

CRESCENT GROUP



CRESCENT JUTE  
PRODUCTS LTD.

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**Condensed Interim Financial Statements  
For The Nine Months Ended 31 March 2021  
(Un-Audited)**

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**CRESCENT JUTE  
PRODUCTS LTD.**

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# **CRESCENT JUTE PRODUCTS LTD. FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 31 MARCH 2021**

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**CRESCENT JUTE  
PRODUCTS LTD.**

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## **COMPANY INFORMATION**

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### **BOARD OF DIRECTORS**

Mr. Khurram Mazhar Karim	Chairman - Non-Executive Director
Mr. Humayun Mazhar (In alphabetic order)	Chief Executive Officer - Executive Director
Miss Rijah Khurram Mazhar	Non-Executive Director
Mr. Shahjahan Mazhar Karim	Non-Executive Director
Mr. Shameel Mazhar	Non-Executive Director
Mr. Shehryar Mazhar	Non-Executive Director
Syed Raza Abbas Jaffery	Non Executive Director

### **AUDIT COMMITTEE**

Syed Raza Abbas Jaffery	Chairman
Mr. Shehryar Mazhar	Member
Mr. Shahjahan Mazhar Karim	Member

### **HUMAN RESOURCE & REMUNERATION COMMITTEE**

Mr. Shehryar Mazhar	Chairman
Syed Raza Abbas Jaffery	Member
Miss Rijah Khurram Mazhar	Member

### **COMPANY SECRETARY / CFO**

Mr. Saif Ullah

### **HEAD OF INTERNAL AUDIT**

Mr. Tahir Hussain

### **AUDITORS**

M/s Riaz Ahmad & Company  
Chartered Accountants Faisalabad  
Name of Engagement Partner: Mr. Liaquat Ali Panwar

### **LEGAL ADVISOR**

Mr. Shahid Mahmood Baig  
Advocate High Court

### **BANKERS**

The Bank of Punjab  
B.R.R. Guardian Modaraba  
MCB Bank Limited  
Dubai Islamic Bank  
Habib Metropolitan Bank Limited

### **REGISTERED OFFICE**

1st Floor, 65-XX, Khayaban-e-Iqbal Road,  
Phase - III, DHA, Lahore - 54792, Pakistan.  
Tel: + 92-42-37186438-9

### **SHARE REGISTRAR**

**CorpTec Associates (Pvt.) Ltd.**

503-E, Johar Town, Lahore  
Tel : +92-42-35170336-7



**CRESCENT JUTE  
PRODUCTS LTD.**

## **DIRECTORS REPORT TO THE SHAREHOLDERS**

Accounts for the nine months ended March 31, 2021 show a profit of Rupees 2.34 million, as compared to loss of Rupees 15.90 million in the corresponding period in 2020. This Profit is primarily attributed due to appreciation in rupees against US Dollars resulting its impact on our liabilities with financial institution. Moreover, the administrative and other expenses incurred due to the borrowing cost, legal and professional expenses and the cost of minimum staff required for the managing the corporate and financial affairs of the company.

The management is in the process of implementing the closure plan approved by the BOD and Shareholders. There were two parts of this plan i.e. Disposal of Assets and Future Business plan. As far as the Disposal of Assets is concerned, all the payments against disposal of assets have been received.

With regards to the Future Business Plan it was contingent upon settlement of liabilities with financial institutions and any surplus realized thereof. In this regard the progress has been very slow as we are still under litigation with the concerned financial institutions. This inordinate delay in settlement of liabilities has not only resulted in non-implementation of the business plan but has also resulted in additional operational costs without any business activity. Although, our Legal advisors are fairly optimistic on a favorable outcome in all pending cases the timelines for the same are very difficult to predict. In view the same, the implementation of any future business plan will be explored on realization of any surplus of funds, after full and final settlement all outstanding liabilities with the financial institutions.

In the meanwhile, we remain focused on cost controls, early settlements of legal cases and every possible effort is being made to curtail and keep the expenses to a minimum level.

For and on behalf of the Board

**(Humayun Mazhar)**  
Chief Executive Officer

**Khurram Mazhar Karim**  
Director

Lahore: April 26, 2021



CRESCENT JUTE  
PRODUCTS LTD.

