

# QUARTERLY ACCOUNTS FINANCIAL STATEMENTS

## March 31, 2017



### ALI ASGHAR TEXTILE MILLS LTD.





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## **VISION STATEMENT**

*To strive for excellence through  
Commitment, Integrity,  
Honesty and Team work*

## **MISSION STATEMENT**

*Operate state of the art spinning  
machinery capable of producing high  
quality cotton and blended yarn for  
knitting and weaving*



## COMPANY INFORMATION

### Board of Directors

|                          |                                     |
|--------------------------|-------------------------------------|
| Mr. Nadeem Ellahi Shaikh | (Chief Executive)                   |
| Mr. Abdullah Moosa       | (Non-Executive Director & Chairman) |
| Mr. Munawar Hussain      | (Non-Executive Director)            |
| Mr. Muhammad Suleman     | (Non-Executive Director)            |
| Mr. Muhammad Afzal       | (Non-Executive Director)            |
| Mr. Sultan Mehmood       | (Non-Executive Director)            |
| Mr. Muhammad Zubair      | (Independent Director)              |

|                        |                     |          |
|------------------------|---------------------|----------|
| <b>Audit Committee</b> | Mr. Muhammad Zubair | Chairman |
|                        | Mr. Sultan Mehmood  | Member   |
|                        | Mr. Muhammad Afzal  | Member   |

|  |                     |          |
|--|---------------------|----------|
| <b>Human Resources &amp; Remuneration (HR&amp;R) Committee</b> | Ms. Munawar Hussain | Chairman |
|  | Mr. Muhammad Afzal  | Member   |
|  | Mr. Muhammad Zubair | Member   |

**CFO & Company Secretary** Mr. Muhammad Suleman

**Auditor** M/s. Mushtaq & Co. Chartered Accountants

**Banker** Habib Bank Limited  
 Habib Metropolitan Bank Limited  
 Bank Al-Habib Ltd  
 National Bank of Pakistan

**Shares Registrar** C. & K. Management Associates (Pvt) Ltd  
 404- Trade Tower, Abdullah Haroon Road  
 Metropole Hotel, Karachi-75530  
 Phone: 35687839, 3568593

**Registered Office** Plot No. 6, Sector No. 25, Korangi Industrial Area,  
 Karachi. 74900

**Website** [www.aatml.com.pk](http://www.aatml.com.pk)  
**Mills** Plot 6, Sector No. 25 Korangi Industrial Area Karachi  
 74900





**DIRECTOR REPORT**

The directors are pleased to announce results for the 3<sup>rd</sup> quarter ended 31<sup>st</sup> March 2017. The company posted a Loss after Tax of Rs. 6.60 million VS Rs. 13.149 Million same period last year (SPLY). The massive reduction in loss compared to last year has been due tight cost controls and implementation of shareholder approved "logistics and warehousing initiative". Income from rent of warehouse is up almost 8 times from SPLY. The management is also trying to negotiate a long term contract with a leading FMCG Company.

The management as per wishes of the shareholders is also engaging banks for financing of a spinning unit based on latest modern technology. However in view of the persistent 10 hours load shedding and bad economics of the complete textile chain, the proposal is not been meet with enthusiasm

In the end I would like to thank all the employees for their continuous support.

