



The National Silk & Rayon Mills Ltd.

Manufacturer & Exporter of Quality Textile Products

FIRST QUARTER FINANCIAL STATEMENTS 2020

Company Information

Board of Directors

Sh. Faisal Tauheed	(Executive Director)
Sh. Kashif Tauheed	-do-
Mrs. Samira Faisal	Non Executive Director
Mrs. Tahira Kashif	-do-
Mrs. Sadia Kamran	-do-
Mrs. Amna Kamran	Non Executive Director/Chairman
Mr. Shehzad Ehsan	Independent Director

Board Audit Committee

Mr. Shehzad Ehsan	(Chairman)
Mrs. Amna Kamran	
Mrs. Sadia Kamran	

Board Human Resource and Remuneration Committee

Mr. Shehzad Ehsan	(Chairman)
Mrs. Amna Kamran	
Mrs. Sadia Kamran	

Management Team

Sh. Faisal Tauheed Puri	(Chief Executive)
Muhammad Islam Haider	(Chief Financial Officer)
Imran Zafar	(Company Secretary)
Qaiser Ali Faheem	(Internal Auditor)

Auditors

Amin Mudassar and Company
Chartered Accountants

Bankers

National Bank of Pakistan
The Bank of Punjab
Bank Alfalah Limited
Habib Metropolitan Bank Limited
Askari Bank Limited
Bank Al-Habib Limited
MCB Limited
Meezan Bank Limited

Registered Office

House No. 8/3, Aziz Avenue,
Canal Road, Gulberg V, Lahore.

Factory

Dhuddiwala, Jaranwala Road, Faisalabad.

Share Registrar

Corplink (pvt.) Ltd.,
Share Registrar & Corporate Consultants,
Wings Arcade, 1-K Commercial, Model Town, Lahore,
Tel: 035916714, 35916719, 035839182 Fax: 92-42-35869037.

Legal Advisor

Sahibzada Muhammad Arif
Advocate High Court,
Chamber No.52, District Courts,
Faisalabad.

Directors' Report

The Directors of your Company are pleased to present Financial Statements of the Company for the quarter ended September 30, 2020.

The financial performance of your Company during the quarter ended September 30, 2020 is as follow:

Quarter ended September 30		
Operating Results	2020	2019
RUPEES		
Gross profit	16,617,612	13,373,895
Selling, administrative and operating expenses	9,906,666	9,612,050
Profit for the year before taxation	5,925,138	2,486,550
Taxation	3,670,556	4,978,842
Profit / (loss) after taxation	2,254,582	(2,492,292)
Earning per share	0.14	(0.16)

The company recorded sale of Rs.240,939,356/- in its financial statement during the period as compared to Rs.159,329,278/- during the last year showing increase in sale 51%.

The Country continued to face difficult financial and economic conditions. This uncertain political situation, devaluation of Pak Rupee, rising energy prices in the market, upward inflationary trend and depressed economic fundamentals have posed multifarious chalanges for the Compay.

Future Outlook and Challenges:

Economy of Pakistan is now set on the path of recovery with the threat of COVID-19 expected to reduce in the coming days. The measures taken by State Bank of Pakistan (SBP) has also helped companies weaken the storm and played a significant role in the revival of the economy. The management of the Company is working hard to optimize the cost levels and finding new avenues of revenue generation in all segments of the company to maximize benefit to the shareholders.

However, we are confident about the future prospects of your Company as the demand of cloth processing has been resilient and is expected to increase further in the years to come. We are also working internally to become more efficient by becoming more cost effective, focusing on energy conservation and expenditure reduction techniques.

Appreciation

We would like to thank all of our staff members for the way they have responded to challenges of the year. Their hard work and commitment is greatly appreciated and is reflected in these results.

We are also thankful for the encouragement and support which we received from our suppliers, shareholders, bankers and financial institutions.