## DIRECTORS REPORT TO THE SHAREHOLDERS

### حصص داران کو ڈائریکٹرز کی رپورٹ

31 مارچ 2021ء کو اختتام پذیر نو ماہی مدت کے لئے کھاتوں میں سال 2020ء کی اسی مدت میں 15.90 ملین روپے خسارہ کے مقابلہ میں 2.34 ملین روپے کی آمدنی ظاہر کرتے ہیں۔ اس آمدنی کی وجہ امریکی ڈالر کے مقابلے میں روپے کی قدر میں اضافہ ہوا اور جس کا اثر ہمارے مالیاتی اداروں کے واجبات پر ہوا۔ علاوہ ازیں اخراجات برائے انتظامی امور چلانے کے لئے قرضوں کا سود، قانونی اور دیگر اخراجات اور کم از کم ضروری سٹاف رکھنے کی وجہ سے ہوئے ہیں۔

انتظامیہ بورڈ آف ڈائریکٹرز اور حصص داران کی منظوری سے کلوزر پلان کے اطلاق کے عمل میں ہے۔ اس منصوبہ کے دو حصے تھے یعنی اثاثہ جات کی فروخت اور آئندہ کاروباری منصوبے۔ جہاں تک اثاثہ جات کی فروخت کا تعلق ہے ان کی فروخت سے تمام رقم حاصل کر لی گئی ہے۔

جہاں تک مستقبل کے کاروباری منصوبہ کا تعلق ہے یہ مالی اداروں کے واجبات اور بقایا جات کی ادائیگی سے مشروط ہے۔ چونکہ ہم مالیاتی اداروں کے ساتھ قانونی جنگ میں ہیں لہذا اس سلسلہ میں پیش رفت بہت سست ہے۔ بقایا جات کی ادائیگی میں اس نامناسب تاخیر کی وجہ سے نہ صرف ہمارے کاروباری منصوبہ پر عملدرآمد مشکل ہو چکا ہے بلکہ کاروباری سرگرمیاں غیر فعال ہونے کی وجہ سے اضافی آپریشنل لاگت برداشت کرنا پڑ رہی ہے۔ اگرچہ ہمارے قانونی مشیر تمام زیر التوا مقدمات میں مثبت نتائج کے لئے پر امید ہیں لیکن حتمی فیصلہ کے وقت کا تعین کرنا بہت مشکل ہے۔ مذکورہ بالا کو مد نظر رکھتے ہوئے فنڈز کے بقایا جات کی وصولی اور مالی اداروں کے تمام واجبات کی مکمل ادائیگی تک مستقبل میں کسی بھی کاروباری منصوبہ پر عمل درآمد ممکن نہ ہے۔

دوسری جانب ہم لاگت کو کنٹرول کرنے، قانونی مقدمات کے فوری فیصلہ اور اخراجات کو کم ترین سطح پر رکھنے کے لئے ہر ممکن کوشش میں مصروف رہے۔

برائے/مخائب بورڈ آف ڈائریکٹرز

*Hussain Jafar*

ہمایوں مظہر

چیف ایگزیکٹو آفیسر

لاہور: 26 اپریل 2021ء

خرم مظہر کریم  
ڈائریکٹر



CRESCENT JUTE  
PRODUCTS LTD.


## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021 (Un-audited)

	NOTE	Un-audited 31 March 2021 RUPEES	Audited 30 June 2020 RUPEES
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
30 000 000 (30 June 2020: 30 000 000)			
ordinary shares of Rupees 10 each			
		<u>300,000,000</u>	<u>300,000,000</u>
<b>Issued, subscribed and paid-up share capital</b>			
		237,634,680	237,634,680
<b>Capital reserves</b>			
Share Premium			
		35,633,084	35,633,084
Accumulated loss			
		<u>(557,396,227)</u>	<u>(559,735,372)</u>
<b>Total equity</b>		<u>(284,128,463)</u>	<u>(286,467,608)</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables			
		11,534,836	10,368,703
Accrued mark-up			
		140,446,616	138,546,132
Borrowings			
	3	257,391,869	262,983,088
Unclaimed dividend			
		337,312	337,312
Provision for taxation			
		464	446
		<u>409,711,097</u>	<u>412,235,681</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	4	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>125,582,632</u>	<u>125,768,073</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Operating Fixed Assets			
	5	2,540,143	2,861,734
Long Term Investment			
		-	-
		<u>2,540,143</u>	<u>2,861,734</u>
<b>CURRENT ASSETS</b>			
Loans and advances			
		75,715	69,988
Security deposits			
		120,037,500	120,037,500
Prepayments			
		62,729	14,700
Other receivables			
		-	405
Short Term Investments			
		2,697,188	2,670,531
Cash and bank balances			
		169,358	113,215
		<u>123,042,489</u>	<u>122,906,339</u>
		123,042,489	122,906,339
<b>TOTAL ASSETS</b>		<u>125,582,632</u>	<u>125,768,073</u>

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

  
**Humayun Mazhar**  
Chief Executive Officer

  
**Khurram Mazhar Karim**  
Director

  
**Saif Ullah**  
Chief Financial Officer



CRESCENT JUTE  
PRODUCTS LTD.