By order of the Board

**NADEEM ELLAHI SHAIKH**  
CHIEF EXECUTIVE

KARACHI

DATED 27TH April 2017

# ALI ASGHAR TEXTILE MILLS LTD.

## QUARTERLY ACCOUNTS 2017



### ALI ASGHAR TEXTILE MILLS LIMITED

Condensed Interim Balance Sheet  
As on March 31, 2017

|  | Note | Un-Audited<br>31-Mar-17<br>Rupees | Audited<br>30-Jun-16<br>Rupees |
|--|------|-----------------------------------|--------------------------------|
| <b>Assets</b>                              |      |                                   |                                |
| Non Current Assets                         |      |                                   |                                |
| PP&E                                       | 5    | 375,609,663                       | 376,787,490                    |
| Long term Investment                       |      | 13,054                            | 13,054                         |
| Long term Deposits                         |      | 2,410,446                         | 2,408,446                      |
| Long term Loans                            |      | 1,888,445                         | 1,464,953                      |
|  |      | 379,921,608                       | 380,673,943                    |
| <b>Current Assets</b>                      |      |                                   |                                |
| Inventories                                |      | 941,269                           | 941,269                        |
| Trade Debts                                |      | -                                 | -                              |
| Loans and advances                         |      | 5,336,060                         | 3,681,248                      |
| Trade deposits and short term prepayments  |      | 1,931,630                         | 1,931,630                      |
| Other Receivables                          |      | 21,770,513                        | 21,770,513                     |
| Tax refunds and due from govt.             |      | 3,462,709                         | 3,350,499                      |
| Cash and bank balances                     |      | 2,458,644                         | 341,520                        |
|  |      | 35,900,825                        | 32,016,679                     |
| <b>Total Assets</b>                        |      | <b>415,822,433</b>                | <b>412,690,623</b>             |
| <b>Equity and Liabilities</b>              |      |                                   |                                |
| <b>Share capital and reserves</b>          |      |                                   |                                |
| Authorised share capital                   |      | 250,000,000                       | 250,000,000                    |
| Issued and paid up capital                 |      | 222,133,470                       | 222,133,470                    |
| Unappropriated loss                        |      | (217,242,684)                     | (211,389,759)                  |
| Loan from Directors/Sponsors               |      | 43,815,788                        | -                              |
|  |      | 48,706,574                        | 10,743,711                     |
| Surplus on revaluation of PPE              |      | 259,383,733                       | 260,138,046                    |
| <b>Non-Current liabilities</b>             |      |                                   |                                |
| Long term financing                        |      | 58,508,316                        | 98,430,144                     |
| Long term deposits                         |      | 833,850                           | 833,850                        |
| Deferred liabilities                       |      | 1,492,000                         | 1,492,000                      |
|  |      | 60,834,166                        | 100,755,994                    |
| <b>Current liabilities</b>                 |      |                                   |                                |
| Trade and other payables                   |      | 33,309,217                        | 21,732,585                     |
| Accrued interest                           |      | 4,930,250                         | 4,930,250                      |
| Book overdraft                             |      | 6,045                             | 5,737,589                      |
| Current portion of non current liabilities |      | 8,652,448                         | 8,652,448                      |
| Provision for taxation                     |      | -                                 | -                              |
|  |      | 46,897,960                        | 41,052,872                     |
| <b>Contingencies and commitments</b>       | 6    | -                                 | -                              |
| <b>Total equity and Liabilities</b>        |      | <b>415,822,433</b>                | <b>412,690,623</b>             |

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

NADEEM E. SHAIKH  
CHIEF EXECUTIVE

ABDULLAH MOOSA  
DIRECTOR

# ALI ASGHAR TEXTILE MILLS LTD.

## QUARTERLY ACCOUNTS 2017



### ALI ASGHAR TEXTILE MILLS LIMITED

Condensed Interim Profit and Loss Accounts (Un-Audited)

For the Nine Months Period and Quarter ended March 31, 2017

|  | Nine months period ended |                          | Quarter Ended            |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | 31-Mar<br>2017<br>Rupees | 31-Mar<br>2016<br>Rupees | 31-Mar<br>2017<br>Rupees | 31-Mar<br>2016<br>Rupees |
| Sales  | -                        | -                        | -                        | -                        |
| Cost of Sales                                | (3,856,370)              | (5,210,057)              | (1,444,727)              | (2,143,940)              |
| Gross Loss                                   | (3,856,370)              | (5,210,057)              | (1,444,727)              | (2,143,940)              |
| Administrative Expenses                      | (6,868,363)              | (8,579,494)              | (1,326,153)              | (1,805,171)              |
| Other Income                                 | 4,145,370                | 655,904                  | 1,962,507                | -                        |
|  | (2,722,993)              | (7,923,590)              | 636,354                  | (1,805,171)              |
| Loss from Operation                          | (6,579,363)              | (13,133,647)             | (808,373)                | (3,949,112)              |
| Finance Cost                                 | (27,875)                 | (15,388)                 | (10,992)                 | (3,703)                  |
| Loss before Taxation                         | (6,607,238)              | (13,149,035)             | (819,365)                | (3,952,814)              |
| Taxation                                     |                          |                          |                          |                          |
| Current                                      | -                        | (5,381)                  | -                        | -                        |
| Deferred                                     | -                        | -                        | -                        | -                        |
|  | -                        | (5,381)                  | -                        | -                        |
| Loss After Taxation                          | (6,607,238)              | (13,154,416)             | (819,365)                | (3,952,814)              |
| (Loss)/Earning per share - basic and diluted | (0.15)                   | (0.30)                   | (0.02)                   | (0.09)                   |

