306,309
<b>Profit per share - basic and diluted</b>	<b>0.40</b>	0.29	<b>0.10</b>	0.19


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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

# Shadman Cotton Mills Limited

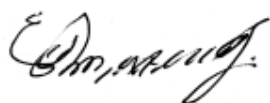
## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020 (UN-AUDITED)

	Nine months ended		Three months ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
<b>Profit after taxation for the period</b>	<b>6,973,585</b>	<b>5,135,976</b>	<b>1,813,107</b>	<b>3,306,309</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to profit or loss</i>				
Revaluation surplus on Property, plant and machinery	-	-	-	-
Remeasurements of defined benefit obligation	-	-	-	-
<b>Total comprehensive Income</b>	<b>6,973,585</b>	<b>5,135,976</b>	<b>1,813,107</b>	<b>3,306,309</b>

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR



# Shadman Cotton Mills Limited


## CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020 (UN-AUDITED)

	Nine months ended	
	March 31, 2020	March 31, 2019
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	9,101,318	8,902,112
<b>Adjustments for non-cash items</b>		
Depreciation	15,466,426	20,762,323
Provision for employees retirement benefits	700,000	300,000
(Gain)/loss on disposal of property, plant and equipment	(543,798)	65,535
Old liabilities written back	(4,521,893)	-
Changes in fair value of investments at fair value through profit or loss	1,692,866	3,752
Finance cost	259,906	84,214
	13,053,507	21,215,824
<b>Operating profit before changes in working capital</b>	<b>22,154,825</b>	<b>30,117,936</b>
<b>Changes in working capital</b>		
Stores, spares and loose tools	514,462	4,815,322
Stock in trade	(4,801,892)	27,081,489
Trade debts	46,500,238	(73,645,936)
Advances, prepayments and other receivables	2,287,747	1,520,862
Short term investments	(10,325,484)	-
Trade and other payables	(30,574,670)	(14,026,981)
	3,600,401	(54,255,244)
<b>Net cash generated from/(used in) operations</b>	<b>25,755,226</b>	<b>(24,137,308)</b>
<b>Payments for</b>		
Finance cost	(259,906)	(84,214)
Income tax	(2,012,263)	(3,127,254)
Employees retirement benefits	(1,078,886)	(994,818)
<b>Net cash generated from / (used in) operating activities</b>	<b>22,404,171</b>	<b>(28,343,594)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(8,491,749)	(3,258,452)
Proceeds from disposal of property, plant and equipment	880,000	6,380,000
<b>Net cash generated from /(used in) investing activities</b>	<b>(7,611,749)</b>	<b>3,121,548</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan from directors (repaid)/obtained	(6,790,000)	51,065,000
Net decrease in short term borrowings	(7,994,000)	(6,536,000)
<b>Net cash generated from/ (used in) financing activities</b>	<b>(14,784,000)</b>	<b>44,529,000</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>8,422</b>	<b>19,306,954</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>24,114,735</b>	<b>2,504,688</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>24,123,157</b>	<b>21,811,642</b>

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

# Shadman Cotton Mills Limited

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020 (UN-AUDITED)

