

AL-KHAIR GADOON LTD.

**Condensed Interim
Financial Statements
First Quarter Ended**

**September
30, 2020
(Un-Audited)**



AL-Khair Gadoon Ltd.

COMPANY INFORMATION

BOARD OF DIRECTORS:

Mr. Mohammad Afzal Sheikh	- Chairman
Mr. Mohammad Saeed Sheikh	- Chief Executive
Mr. Sheikh Pervaiz Afzal	- Executive Director
Mr. Mohammad Amin Sheikh	- Non-Executive Director
Mrs. Parveen Afzal	- Non-Executive Director
Mrs. Farnaz Saeed	- Non-Executive Director
Mrs. Aleeza Zahid Tariq	- Independent Director
Mr. Kamal Subhani	- Independent Director

AUDIT COMMITTEE:

Mr. Kamal Subhani	- Chairman
Mrs. Farnaz Saeed	- Member
Mrs. Aleeza Zahid Tariq	- Member
Mr. Khurram Iftikhar	- Secretary

HUMAN RESOURCE & REMUNERATION COMMITTEE:

Mr. Kamal Subhani	- Chairman
Mrs. Farnaz Saeed	- Member
Mrs. Parveen Afzal	- Member
Mr. Mushtaq Ahmed Shaheen	- Secretary

CHIEF FINANCIAL OFFICER

Abdul Hafeez Poswal

COMPANY SECRETARY:

Mr. Mohammad Amin Sheikh

AUDITORS:

M/s. Tahir Siddiqi & Co., Chartered Accountants.

LEGAL ADVISOR:

Mr. Naeem Anjum (Advocate High Court)

SHARES REGISTRAR:

Shemas International (Pvt) Limited
533-Imperial Garden Block, Main Boulevard, Paragon City,
Barki Road, Lahore.

BANKERS:

Allied Bank Limited.
Bank Alfalah Limited.

REGISTERED OFFICE & FACTORY SITE:

92/3, 94A & 94B Phase III, Industrial Estate,
Gadoon Amazai, District Swabi, (K.P.K)
Tel: (0938) 270260, Fax: (0938) 270270

CORPORATE OFFICE:

Al-Khair House,
43-T, Gulberg II, Lahore.
Tel: (042) 111-111-043,
Fax: (042) 35716588, 35753719
Website: www.alkhairgadoon.com



AL-Khair Gadoon Ltd.

DIRECTORS' REVIEW REPORT For the Quarter Ended September 30, 2020

On behalf of the board of directors of the Company, we are pleased to present before you Condensed Interim Financial Statements of the Company for the quarter ended September 30, 2020.

Operational Results

During the quarter ended September 30, 2019, the Company remained on the track of progress and recorded net sales of Rs.152,380 million compared to Rs.99,492 million for the same quarter of last year with an increase of Rs.52,889 million (53.16%). Increase in sales was mainly due to restoration of post Coronavirus pandemic (Covid-19) scenario business activities in the country and relaxation by the Government in the condition for providing CNIC number for every sale from Rs.50,000/- to Rs.100,000/-. During the quarter under review, the Company earned a gross profit of Rs.22,899 and net profit of Rs. 7,967 million as compared to gross profit of Rs.14,312 million and net profit of Rs.4,230 million respectively for the same quarter of last year. This achievement is also attributed to operational excellence and management skills which led in improving efficiencies, best product mix management and effective cost control measures.

Future Outlook

The Government is very keen and has taken various remedial measures for strengthening the economy of the country in post Coronavirus pandemic (Covid-19) scenario. Earlier Government has given financial package to mitigate negative impacts of the pandemic whereas State Bank of Pakistan also reduced policy rates to support the business community and revival of the economy in the country. However, the major threat to business specially at retail level is ever rising inflation and dearness prevailing in the country which may severely affect the purchasing power of the consumers resulting affecting the sales targets of the foam and allied products. Though, foreign exchange rates remained stable, but on the other hand major risk for foam sector is uncontrollable raw material prices in international market as major raw materials are not manufactured in the country and imported from all over the world. However, the management of the Company is fully cognizant of the affairs and will overcome the situation through operational excellence and management skills, best marketing and production strategies. The Company is confident to meet the challenges ahead to achieve best possible performance results and remain focused on the needs of its trade partnering customers.