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

NADEEM E. SHAIKH  
CHIEF EXECUTIVE

ABDULLAH MOOSA  
DIRECTOR



**ALI ASGHAR TEXTILE MILLS LTD.**  
**QUARTERLY ACCOUNTS 2017**



**ALI ASGHAR TEXTILE MILLS LIMITED**

**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
**For the Nine Months Period and Quarter ended March 31, 2017**

|                            | Nine Months Period Ended |                     | Quarter Ended    |                    |
|----------------------------|--------------------------|---------------------|------------------|--------------------|
|                            | March 31, 2017           | March 31, 2016      | March 31, 2017   | March 31, 2016     |
|                            | Rupees                   | Rupees              | Rupees           | Rupees             |
| Loss after taxation        | (6,607,238)              | (13,154,416)        | (819,365)        | (3,952,814)        |
| Other comprehensive income | -                        | -                   | -                | -                  |
| Total comprehensive income | <u>(6,607,238)</u>       | <u>(13,154,416)</u> | <u>(819,365)</u> | <u>(3,952,814)</u> |

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

*Naheed E. Shaikh*

**NADEEM E. SHAIKH**  
 CHIEF EXECUTIVE

*Abdullah Moosa*

**ABDULLAH MOOSA**  
 Director

**ALI ASGHAR TEXTILE MILLS LTD.**  
**QUARTERLY ACCOUNTS 2017**



**ALI ASGHAR TEXTILE MILLS LIMITED**

Condensed Interim Statement of Changes in Equity  
 For the Nine Months Periods Ended March 31, 2017

|   | Share Capital | Unappropriated Loss | Total Equity |
|---|---------------|---------------------|--------------|
|   | Rupees        |                     |              |
| Balance as at June 30, 2015 (Audited)                                     | 222,133,470   | (201,478,715)       | 20,654,755   |
| Total comprehensive loss for the nine months periods ended March 31, 2015 | -             | (13,154,416)        | (13,154,416) |
| Transfer from surplus on revaluation-incremental                          | -             | 801,203             | 801,203      |
| Balance as at March 31, 2016 (Un-Audited)                                 | 222,133,470   | (213,831,928)       | 8,301,542    |
| Total comprehensive loss for the remaining period                         | -             | 2,175,101           | 2,175,101    |
| Transfer from surplus on revaluation - incremental                        | -             | 267,068             | 267,068      |
| Balance as at June 30, 2016 (Audited)                                     | 222,133,470   | (211,389,759)       | 10,743,711   |
| Total comprehensive loss for the nine months periods ended March 31, 2016 | -             | (6,607,238)         | (6,607,238)  |
| Transfer from surplus on revaluation-incremental                          | -             | 754,313             | 754,313      |
| Balance as at March 31, 2017 (Un-Audited)                                 | 222,133,470   | (217,242,684)       | 4,890,786    |

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

NADEEM E. SHAIKH  
 CHIEF EXECUTIVE

ABDULLAH MOOSA  
 DIRECTOR

# ALI ASGHAR TEXTILE MILLS LTD.

## QUARTERLY ACCOUNTS 2016



### ALI ASGHAR TEXTILE MILLS LIMITED

Condensed Interim Statement of Cash flows (Un-Audited)  
For the Nine Months Periods Ended March 31, 2017