On behalf of the Board



Sh. Faisal Tauheed Puri
Chief Executive



Sh. Kashif Tauheed
Director

LAHORE:
October 29, 2020

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

DIRECTOR

DIRECTOR

Chief Financial Officer

Condensed Interim Profit and Loss Account (un-audited)

FOR THE QUARTER ENDED SEPTEMBER 30, 2020

		QUARTER ENDED JULY TO SEPTEMBER	
		2020	2019
		Rupees	
	Note		
Sales- net	11	240,939,356	159,329,278
Cost of sales		224,321,744	145,955,383
Gross profit		16,617,612	13,373,895
Distribution costs		135,000	96,485
Administrative expenses		9,459,817	9,384,694
Other operating expenses		311,849	130,871
		9,906,666	9,612,050
		6,710,946	3,761,845
Other income	12	306,601	266,014
		7,017,547	4,027,859
Finance costs		1,092,409	1,541,309
Profit before taxation		5,925,138	2,486,550
Taxation:			
Current		2,770,803	2,389,939
Deferred	6	899,753	2,588,903
		3,670,556	4,978,842
Profit/(loss) for the period		2,254,582	(2,492,292)
		-----R u p e e s-----	
Earnings per share- Basic and Diluted		0.14	(0.16)

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Comprehensive Income (un-audited)

FOR THE QUARTER ENDED SEPTEMBER 30, 2020

QUARTER ENDED JULY TO SEPTEMBER	
2020	2019
Rupees	
2,254,582	(2,492,292)
-	-
2,254,582	(2,492,292)

Profit for the period

Loss on staff retirement benefit obligation - net of deferred tax

Total comprehensive profit for the period

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Cash Flow Statement (un-audited)

FOR THE QUARTER ENDED SEPTEMBER 30, 2020

		QUARTER ENDED JULY TO SEPTEMBER	
		2020	2019
	Note	-----Rupees-----	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash Generated from Operations	A	1,931,286	2,617,647
Taxes Paid		(5,100,539)	(6,205,770)
Finance cost paid		(1,425,849)	(1,226,647)
Gratuity paid		(731,031)	(230,847)
Net cash generated from operating activities		(5,326,133)	(5,045,617)
CASH FLOW FROM INVESTING ACTIVITIES			
Long term liabilities		(4,365,012)	-
Fixed capital expenditure		-	(22,352,487)
		(4,365,012)	(22,352,487)
CASH FLOW FROM FINANCING ACTIVITIES			
Short term borrowings from directors		-	21,000,000
Net increase in cash and cash equivalents		(9,691,145)	(6,398,104)
Cash and Cash Equivalents at the Beginning of the Period		(17,717,552)	(25,715,487)
Cash and Cash Equivalents at the End of the Period	B	(27,408,697)	(32,113,591)

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

Notes to the Condensed Interim Cash Flow Statement (un-audited)

FOR THE QUARTER ENDED SEPTEMBER 30, 2020

A - CASH GENERATED FROM OPERATIONS

Profit before taxation

Adjustment of non cash and other items:

Depreciation
Finance cost

Cash Flow Before Working Capital Changes

EFFECT ON CASH FLOW OF WORKING CAPITAL CHANGES

(Increase)/Decrease in current assets

Stores, spares and loose tools
Stocks in trade
Trade debts
Loan and advances
Trade deposit and short term prepayments
Due from Government Department
Accrued interest

Increase/(Decrease) in current liabilities

Trade and other payables
Payable to provident fund
Deposits, accrued liabilities and advances

CASH GENERATED FROM OPERATIONS

B - CASH AND CASH EQUIVALENTS

Cash and bank balances
Loan from banking companies

QUARTER ENDED JULY TO SEPTEMBER	
2020	2019
Rupees	
5,925,138	2,486,550
7,279,460	6,183,863
1,092,409	1,541,309
8,371,869	7,725,172
14,297,007	10,211,722
6,326,438	2,901,409
21,980,804	(2,113,811)
(15,717,541)	18,606,522
(2,381,353)	(6,068,994)
(7,177,333)	(1,276,185)
(1,473,330)	527,689
5,516	253
(14,566,678)	(7,091,234)
(212,990)	(163,354)
850,745	(12,916,370)
-	-
(12,365,722)	(7,594,075)
1,931,286	2,617,647
8,158,023	5,831,224
(35,566,720)	(37,944,815)
(27,408,697)	(32,113,591)