	Share capital	Reserves		Equity	Revaluation Surplus	
	Issued subscribed and paid-up capital	Capital reserve	Accumulated losses	Equity portion of directors loan	Revaluation Surplus on Property, plant and machinery	Total equity
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Balance as at July 01, 2018 (Restated)- Audited</b>	176,367,190	53,218,752	(408,113,726)	-	546,053,347	367,525,563
Profit after taxation for the nine months Period	-	-	5,135,976	-	-	5,135,976
Incremental Depreciation-net of deferred tax	-	-	6,486,186	-	(6,486,186)	-
	-	-	11,622,162	-	(6,486,186)	5,135,976
<b>Transaction with owners</b>	-	-	-	-	-	-
<b>Balance as at March 31, 2019 - Un-audited</b>	<u>176,367,190</u>	<u>53,218,752</u>	<u>(396,491,564)</u>	<u>-</u>	<u>539,567,161</u>	<u>372,661,539</u>
<b>Balance as at April 01, 2019 - Un-audited</b>	176,367,190	53,218,752	(396,491,564)	-	539,567,161	372,661,539
Profit after taxation for the three months Period	-	-	7,505,593	-	-	7,505,593
Other comprehensive income for the period	-	-	369,505	-	-	369,505
Surplus adjustment due disposal of land & building	-	-	31,187,448	-	(31,187,448)	-
Incremental Depreciation	-	-	1,594,602	-	(1,594,602)	-
	-	-	40,657,148	-	(32,782,050)	7,875,098
<b>Transaction with owners</b>	-	-	-	-	-	-
<b>Transfer from liability portion of director's loan</b>	-	-	-	120,000,000	-	120,000,000
<b>Balance as at June 30, 2019 - Audited</b>	<u>176,367,190</u>	<u>53,218,752</u>	<u>(355,834,416)</u>	<u>120,000,000</u>	<u>506,785,111</u>	<u>500,536,637</u>
<b>Balance as at July 01, 2019- Audited</b>	176,367,190	53,218,752	(355,834,416)	120,000,000	506,785,111	500,536,637
Profit after taxation for the nine months Period	-	-	6,973,585	-	-	6,973,585
Incremental Depreciation	-	-	4,595,521	-	(4,595,521)	-
	-	-	11,569,106	-	(4,595,521)	6,973,585
<b>Transaction with owners</b>	-	-	-	-	-	-
<b>Balance as at March 31, 2020 - Un-audited</b>	<u>176,367,190</u>	<u>53,218,752</u>	<u>(344,265,310)</u>	<u>120,000,000</u>	<u>502,189,590</u>	<u>507,510,222</u>

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

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020 (UN-AUDITED)

### 1 STATUS AND NATURE OF BUSINESS

Shadman Cotton Mills Limited ('the Company') was incorporated in Pakistan as a public limited company on November 24, 1979 under the then Companies Act, 1973 (now the Companies Act 2017) and is listed on Pakistan Stock Exchange Limited. The Company is engaged in the manufacturing and sale of yarn. The registered office of the Company is situated at 2/E, Block G, Mushtaq Ahmed Gurmani Road, Gulberg II, Lahore.

### 2 STATEMENT OF COMPLIANCE

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the IAS 34 Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017 as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 30th June, 2019.

Where the provision of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provision of and directives issued under the Companies Act, 2017 have been followed.

#### 2.1 Accounting convention

This condensed interim financial information has been prepared under the historical cost convention except for certain financial instruments at fair value, certain financial liabilities at amortized cost and employees retirement benefits at present value. In this financial information, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2019 except for change referred to note 4.

### 4 Investment property

Property held for capital appreciation and rental yield, which is not in the use of the Company is classified as investment property. Investment Property comprises of building. The company has adopted cost model for its investment property using the same basis as disclosed for measurement of the Company's owned assets.

	March 31, 2020	June 30, 2019
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>
<b>5 LONG TERM FINANCES - SECURED</b>		
These represent long term finances utilized under interest/markup arrangements from banking companies		
The Bank of Punjab - Demand finance - I	17,863,256	17,863,256
The Bank of Punjab - Demand finance - II	80,000,000	80,000,000
Habib Bank Limited - Term finance	8,105,608	8,105,608
	<b>105,968,864</b>	105,968,864
Current maturity presented under current liabilities	<b>(105,968,864)</b>	(105,968,864)
	<b>-</b>	<b>-</b>
<b>6 DEFERRED LIABILITIES</b>		
Infrastructure fee payable - ETO	18,316,926	18,316,926
Employees retirement benefits	2,555,351	2,934,237
	<b>20,872,277</b>	<b>21,251,163</b>

## 7 CONTINGENCIES AND COMMITMENTS

### 7.1 Contingencies

7.1.1 The Company is contesting recovery suit filed by The Bank of Punjab in year 2011 amounting to Rs. 577.391 million on account of principal and markup claimed in the suit along with cost of funds and all other claims arising therein till realization. A counter suit has been filed by the Company against The Bank of Punjab, before the Lahore High Court wherein, along other prayers, the Company has claimed Rs. 744.348 million on account of acts and omission committed by the Bank against the Company. The suit is pending before the Lahore High Court and has been fixed for arguments.