|  | March 31, 2017<br>Rupees | March 31, 2016<br>Rupees |
|--|--------------------------|--------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>              |                          |                          |
| Loss before taxation                                     | (6,607,238)              | (13,149,035)             |
| <b>Adjustments for:</b>                                  |                          |                          |
| Depreciation   | 1,295,527                | 1,294,775                |
| Staff retirement benefits-gratuity                       | -                        | -                        |
| Finance cost   | 27,875                   | 15,388                   |
| Gain on disposal of PPE                                  | -                        | -                        |
|  | <u>1,323,402</u>         | <u>1,310,163</u>         |
| Loss before working capital changes                      | (5,283,836)              | (11,838,872)             |
| <b>(Increase)/decrease in current assets</b>             |                          |                          |
| Inventory  | -                        | -                        |
| Trade debts  | -                        | -                        |
| Loan and advances  | (2,078,304)              | 3,386,771                |
| Trade deposits and short term prepayments                | -                        | 290,400                  |
| Other receivables  | -                        | 62,092                   |
|  | <u>(2,078,304)</u>       | <u>3,739,263</u>         |
| <b>Increase in current liabilities</b>                   |                          |                          |
| Trade and other payables                                 | 11,576,632               | (3,094,711)              |
| <b>Cash used in operation</b>                            | <u>4,214,492</u>         | <u>(11,194,320)</u>      |
| Finance cost paid  | (27,875)                 | (15,388)                 |
| Taxes refund/(paid)                                      | (112,210)                | (84,257)                 |
| Staff retirement benefits gratuity paid                  | -                        | -                        |
|  | <u>(140,085)</u>         | <u>(99,645)</u>          |
| <b>Net cash used in operating activities</b>             | <u>4,074,407</u>         | <u>(11,293,965)</u>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>              |                          |                          |
| Proceeds from sale of PPE                                | -                        | -                        |
| Long term investments                                    | -                        | 1,250,000                |
| Long term deposits                                       | (2,000)                  | (37,650)                 |
| Fixed capital expenditure                                | (117,700)                | 230,008                  |
| <b>Net cash flows from investing activities</b>          | <u>(119,700)</u>         | <u>1,442,358</u>         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>              |                          |                          |
| Loans received from directors and sponsors               | 43,815,788               | 13,034,600               |
| Long Term Finance  | (39,921,828)             | -                        |
| Loan repaid  | -                        | (2,503,750)              |
| Deposits received  | -                        | (6,075)                  |
| Book overdraft   | (5,731,544)              | 45,955                   |
| <b>Net cash flow from financing activities</b>           | <u>(1,837,584)</u>       | <u>10,570,730</u>        |
| <b>Net increase in Cash and Cash equivalents</b>         | <u>2,117,124</u>         | <u>719,124</u>           |
| Cash and cash equivalent at the beginning of the period  | 341,520                  | 302,924                  |
| <b>Cash and cash equivalent at the end of the period</b> | <u>2,458,644</u>         | <u>1,022,048</u>         |

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

  
NADEEM E. SHAIKH  
CHIEF EXECUTIVE

  
ABDULLAH MOOSA  
Director

# ALI ASGHAR TEXTILE MILLS LTD.

## QUARTERLY ACCOUNTS 2017



### Ali Asghar Textile Mills Limited

#### Notes to the Condensed Interim Financial Information (Un-Audited) For the Nine Months Period ended March 31, 2017

##### 1 THE COMPANY AND ITS OPERATIONS

1.1 Ali Asghar Textile Mills Limited (the Company) was incorporated in Pakistan on February 9, 1967 under the Companies Act, 1913 (Now Companies Ordinance, 1984) as a public limited company having its registered office at Uns Towers I I Chundigar Road, Karachi in the province of Sindh. Its shares are quoted on Karachi Stock Exchange (Guarantee) Limited. The principal activity of the Company is to manufacture and sale of yarn. The manufacturing facilities of the Company are located at Korangi Industrial Area, Karachi in the province of Sindh.

1.2 The Company has closed its operation in September, 2011 and has sold a substantial portion of its property plant and equipment. The Company has accumulated losses of Rs. 217.2 million as at March 31, 2017. Current liabilities exceeds its current assets by Rs. 11 million.

##### 2 BASIS OF PREPARATION

###### 2.1 Statement of compliance

This condensed interim financial information of the Company for the nine months period March 31, 2017 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard IAS 34 "Interim Financial Reporting" and provisions of and directives issued by the Securities and Exchange Commission of Pakistan under the Companies Ordinance, 1984 (the Ordinance). 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 for the year ended June 30, 2016. This interim financial information is being submitted to the shareholders as required by the Listing Regulations of Karachi Stock Exchange and section 245 of the Ordinance.

###### 2.2 Accounting Convention

These financial statements have been prepared under the historical cost convention except for measurement of certain financial assets and financial liabilities at fair value and recognition of employee benefits at present value.

###### 2.3 Functional and presentation currency

These financial information are presented in Pakistan Rupees which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupee.

##### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2016.

##### 4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2016. The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2016.