Appreciation

We would like to acknowledge and appreciate the devoted and sincere services of our workers, staff members of the management team. We are grateful to our bankers and other stakeholders. We also thank for continued co-operation extended by our customers and retailers who are the key element of our Company.


MOHAMMAD AFZAL SHEIKH

Chairman


MOHAMMAD SAEED SHEIKH

Chief Executive

Lahore: October 26, 2020

ڈائریکٹرز کی جائزہ رپورٹ

ہم نہایت مسرت کے ساتھ 30 ستمبر 2020 کو ختم ہونے والی سرمایہ کے لئے کمپنی کے غیر پڑتال شدہ عبوری مالیاتی حسابات پیش کرتے ہیں۔

آپریٹیشنل نتائج

30 ستمبر 2020 کو ختم ہونے والی سرمایہ کے دوران کمپنی ترقی کی راہ پر گامزن رہی اور گزشتہ سال کی اسی سرمایہ میں 99.492 ملین روپے کے مقابلے میں 152.380 ملین روپے کی خالص فروخت ریکارڈ کی گئی جس میں 52.889 ملین روپے ((% 53.16 کا اضافہ ہوا۔ فروخت میں اضافہ بنیادی طور پر ملک میں کورونا وائرس وبا (کوویڈ-19) کے بعد کی کاروباری سرگرمیوں کی بحالی اور حکومت کی طرف سے ہر فروخت کے لئے شناختی کارڈ کی فراہمی کی شرط میں نرمی جو 50,000/- روپے سے بڑھا کر 100,000/- روپے کی گئی ہے کی وجہ سے ہوا۔ زیر جائزہ سرمایہ کے دوران، کمپنی نے گزشتہ سال کی اسی سرمایہ میں 14.312 ملین روپے کے مجموعی منافع اور 4.230 ملین روپے کے خالص منافع کے مقابلے میں بالترتیب 24.299 روپے کا مجموعی منافع اور 9.367 ملین روپے کا خالص منافع حاصل کیا۔ اس کارکردگی کا سہرا آپریٹیشنل کارکردگی اور انتظامی مہارت کے بھی سر ہے جس نے کارکردگی کو بڑھانے، مصنوعات کا بہتریں امتزاج اور لاگت پر قابو پانے کے موثر اقدامات کی جانب راہنمائی کی۔

مستقبل کے حد و خال

حکومت پر عزم ہے اور اس نے کورونا وائرس وبا کے بعد کے منظر نامے میں ملک کی معیشت کو مستحکم کرنے کے لئے بہت سی اصلاحاتی تدابیر اختیار کی ہیں۔ اس سے قبل حکومت نے وبا کے منفی اثرات کو کم کرنے کے لئے مالیاتی چیلنج دیا ہے جبکہ اسٹیٹ بینک آف پاکستان نے کاروباری برادری کی مدد اور معیشت کی بحالی کے لئے پالیسی نرخ بھی کم کر دیئے ہیں۔ تاہم کاروبار کو خاص کر خوردہ سطح پر سب سے بڑا خطرہ ملک میں جاری بڑھتی ہوئی افراط زر اور مہنگائی کا رجحان جو صارفین کی قوت خرید پر سخت اثر ڈال سکتا ہے اور نتیجے کے طور پر فوم اور متعلقہ مصنوعات کی فروخت کے اہداف کو متاثر کر سکتا ہے۔ اگرچہ زر مبادلہ کی شرح مستحکم رہی لیکن دوسری طرف فوم کیلٹر کے لئے اہم خطرہ بین الاقوامی منڈی میں خام مال کی بے قابو قیمتیں ہیں کیونکہ زیادہ تر خام مال ملک میں تیار نہیں ہوتے اور دنیا بھر سے درآ مد کرنے پڑتے ہیں۔ تاہم کمپنی کی انتظامیہ معاملات سے پوری طرح باخبر ہے اور آپریٹیشنل کارکردگی، انتظامی مہارت، بہتریں مارکیٹنگ اور پیداواری حکمت عملی کے ذریعے صورت حال پر قابو پالے گی۔ کمپنی درجیش چیلنجز پر قابو پا کر بہترین ممکنہ کارکردگی اور اپنے تجارتی شراکت داروں کی ضروریات کو مد نظر رکھتے ہوئے نتائج حاصل کرنے کے لئے پراہتمام ہے۔

اظہار تشکر:

ہم محنت کشوں، انتظامی ٹیم کے کارکنوں اور عملی سخت محنت کا اعتراف اور انکی تعریف کرتے ہیں۔ ہم بینکنگ زور اور دیگر متعلقہ افراد کے بھی مشکور ہیں۔ صارفین اور خوردہ فروش ہمارے کمپنی کے اہم عناصر ہیں اور ہم ان کے مسلسل تعاون پر ان کا شکریہ ادا کرتے ہیں۔

M. Saad

محمد سعید شیخ
چیف ایگزیکٹو

M. Saad

محمد افضل شیخ
چیئرمین

لاہور: 26 اکتوبر، 2020



AL-Khair Gadoon Ltd.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2020

	Note	Un-Audited September,30 2020 Rupees	Audited June 30, 2020 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	138,448,333	138,843,726
Deferred taxation		1,517,928	1,517,928
		139,966,261	140,361,654
CURRENT ASSETS			
Stores and spares		2,161,528	2,073,193
Stock in trade		211,989,250	204,980,630
Trade debts		52,382,571	50,386,778
Advances, deposits and prepayments		51,450,032	7,446,183
Advance taxes - net		54,139,834	75,331,615
Cash and bank balances		5,129,458	5,275,640
		377,252,673	345,494,039
TOTAL ASSETS		517,218,934	485,855,693
EQUITY AND LIABILITIES			
Authorized capital			
12,000,000 Ordinary shares of Rs. 10 each		120,000,000	120,000,000
Issued, subscribed and paid up capital		100,000,000	100,000,000
Capital reserves - Share Premium		25,000,000	25,000,000
Unappropriated profit		113,089,544	105,122,769
Shareholders' equity		238,089,544	230,122,769
NON CURRENT LIABILITIES			
Long term loan	6	5,337,500	-
Deferred liabilities		16,656,622	15,902,464
		21,994,122	15,902,464
CURRENT LIABILITIES			
Current portion of long term loan		3,202,500	-
Trade and other payables		100,902,587	155,482,086
Taxes payables		55,135	663,266
Short term borrowings - secured		151,130,100	81,840,162
Un-claimed dividend		1,844,946	1,844,946
		257,135,268	239,830,460
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	7	517,218,934	485,855,693
MOHAMMAD AFZAL SHEIKH Chairman	MOHAMMAD SAEED SHEIKH Chief Executive	ABDUL HAFEEZ POSWAL Chief Financial Officer	

Lahore: October 26, 2020



AL-Khair Gadoon Ltd.

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Unaudited) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	September,30 2020 Rupees	September,30 2019 Rupees
Sales - net	152,380,378	99,491,649
Cost of sales	(129,481,622)	(85,179,962)
Gross profit	22,898,756	14,311,687
Administrative expenses	(6,856,373)	(5,531,853)
Distribution expenses	(4,638,258)	(3,624,513)
	(11,494,631)	(9,156,366)
Operating profit	11,404,125	5,155,321
Finance cost	(1,301,372)	(993,353)
Other operating income	149,728	1,560,090
Profit before taxation	10,252,481	5,722,058
Income tax expenses	(2,285,706)	(1,492,375)
Profit after taxation	7,966,775	4,229,683
Other comprehensive income for the period	-	-
Total comprehensive income for the period	7,966,775	4,229,683
Earnings per share - before tax (basic and diluted - Rupees)	1.03	0.57
Earnings per share - after tax (basic and diluted - Rupees)	0.80	0.42

MOHAMMAD AFZAL SHEIKH
Chairman

MOHAMMAD SAEED SHEIKH
Chief Executive

ABDUL HAFEEZ POSWAL
Chief Financial Officer

Lahore: October 26, 2020




AL-Khair Gadoon Ltd.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Note	September,30 2020 Rupees	September,30 2019 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash (used in) generated from operations	9	(92,146,035)	(21,347,070)
Finance cost paid		(1,507,380)	(2,655,525)
Taxes - refund received / (paid)		18,906,075	(7,941,016)
		17,398,695	(10,596,541)
Net cash used in operating activities		(74,747,340)	(31,943,611)
Cash flows from investing activities			
Fixed capital expenditure		(2,696,540)	(876,124)
Capital work in progress		(532,240)	(261,064)
Proceeds from sale of property, plant and equipment		-	3,115,000
Net cash (used in) generated from investing activities		(3,228,780)	1,977,812
Cash flows from financing activities			
Long term loan		8,540,000	-
Short term borrowings		69,289,938	30,082,454
Net cash generated from financing activities		77,829,938	30,082,454
Net increase / (decrease) in cash and cash equivalents		(146,182)	116,654
Cash and cash equivalents at the beginning of the year		5,275,640	3,130,415
Cash and cash equivalents at the end of the quarter		5,129,458	3,247,069


MOHAMMAD AFZAL SHEIKH
Chairman


MOHAMMAD SAEED SHEIKH
Chief Executive


ABDUL HAFEEZ POSWAL
Chief Financial Officer

Lahore: October 26, 2020



AL-Khair Gadoon Ltd.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Share Capital	Share Premium	Unappropriated Profit	Total
	(-----Rupees-----)			
Balance as at July 01, 2019 as restated	100,000,000	25,000,000	97,316,043	222,316,043
Comprehensive income for the year				
Profit for the year	-	-	7,998,498	7,998,498
Other comprehensive income for the year	-	-	(191,772)	(191,772)
	-	-	7,806,726	7,806,726
Balance as at June 30, 2020	100,000,000	25,000,000	105,122,769	230,122,769
Comprehensive income for the quarter				
Profit for the quarter	-	-	7,966,775	7,966,775
Other comprehensive income for the quarter	-	-	-	-
	-	-	7,966,775	7,966,775
Balance as at September 30, 2020	<u>100,000,000</u>	<u>25,000,000</u>	<u>113,089,544</u>	<u>238,089,544</u>

MOHAMMAD AFZAL SHEIKH
Chairman

MOHAMMAD SAED SHEIKH
Chief Executive

ABDUL HAFEEZ POSWAL
Chief Financial Officer

Lahore: October 26, 2020



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Period Ended September 30, 2020 (Un-Audited)

1 THE COMPANY AND ITS OPERATIONS

The Company was incorporated as a Private Limited Company on August 27, 1990 under the Companies Ordinance, 1984 (now the Companies Act, 2017) and converted into Public Limited Company on August 31, 1995. The shares of the Company are listed on Pakistan Stock Exchange Limited. The Company is principally engaged in manufacturing and sale of foam and allied products. The manufacturing facilities of the Company are located at 92/3, 94-A & 94-B, Industrial Estate, Gadoon Amazai, District Swabi, KPK. The registered office of the Company is situated at 92/3, Phase III, Industrial Estate, Gadoon Amazai, District Swabi, Khyber Pakhtunkhwa – Pakistan.

2 BASIS OF PREPARATION

These financial statements are un-audited and are being submitted to the shareholders as required under section 237 of the Companies Act, 2017, and prepared in accordance with requirements of the International Accounting Standard-34 (IAS 34) "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB).

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies for the preparation of quarterly financial statements for the quarter ended September 30, 2020 are the same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2020.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

- 4.1 The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain accounting estimates. It also requires exercising judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.
- 4.2 During the preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited annual financial statements for the year ended June 30, 2020.
- 4.3 The provision for taxation for the quarter ended September 30, 2020 has been made on an estimated basis.



AL-Khair Gadoon Ltd.