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	SHARE CAPITAL	REVENUE UNAPPROPRIAT ED PROFIT	REVALUATION SURPLUS ON LAND	TOTAL
	-----R u p e e s-----			
Balance as at June 30, 2019- Audited	155,531,740	136,247,962	481,279,091	773,058,793
Profit / (loss) for the three months ended September 30, 2019	-	(2,492,292)	-	(2,492,292)
Other comprehensive income for the period-net of deferred tax	-	-	-	-
Total comprehensive income	-	(2,492,292)	-	(2,492,292)
Balance as at September 30, 2019- Un-audited & Restated	<u>155,531,740</u>	<u>133,755,670</u>	<u>481,279,091</u>	<u>770,566,501</u>
Balance as at June 30, 2020- Audited	155,531,740	89,340,841	561,529,091	806,401,672
Profit for the three months September 30, 2020	-	2,254,582	-	2,254,582
Other comprehensive income for the period	-	-	-	-
Total comprehensive income	-	2,254,582	-	2,254,582
Balance as at September 30, 2020- Un-audited	<u>155,531,740</u>	<u>91,595,423</u>	<u>561,529,091</u>	<u>808,656,254</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2020

1 THE COMPANY AND NATURE OF ITS BUSINESS

The Company is a Public Limited Company, incorporated in Pakistan on June 27, 1950 under the Companies Act, 1913 (Now Companies Act, 2017). The Company is quoted on Pakistan Stock Exchange Limited. The registered office of the Company is situated at House No. H-8-3, Aziz Avenue, Canal Park, Gulberg V, Lahore. The factory is located at Dhuddiwala, Jaranwala Road, Faisalabad in the province of Punjab. The principal activity of the company is dyeing, bleaching, finishing and embroidery of fabrics.

2 BASIS OF PREPARATION

2.1 Statement Of Compliance

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

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

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

2.2 These condensed interim financial statements do not include all the information and disclosures required in 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.

2.3 The figures included in the condensed interim statement of profit or loss and other comprehensive income for the quarters ended September 30, 2020 and in the notes forming part thereof have not been reviewed by the auditors of the Company.

2.4 Critical Accounting Estimates And Judgments

Judgments and estimates made by the management in the preparation of the condensed interim financial statements were the same as those applied to the financial statements as at and for the year ended June 30, 2020.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 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 financial statements for the year ended June 30, 2020 except those stated in note 3.2 (a) below.

3.2 Change in accounting standards, interpretations and amendments to published accounting and reporting standards

a) Standards and amendments to published accounting and reporting standards which were effective during the quarter ended September 30, 2020

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17: Leases. As the distinction between operating and finance lease is eliminated, it has resulted in leases being recognised on the statement of financial position except for short-term and low-value leases. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised.

However, the application of IFRS 16 does not have any material impact on the Company's books of account.

The amendments that were mandatory for the quarter ended September 30, 2020 are considered not to be relevant for the Company's financial reporting process and hence have not been disclosed here.

b) Standards and amendments to approved accounting and reporting standards that are not yet effective

There is a new standard and certain amendments and interpretation to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2020. However, these standard, amendments and interpretation will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these unconsolidated condensed interim financial statements.

4 AUTHORIZED SHARE CAPITAL

20,000,000 (June 30, 2020: 20,000,000) A - Class Ordinary shares of Rs. 10 each

400,000 (June 30, 2020: 400,000) B - Class Ordinary shares of Rs. 10 each

Note

September 30, 2020 Rupees (Un-audited)	June 30, 2020 Rupees (Audited)
200,000,000	200,000,000
4,000,000	4,000,000
204,000,000	204,000,000

		September 30, 2020 Rupees (Un-audited)	June 30, 2020 Rupees (Audited)
5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	Note		
Issued for Cash			
15,051,267 (June 30, 2020: 15,051,267) A - Class Ordinary Shares of Rs.10 each		150,512,670	150,512,670
320,100 (June 30, 2020: 320,100) B - Class Ordinary Shares of Rs.10 each		3,201,000	3,201,000
		153,713,670	153,713,670
Issued as Bonus Shares			
181,807 (June 30, 2020: 181,807) Ordinary Shares of Rs.10 each		1,818,070	1,818,070
		155,531,740	155,531,740
6 DEFERRED LIABILITIES			
Deferred taxation		3,481,084	2,581,331
6.1 Deferred Taxation	6.1	3,481,084	2,581,331
This is composed of the following:			
Deferred tax liability on taxable temporary differences arising in respect of:			
Accelerated tax depreciation		8,080,981	12,342,741
		8,080,981	12,342,741
Deferred tax asset on deductible temporary differences arising in respect of:			
Deferred debits arising in respect of staff gratuity		(275,631)	(295,822)
Deferred debits arising in respect of provisions		(30,253)	(30,253)
Turnover tax available for carry forward		(1,523,210)	(1,376,345)
Deferred tax asset not recognised on turnover tax		(2,770,803)	(8,058,990)
		(4,599,897)	(9,761,410)
		3,481,084	2,581,331
Balance as at July 01,		2,581,331	7,405,016
Add: Charge / (Reversal) for the year to			
Profit or loss account		899,753	(4,823,685)
Other comprehensive income		-	-
		3,481,084	2,581,331
7 LOAN FROM BANKING COMPANIES			
Secured			
Cash finance		27,597,820	29,977,209
Running finance		7,968,900	7,968,900
		35,566,720	37,946,109
7.1 There is no major change in the terms and conditions of the loan from banking companies as disclosed in the annual audited financial statements of the company as at and for the year ended June 30, 2020.			
		September 30, 2020 Rupees (Un-audited)	June 30, 2020 Rupees (Audited)
8 LOAN FROM RELATED PARTIES			
This represents loan received from following related parties:			
Mr. Faisal Tauheed (Chief Executive)		18,370,000	18,370,000
Mr. Sheikh Kashif Tauheed (Director)		19,857,054	19,857,054
Ms. Tahira Kashif (Director)		22,123,652	22,123,652
		60,350,706	60,350,706
9 CONTINGENCIES AND COMMITMENTS			
9.1 Contingencies			
- There is no change in status of contingencies as disclosed in note 13 to the audited annual financial statements of the Company for the ended June 30, 2020.			
9.2 Commitments			
- Commitments in respect of letters of credit for capital expenditures were amounting Rs. nil (June 30, 2020: Rs. Nil)			
- Commitments in respect of letters of credit other than for capital expenditures were amounting Rs. 54.20 million (June 30, 2020: Rs. 65.05 million).			

	Note	September 30, 2020 Rupees (Un-audited)	June 30, 2020 Rupees (Audited)
10 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	10.1	776,892,882	784,172,342
Capital work in progress	10.2	27,169,040	27,169,040
		<u>804,061,922</u>	<u>811,341,382</u>
10.1 OPERATING FIXED ASSETS			
Opening book value		784,172,342	701,661,422
Add: Additions during the period / year-cost		-	108,324,466
Less: Disposal during the period / year-book value		-	-
		<u>784,172,342</u>	<u>809,985,888</u>
Less: Depreciation charged for the period / year		<u>7,279,460</u>	<u>25,813,546</u>
		<u>776,892,882</u>	<u>784,172,342</u>
10.2 CAPITAL WORK IN PROGRESS			
Building		17,525,553	17,525,553
Plant and machinery		9,643,487	9,643,487
		<u>27,169,040</u>	<u>27,169,040</u>
		September 30, 2020 Rupees (Un-audited)	September 30, 2019 Rupees (Un-audited)
11 SALES			
Processing receipts		281,899,047	187,430,961
Less: Sales returns		-	-
Less: Sales tax		(40,959,691)	(28,101,683)
		<u>240,939,356</u>	<u>159,329,278</u>
12 OTHER INCOME			
Profit from financial assets			
Profit on bank deposits		11,601	16,054
Processing receipts		345,150	299,952
Less: Sales tax		(50,150)	(49,992)
		<u>295,000</u>	<u>249,960</u>
Profit on disposal of fixed assets		-	-
		<u>306,601</u>	<u>266,014</u>
13 TRANSACTIONS WITH RELATED PARTIES			
Transactions with related parties have been disclosed in the relevant notes to the financial statements, except that:			
Loan received from Chief Executive- Mr. Faisal Tauheed		-	9,000,000
Loan received from Director- Mr. Sheikh Kashif Tauheed		-	12,000,000
Remuneration paid to Chief Executive- Mr. Faisal Tauheed		1,500,000	1,500,000
Remuneration paid to Director- Mr. Sheikh Kashif Tauheed		1,500,000	1,500,000

14 FINANCIAL RISK MANAGEMENT

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

15 DATE OF AUTHORISATION

The condensed interim financial statements were authorised for issued on October 29, 2020 by the Board of Directors of the Company.