##### 5 ACQUISITION AND DISPOSAL OF PROPERTY PLANT AND EQUIPMENTS

The cost of additions and disposals to operating fixed assets during the nine months period ended, March 31, 2017 were as follows:

|                                    | March 31, 2017 (Un-Audited) |           | June 30, 2016 (Audited) |           |
|------------------------------------|-----------------------------|-----------|-------------------------|-----------|
|                                    | Additions                   | Disposals | Additions               | Disposals |
|                                    | (Cost in Rupees)            |           | (Cost in Rupees)        |           |
| Building on Leasehold Land- Others |                             |           | 1,345,562               | -         |
| Plant and Machinery                |                             |           |                         | -         |
| Generator                          |                             |           |                         | -         |
| Vehicle                            |                             |           | 43,000                  | -         |
| Furniture & Fixture                |                             |           |                         | -         |
| Office Equipment                   |                             |           |                         | -         |
|                                    | 117,700                     | -         | 67,700                  | -         |
|                                    | 117,700                     | -         | 1,456,262               | -         |

# ALI ASGHAR TEXTILE MILLS LTD.

## QUARTERLY ACCOUNTS 2017



### 6 CONTINGENCIES AND COMMITMENTS

#### Contingencies

- 6.1 The Bank of Punjab has filed suit 62 of 12 before Honorable Banking Court NO. V, Karachi against the company for recovery of Rs. 42.35 million (Principal Rs. 17.1 million along with Markup Rs. 25.241 million) as outstanding dues against the leasing facilities provided by the bank. The company has filed an application for leave to defend on 07.02.2013. The company has also provided liabilities amounting to Rs. 18.77 million along with markup Rs. 4.93 million. The management believes that there won't be any outflow of economic benefit more than what it has already recorded and disclosed. In the opinion of Legal advisors of the company, the aforementioned amount of Rs. 42.35 million is exaggerated and is not supported by the statement of account filed by the Bank of Punjab before the learned banking court.
- 6.2 The company has suit No. B-102 of 13, First Dawood Investment Bank Versus Ali Asghar Textile Mills Limited pending before Honorable Highcourt of Sindh at Karachi. The company trying to settle its TFCs amounting to Rs. 89.609 million with First Dawood Bank Limited. The First Dawood Investment Bank has filed suit for the recovery of 89.609 million against lease finance which was converted to TFCs. The company has counter filed case against First Dawood Investment and defending the case and in the opinion of Legal advisor, the management of the company is trying to settle its TFCs with First Dawood Bank Limited at its earliest and is taking all the steps to conclude the aforementioned case.
- 6.3 The company has CP no. D-1009 of 12, Ali Asghar Textile Mills Limited Versus Fed. of Pakistan pending before Honorable Highcourt of Sindh at Karachi. The company trying to settle it at its earliest and in the opinion of Legal advisor, The merits of the case pending are in the favor of the company as it is taking all the steps to conclude the aforementioned case.

|     | Note  | March 31, 2017<br>Rupees | June 30, 2016 (Audited)<br>Rupees |
|-----|---|--------------------------|-----------------------------------|
| 6.3 | Guarantees issued by banks on behalf of the Company | 1,611,230                | 1,611,230                         |

#### Commitments

There are no commitments of the company as at March 31, 2017.

### 7 TRANSACTION WITH RELATED PARTY

The related parties comprise associated companies (due to common directorship), wholly owned subsidiary, directors and key management personnel. Amounts due to/from related parties are shown in the relevant notes to the financial statements. The Company in the normal course of business carries out transactions with various related parties. Significant balances and transactions with related parties are as follows.

| Nature of transaction                              | Nature of Relationship            | March 31, 2017<br>Rupees | March 31, 2016<br>Rupees |
|--|-----------------------------------|--------------------------|--------------------------|
| <u>Rent and other expenses</u>                     |                                   |                          |                          |
| Guinar Humayun                                     | Significant Influence             | 468,270                  | 468,270                  |
| <u>Loan received from directors &amp; Sponsors</u> |                                   |                          |                          |
| Directors  | Control and Significant Influence | 22,424,544               | 15,786,600               |
| Sponsors   | Significant Influence             | 21,391,244               | 14,650,000               |
|  |                                   | 43,815,788               | 30,436,600               |

### 8 GENERAL

The figures have been rounded off to the nearest Rupee.

### 9 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on

by the board of directors of the Company

NADEEM E. SHAIKH  
CHIEF EXECUTIVE

ABDULLAH MOOSA  
DIRECTOR



# BOOK POST

PRINTED MATTER



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**ALI ASGHAR TEXTILE MILLS LTD.**

306-8, Third Floor, Uni Tower Building,  
I.I. Chundrigar Road, Karachi.