7.1.2 The Company is contesting recovery suit filed by Habib Bank Limited amounting to Rs. 8.996 million on account of principal and markup claimed in the suit. The suit was decreed by the Banking Court for an amount of Rs. 8.105 million. Appeal is pending in Lahore High Court.

7.1.3 A suit has been filed by the company before the Civil Court, Lahore against recovery of outstanding balance amounting to Rs. 16.196 million from Lahore Electric Supply Company (LESCO). The case is pending in court however legal advisor is of the view that the outcome of the case will be in favor of the company.

7.1.4 A suit was filed by the Meezan Bank Limited before the Banking Court Lahore against recovery of outstanding balance of ijara rentals. The suit is decreed by the banking court for an amount of Rs. 28.545 million along with costs of suit as well as costs of funds. Appeal is pending in Lahore High Court.

### 7.2 Commitments

7.2.1 There are no known commitments as at the reporting date.

	<i>Note</i>	<b>March 31, 2020</b>	June 30, 2019
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
<b>8 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	8.1	992,776,011	1,060,980,372
Capital work in progress		5,646,749	-
		<u>998,422,760</u>	<u>1,060,980,372</u>
<b>8.1 Operating fixed assets</b>			
Assets owned by the Company	8.1.1	992,776,011	1,060,980,372
		<u>992,776,011</u>	<u>1,060,980,372</u>
<b>8.1.1 Assets owned by the Company</b>			
Net book value at the beginning of the period/year		1,060,980,372	1,129,499,938
Additions during the period/year		2,845,000	3,258,452
Revaluation Surplus on PPE		-	-
Net book value transfer to investment property		(56,183,118)	-
Net book value of assets disposed during the period/year		(336,202)	(45,714,415)
Depreciation for the period/year		(14,530,041)	(26,063,603)
Net book value at end of the period/year		<u>992,776,011</u>	<u>1,060,980,372</u>

# Shadman Cotton Mills Limited

9 INVESTMENT PROPERTY - At Cost	March 31, 2020 <i>Rupees</i> <i>(Un-Audited)</i>	June 30, 2019 <i>Rupees</i> <i>(Audited)</i>
Net carrying value as at July 01	-	-
Transferred form PPE	56,183,118	-
Addition during the period	-	-
Disposal during the period	-	-
Depreciation charged to other operating expenses during the period	(936,385)	-
<b>Net book value as at March 31</b>	<b>55,246,733</b>	<b>-</b>

- 9.1 Depreciation is charged by reducing balance method at the rate % per annum 2.5% 2.5%
- 9.2 During the period a part of building is being used for rental purpose from August, 2019. Therefore, it is transfer from Property Plant and Equipment to investment property and accounted for as per requirements of IAS-40 under cost model.

## 10 TAXATION

- 10.1 Provision for taxation has been made under section 113, 154 and 169 of the Income Tax Ordinance, 2001.
- 10.2 No provision for deferred tax has been made as the impact of the same is considered immaterial.

## 11 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated companies and undertakings and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. Details of transactions and balances with related parties is as follows:

		March 31, 2020 <i>Rupees</i> <i>(Un-Audited)</i>	June 30, 2019 <i>Rupees</i> <i>(Audited)</i>
<b>11.1 Transactions with related parties</b>			
<b>Nature of relationship</b>	<b>Nature of transaction</b>		
Directors	Short term borrow ings obtained	18,250,000	67,645,000
	Short term borrow ings repaid	25,040,000	35,280,000
		<b>March 31, 2020</b> <i>Rupees</i> <i>(Un-Audited)</i>	<b>June 30, 2019</b> <i>Rupees</i> <i>(Audited)</i>

## 11.2 Balances with related parties

<b>Nature of relationship</b>	<b>Nature of balances</b>		
Directors	Equity portion of director loan	120,000,000	120,000,000
	Short term borrow ings	33,049,374	39,839,374

## 12 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period that may require adjustment of and/or disclosure in this condensed interim financial informaton.

## 13 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information have been approved by the Board of Directors of the Company and authorized for issue on April 29, 2020.

## 14 GENERAL

14.1 There are no other significant activities since March 31, 2020 affecting the interim financial information.

14.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.

14.3 Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR