

# QUARTERLY ACCOUNTS

## March 31, 2015

### (UN-AUDITED)



**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)  
 Mst. Marium Humayun (Executive Director)  
 Mr. Muhammad Suleman (Non Executive Director)  
 Mr. Raja Ghanzafar Ali (Non Executive Director)  
 Mr. Sultan Mehmood (Non Executive Director)  
 Mr. Muhammad Azad Khan (Independent Director)

**Audit Committee**

Mr. Muhammad Suleman	Chairman
Mr. Sultan Mehmood	Member
Mr. Raja Ghanzafar Ali	Member

**Human Resources & Remuneration (HR&R) Committee**

Ms. Marium Humayun	Chairman
Mr. Raja Ghanzafar Ali	Member
Mr. Muhammad Azad Khan	Member

**Chief Financial Officer/ Company Secretary**

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 Near  
 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

**Mills**

Plot 6, Sector No. 25 Korangi Industrial Area  
 Karachi-74900



DIRECTOR REPORT

The directors are pleased to present the report to the shareholders for the period July 2014 to March 2015. The company suffered a loss of Rs.5.440 million for the quarter. The crisis in the spinning and weaving sector has increased manifold and many top textile groups have shut down their units due to continuous losses. Management is trying to create a viable business plan for the company future.

I would like to thank all the employees for their co-operation.

On behalf of the Board

NADEEM ELLAHI SHAIKH  
CHIEF EXECUTIVE

Karachi  
Dated 30<sup>th</sup> April 2015



**COMPANY INFORMATION**

**Board of Directors**

Mr. Nadeem Ellahi Shaikh (Chief Executive)  
Mr. Abdullah Moosa (Non Executive Director & Chairman)  
Mst. Marium Humayun (Executive Director)  
Mr. Muhammad Suleman (Non Executive Director)  
Mr. Raja Ghanzafar Ali (Non Executive Director)  
Mr. Sultan Mehmood (Non Executive Director)  
Mr. Muhammad Azad Khan (Independent Director)

**Audit Committee**

Mr. Muhammad Suleman	Chairman
Mr. Sultan Mehmood	Member
Mr. Raja Ghanzafar Ali	Member

**Human Resources &  
Remuneration (HR&R)  
Committee**

Ms. Marium Humayun	Chairman
Mr. Raja Ghanzafar Ali	Member
Mr. Muhammad Azad Khan	Member

**Chief Financial Officer/  
Company Secretary**

Muhammad Suleman

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

**Banker** Habib Bank Limited  
Habib Metropolitan Bank Limited  
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**Registered Office** Plot No. 6, Sector No. 25, Korangi Industrial Area,  
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**Website** www.aatml.com.pk  
**Mills** Plot 6, Sector No. 25 Korangi Industrial Area  
Karachi-74900

**ALI ASGHAR TEXTILE MILLS LTD.**  
**QUARTERLY ACCOUNTS 2015**



**Ali Asghar Textile Mills Limited**  
**Condensed Interim Balance Sheet**  
**As at March 31, 2015**

	Note	(Un-Audited) March 31, 2015 Rupees	Audited June 30, 2014 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	382,002,952	386,719,889
Long term investments		2,513,054	2,500,000
Long term deposits		2,428,196	2,376,169
		386,944,202	391,596,058
<b>CURRENT ASSETS</b>			
Inventories		941,268	941,268
Trade debts		911,932	911,932
Loans and advances		10,869,897	9,635,616
Trade deposits and short term prepayments		1,912,130	1,912,130
Other receivables		21,860,971	21,969,500
Tax refunds due from Government		14,612,212	14,538,143
Cash and bank balances		698,840	1,706,022
		51,807,250	51,614,612
		438,751,452	443,210,669
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital		250,000,000	250,000,000
50,000,000 ordinary shares of Rs. 5 each			
Issued, subscribed and paid-up capital		222,133,470	222,133,470
Unappropriated loss		(195,798,623)	(179,299,479)
		26,334,847	42,833,991
Surplus on revaluation of property, plant and equipment		262,040,721	262,341,121
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		70,885,116	62,185,116
Long term deposits		545,850	627,850
Deferred liabilities		1,302,788	1,161,500
		72,733,754	63,974,466
<b>CURRENT LIABILITIES</b>			
Trade and other payables		38,810,454	37,748,046
Accrued Interest / mark-up		4,930,250	4,930,250
Bank overdraft		14,134,428	10,108,297
Current portion of non-current liabilities		9,902,448	11,409,948
Provision for taxation		9,864,550	9,864,550
		77,642,130	74,061,091
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>438,751,452</b>	<b>443,210,669</b>

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

Karachi  
Dated: April 30, 2015

  
**NADEEM E. SHAIKH**  
CHIEF EXECUTIVE

  
**ABDULLAH MOOSA**  
DIRECTOR



**ALI ASGHAR TEXTILE MILLS LTD.**  
**QUARTERLY ACCOUNTS 2015**



**Ali Asghar Textile Mills Limited**

Condensed Interim Profit and Loss Account (Un-Audited)  
 For the Nine Months Period and Quarter ended March 31, 2015

	Nine Month Period Ended		Quarter Ended	
	March 31, 2015 Rupees	March 31, 2014 Rupees	March 31, 2015 Rupees	March 31, 2014 Rupees
Sales				
Cost of sales	(8,661,373)	(9,516,831)	(2,545,390)	(2,643,956)
Gross loss	(8,661,373)	(9,516,831)	(2,545,390)	(2,643,956)
Administrative expenses	(11,998,908)	(9,142,481)	(4,100,000)	(3,457,129)
Other expenses		(783,799)		(783,799)
Other income	2,972,109	5,587,335	1,220,000	1,930,410
	(9,026,799)	(4,338,945)	(2,880,000)	(2,310,518)
Loss from operations	(17,688,172)	(13,855,776)	(5,425,390)	(4,954,474)
Finance cost	(20,490)	(23,376)	(15,105)	(3,096)
Loss before taxation	(17,708,662)	(13,879,151)	(5,440,495)	(4,957,570)
Taxation				
Current	-	-	-	278,713
Deferred	-	-	-	-
	-	-	-	(278,713)
Loss after taxation	(17,708,662)	(13,879,151)	(5,440,495)	(4,678,857)
Loss per share - basic and diluted	(0.40)	(0.21)	(0.11)	(0.11)

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

*(Signature)*

Karachi

NADEEM E. SHAIKH

*(Signature)*

ABDULLAH MOOSA



**ALI ASGHAR TEXTILE MILLS LTD.**  
**QUARTERLY ACCOUNTS 2015**



**Ali Asghar Textile Mills Limited**

**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
**For the Nine Months Period and Quarter ended March 31, 2015**

	Nine month Period Ended		Quarter Ended	
	March 31, 2015 Rupees	March 31, 2014 Rupees	March 31, 2015 Rupees	March 31, 2014 Rupees
Loss after taxation	(17,708,662)	(13,879,151)	(5,440,495)	(4,678,857)
Other comprehensive income				
Total comprehensive loss for the year	(17,708,662)	(13,879,151)	(5,440,495)	(4,678,857)

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

Karachi  
Dated: 30th April 2015

NADEEM E. SHAIKH  
CHIEF EXECUTIVE

ABDULLAH MOOSA  
DIRECTOR

**ALI ASGHAR TEXTILE MILLS LTD.**  
**QUARTERLY ACCOUNTS 2015**



**Condensed Interim Statement of Cash flows (Un-Audited)**  
**For the Nine Months period ended March 31, 2015**

	March 31, 2015	March 31, 2014
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(17,708,662)	(13,879,151)
Adjustments for:		
Depreciation	4,833,587	8,077,819
Staff retirement benefits - gratuity	141,288	1,036,456
Finance cost	5,385	23,376
Gain on disposal of property, plant and equipment	-	(1,734,603)
	4,980,260	7,403,048
Loss before working capital changes	(12,728,402)	(6,476,103)
(Increase) / decrease in current assets		
Inventory	-	-
Trade debts	-	(11,000.00)
Loans and advances	(1,234,281)	(2,990,792)
Trade deposits and short term prepayments	-	(290,529)
Other receivables	108,529	58,093
	(1,125,752)	(3,234,228)
Increase in current liabilities		
Trade and other payables	1,062,000	1,169,846
Cash used in operations	(12,792,154)	(8,540,485)
Finance cost paid	(5,385)	(156,513)
Taxes refund/ (paid)	(74,069)	1,439,086
Staff retirement benefits gratuity paid	-	(353,297)
	(79,454)	929,276
Net cash used in operating activities	(12,871,608)	(7,611,209)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	-	5,418,000
Long term investments	(13,054)	-
Long term deposits	(52,027)	227,600
Fixed capital expenditure	(116,650)	(181,000)
Net cash flow from investing activities	(181,731)	5,464,600
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan received from directors and sponsors	8,700,000	(1,820,370)
Loan repaid	(1,507,500)	-
Deposit received	(82,000)	202,000
Bank overdraft	4,026,131	(867,674)
Net cash flow from financing activities	11,136,631	(2,486,044)
Net increase in cash and cash equivalents	(1,916,708)	(4,632,654)
Cash and cash equivalents at the beginning of the period	1,706,022	7,186,002
Cash and cash equivalents at the end of the period	(210,686)	2,553,348

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

Karachi  
Dated 30 April 2015

**NADEEM E. SHAIKH**  
CHIEF EXECUTIVE

**ABDULLAH MOOSA**  
DIRECTOR

**ALI ASGHAR TEXTILE MILLS LTD.**  
**QUARTERLY ACCOUNTS 2015**



**Condensed Interim Statement of Changes in Equity**  
**#REF!**

	Share Capital	Unappropriated Loss	Total Equity
	Rupees		
Balance as at July 01, 2014 (Audited)	222,133,470	(159,511,171)	62,622,299
Total comprehensive loss for half year ended December 31, 2013	-	(9,200,295)	(9,200,295)
Transferred from surplus on revaluation - incremental	-	602,807	602,807
Balance as at December 31, 2013 (Un-Audited)	222,133,470	(168,108,659)	54,024,811
Total comprehensive loss for the remaining period	-	(11,793,627)	(11,793,627)
Transferred from surplus on revaluation - incremental	-	602,808	602,808
Balance as at June 30, 2014 (Audited)	222,133,470	(179,299,479)	42,833,991
Total comprehensive loss for half year ended December 31, 2014	-	(17,708,662)	(17,708,662)
Transferred from surplus on revaluation - incremental	-	300,400	300,400
Balance as at December 31, 2014 (Un-Audited)	222,133,470	(196,707,741)	25,425,729

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

Karachi  
Dated: 30th April 2015

  
**NADEEM E. SHAIKH**  
CHIEF EXECUTIVE

  
**ABDULLAH MOOSA**  
DIRECTOR

# ALI ASGHAR TEXTILE MILLS LTD.

## QUARTERLY ACCOUNTS 2015



### Notes to the Condensed Interim Financial Information (Un-Audited)

###

#### 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 Uni Towers, I. I. Chundrigar 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. 191.27 million as at December 31, 2014. Current liabilities exceeds its current assets by Rs. 21.3 million.

#### 2 BASIS OF PREPARATION

##### 2.1 Statement of compliance

This condensed interim financial information of the Company for the half year ended December 31, 2014 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, 2014. 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, 2014.

#### 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 use 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, 2014. The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2014.

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

The cost of additions and disposals to operating fixed assets during the half year ended, December 31, 2014 were as follows:

	March 31 2015 (Un-Audited)	June 30, 2014 (Audited)	
	Additions	Additions	Disposals
	(Cost in Rupees)	(Cost in Rupees)	(Cost in Rupees)
Plant and Machinery	-	-	(8,852,611)
Generator	-	90,000	-
Vehicle	-	-	(2,410,350)
Furniture & Fixture	6,000	-	-
Office Equipment	110,650	113,700	(115,850)
	<u>116,650</u>	<u>203,700</u>	<u>(11,378,811)</u>



# ALI ASGHAR TEXTILE MILLS LTD.

## QUARTERLY ACCOUNTS 2015



### 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 and this matter would be settled or decided during the next financial year 2015 and without consideration of actual controversy between parties by the honorable court, there is no possibility to ascertain actual or anticipated loss.
- 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.
- 6.4 An Appeal (Appeal No. K469/2009) was filed under section 194A of Customs Act, 1969 before the Honorable Custom Appellate Tribunal Karachi Bench, Karachi against the recovery of Rs. 29,112,294 in respect of non-achievement of export targets in terms of concessionary SRO 554(1)/98 dated 12.06.1998 by Model Customs Collectorate of Exports Customs House, Karachi and was vehemently contested on the behalf of the Mills. Hearing has been concluded and judgement reserved by the Honorable Customs Appellate Tribunal Karachi Bench, Karachi and the decision awaited. In the opinion of Legal advisor, the merits of the case are in the favour of the company and there is no likelihood that the company will incur any financial loss.

	Note	#REF! Rupees	June 30, 2014 (Audited) 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 December 31, 2014.

### 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	#REF! Rupees	#REF! Rupees
<u>Rent and other expenses</u>			
Guinar Humayun	Significant Influence	312,180	440,010
<u>Loan received from Directors &amp; Sponsors</u>			
Directors	Control and Significant Influence	4,950,000	-
Sponsors	Significant Influence	3,750,000	-
		8,700,000	-

### 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 21st February 2015 by the board of directors of the Company.

Karachi  
Dated: 30th April 2015

  
NAHEEM E. SHAIKH  
CHIEF EXECUTIVE

  
ABDULLAH MOOSA  
DIRECTOR

**BOOK POST**

**PRINTED MATTER**



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