5 PROPERTY, PLANT & EQUIPMENT

	30-Sep-20 Un-audited Rupees	30-Jun-20 Audited Rupees
Operating Assets		
Book value at the beginning of the quarter / year	138,641,766	129,205,603
Addition during the quarter / year	2,696,540	23,675,112
Deletion during the quarter / year	-	(1,622,607)
	<u>141,338,306</u>	<u>151,258,108</u>
Depreciation charged during the quarter / year	<u>(3,624,173)</u>	<u>(12,616,342)</u>
Book value at the end of the quarter / year	<u>137,714,133</u>	<u>138,641,766</u>
Capital work in progress		
Balance at the beginning of the quarter / year	201,960	3,128,571
Addition during the quarter / year	532,240	201,960
	734,200	3,330,531
Less transfer to operating assets during the quarter / year	-	(3,128,571)
Balance at the end of the quarter / year	<u>734,200</u>	<u>201,960</u>
	<u>138,448,333</u>	<u>138,843,726</u>

6 LONG TERM LOAN

This represents long term loan received from Bank Alfalah Limited under 'Refinance Scheme for payment of Wages and Salaries to the Workers and Employees of Business Concerns' introduced by State Bank of Pakistan. This loan carries mark-up at the rate of 3% per annum and is repayable in eight quarterly installments starting from January 2021.

7 CONTINGENCIES

There is no material change in the status of contingencies as reported in the financial statements for the preceding financial year ended June 30, 2020.

8 TRANSACTIONS WITH RELATED PARTIES

Detail of transactions with related parties during the quarter other than those which have been disclosed elsewhere in the financial statements are as follows:-

Al-Khair Global (Pvt) Ltd.	Sales	-	6,995,781
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The transactions with related parties are executed on arms' length prices. Directors are interested to the extent of their directorship / shareholding. There is no change in nature of relationship with related parties as reported in the financial statements for the preceding financial year ended June 30, 2020.



AL-Khair Gadoon Ltd.

9

CASH GENERATED FROM OPERATIONS

	30-Sep-20 Un-audited Rupees	30-Sep-19 Un-audited Rupees
Cash flows from operating activities		
Profit before taxation	10,252,481	5,722,058
Adjustments for:		
Depreciation	3,624,173	3,198,420
Finance cost	1,301,372	993,353
Gain on disposal of plant, property and equipment	-	(1,560,084)
Provision for gratuity	754,158	731,355
Provision for doubtful debt	30,393	(37,136)
	<u>5,710,096</u>	<u>3,325,908</u>
Operating profit before working capital changes	15,962,577	9,047,966
(Increase)/decrease in current assets		
Stores and spares	(88,335)	(116,472)
Stock-in-trade	(7,008,620)	(23,227,613)
Trade debts	(2,026,186)	2,475,767
Advances, deposits, prepayments and other receivables	(44,003,849)	(19,939,830)
	<u>(53,126,990)</u>	<u>(40,808,148)</u>
Increase/(decrease) in current liabilities		
Trade and other payables	(54,981,622)	10,413,112
Cash (used in) from operations	<u>(92,146,035)</u>	<u>(21,347,070)</u>

10 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying value of all financial assets and liabilities in these financial statements approximate their fair values.

11 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risk: market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statement for the year ended June 30, 2020.

There has been no change in Company's sensitivity to these risks since June 30, 2020 except for general exposure to fluctuations in foreign currency and interest rates. There have been no change in the risk management policies during the period.

There have been no other significant changes in the business or economic circumstances during the period that would have affected the fair values of the financial assets of the Company. Further, no re-classifications in the categories of financial assets have been made since June 30, 2020.

12 Figures have been rounded off to the nearest rupee and previous period's figures have been reclassified where necessary. The financial statements were authorized for issue on October 26, 2020.

MOHAMMAD AFZAL SHEIKH
Chairman

MOHAMMAD SAEED SHEIKH
Chief Executive

ABDUL HAFEEZ ROSWAL
Chief Financial Officer

Lahore: October 26, 2020

if Undelivered, Please Return To:



Since 1980

Al-Khair Gadoon Ltd.

43-T, Gulberg II, Lahore.

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