16 FIGURES

Figures in these condensed interim financial statements have been rounded off to the nearest of rupee.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

ڈائریکٹرز کی جائزہ رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 ستمبر 2020 کو ختم ہونے والی سہ ماہی میں کمپنی کے مالی بیانات پیش کرنے پر خوش ہیں۔
30 ستمبر 2020 کو ختم ہونے والی سہ ماہی کے دوران آپ کی کمپنی کی مالی کارکردگی مندرجہ ذیل ہے۔

آپریٹنگ نتائج

کوارٹر 30 ستمبر کو ختم ہوا

2019	2020	مالیاتی کارکردگی
RUPEES		
13,373,895	16,617,612	خالص نفع
9,612,050	9,906,666	فروخت، انتظامی اور آپریٹنگ اخراجات
2,486,550	5,925,138	منافع قبل از ٹیکس
4,978,842	3,670,556	ٹیکسیشن
(2,492,292)	2,254,582	منافع (نقصان) بعد از ٹیکس
(0.16)	0.14	نی آمدنی حصص

کمپنی نے اپنے مالی اعلیٰ میں اس عرصے کے دوران 240,939,356 روپے کی فروخت ریکارڈ کی جبکہ گزشتہ سال کے دوران اس میں 159,329,278 روپے کے مقابلے میں فروخت میں 51 فیصد اضافہ دکھایا گیا تھا۔

ملک کو مالی اور اقتصادی مشکلات کا سامنا کرنا پڑا۔ اس غیر یقینی سیاسی صورتحال، پاک روپیہ کی قدر میں کمی، مارکیٹ میں توانائی کی بڑھتی قیمتوں، افراط زر کا رجحان اور افسردہ معاشی بنیادی اصولوں نے کمپنی کے لئے متعدد چیلنجز کھڑے کر دیئے ہیں۔

مستقبل کے آؤٹ لک اور چیلنجز:

پاکستان کی معیشت اب بحالی کی راہ پر گامزن ہے جس کے بعد آنے والے دنوں میں COVID-19 کے خطرہ میں کمی متوقع ہے۔ اسٹیٹ بینک آف پاکستان کے اقدامات سے کمپنیوں کو طوفان کو کمزور کرنے میں بھی مدد ملی ہے اور معیشت کی بحالی میں نمایاں کردار ادا کیا گیا ہے۔ کمپنی کی انتظامیہ لاگت کی سطح کو بہتر بنانے اور اس میں محصولات کی پیداوار کی نئی راہیں تلاش کرنے کے لئے کوشاں ہے۔ حصص یافتگان کو زیادہ سے زیادہ فائدہ پہنچانے کیلئے کمپنی کے تمام طبقات۔

تاہم ہمیں آپ کی کمپنی کے مستقبل کے امکانات کے بارے میں اعتماد ہے کیونکہ کمپنی پر وسیع کی مانگ چلدا رہی ہے اور آنے والے سالوں میں اس میں مزید اضافہ ہونے کی امید ہے۔ ہم توانائی کے تحفظ اور اخراجات میں تخفیف کی تکنیک پر روشنی ڈالتے ہوئے، زیادہ سے زیادہ سرمایہ کاری مؤثر بن کر مزید موثر بننے کے لئے اندرونی طور پر بھی کام کر رہے ہیں۔

تعریف

ہم اپنے عملے کے تمام ممبروں کا اس سال کے چیلنجوں کا جواب دینے کے لئے جس طرح سے ان کا شکر ادا کرنا چاہیں گے۔ ان کی محنت اور وابستگی کو بے حد سراہا گیا ہے اور ان نتائج میں ظاہر ہوتا ہے۔

ہم ان حوصلہ افزائی اور مدد کے لئے بھی شکر گزار ہیں جو ہمیں اپنے سپلائرز، حصص یافتگان، بینکروں اور مالیاتی اداروں سے ملا ہے۔

شیخ فیصل توحید

چیف ایگزیکٹو

شیخ کاشف توحید

ڈائریکٹر

لاہور:

29 اکتوبر، 2020

**FIRST QUARTER
FINANCIAL
STATEMENTS
2020**



***The National Silk
& Rayon Mills Ltd.***

Manufacturer & Exporter of Quality Textile Products

Jaranwala Road, Faisalabad-Pakistan

Tel: 0092 41 8721760-61, Fax: 0092 41 8712216

Email: info@nationalsilk.com - www.nationalsilk.com