## **CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS**

### **FOR THE NINE MONTHS ENDED 31 MARCH 2021 (Un-audited)**

NOTE	Nine months ended		Quarter ended		
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	
	-----RUPEES-----				
<b>Others - INCOME</b>	6	11,530,513	133,736	5,219,843	(3,610,726)
<b>ADMINISTRATIVE EXPENSES</b>		(7,283,278)	(8,787,690)	(2,089,389)	(2,741,279)
<b>OTHER EXPENSES</b>		-	(5,324,722)	-	(4,704,170)
<b>FINANCE COST</b>		(1,907,626)	(1,917,694)	(628,538)	(633,519)
<b>PROFIT / (LOSS) BEFORE TAXATION</b>		<u>2,339,609</u>	<u>(15,896,370)</u>	<u>2,501,916</u>	<u>(11,689,694)</u>
<b>TAXATION</b>		(464)	(460)	(248)	(93)
<b>PROFIT / (LOSS) AFTER TAXATION</b>		<u>2,339,145</u>	<u>(15,896,830)</u>	<u>2,501,668</u>	<u>(11,689,787)</u>
<b>PROFIT / (LOSS) PER SHARE - BASIC AND DILUTED</b>		<u>0.10</u>	<u>(0.67)</u>	<u>0.11</u>	<u>(0.49)</u>

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

**Humayun Mazhar**  
Chief Executive Officer

**Khurram Mazhar Karim**  
Director

**Saif Ullah**  
Chief Financial Officer





CRESCENT JUTE  
PRODUCTS LTD.

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE NINE MONTHS ENDED 31 MARCH 2021 (Un-audited)**

	Nine months ended		Quarter ended	
	31 ,March 2021	31 ,March 2020	31 ,March 2021	31 March 2020
	----- (RUPEES) -----			
PROFIT / (LOSS) AFTER TAXATION	2,339,145	(15,896,830)	2,501,668	(11,689,787)
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE PERIOD	2,339,145	(15,896,830)	2,501,668	(11,689,787)

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

**Humayun Mazhar**  
Chief Executive Officer

**Khurram Mazhar Karim**  
Director

**Saif Ullah**  
Chief Financial Officer




**CRESCENT JUTE  
PRODUCTS LTD.**

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTHS ENDED 31 MARCH 2021 (Un-audited)**

	SHARE CAPITAL	CAPITAL RESERVES			Sub total	ACCUMULATED LOSS	TOTAL EQUITY
		Share premium	Fair value	Surplus on			
----- (RUPEES) -----							
Balance as at 30 June 2019 - (Audited)	237,634,680	35,767,584	-	-	35,767,584	(539,967,570)	(266,565,306)
Loss for the nine months ended 31 March 2020	-	-	-	-	-	(15,896,830)	(15,896,830)
Other comprehensive income for the nine months ended 31 March 2020	-	-	-	-	-	-	-
Total comprehensive loss for the nine months ended 31 March 2020	-	-	-	-	-	(15,896,830)	(15,896,830)
Balance as at 31 March 2020 - (Un-audited)	237,634,680	35,767,584	-	-	35,767,584	(555,864,400)	(282,462,136)
Loss for the year ended 30 June 2020	-	-	-	-	-	(3,870,972)	(3,870,972)
Other comprehensive loss for the year ended 30 June 2020	-	-	(134,500)	-	(134,500)	-	(134,500)
Total comprehensive loss for the year ended 30 June 2020	-	-	(134,500)	-	(134,500)	(3,870,972)	(4,005,472)
Balance as at 30 June 2020 - (Audited)	237,634,680	35,767,584	(134,500)	-	35,633,084	(559,735,372)	(286,467,608)
Profit for the nine months ended 31 March 2021	-	-	-	-	-	2,339,145	2,339,145
Other comprehensive loss for the nine months ended 31 March 2021	-	-	-	-	-	-	-
Total comprehensive profit for the nine months ended 31 March 2021	-	-	-	-	-	2,339,145	2,339,145
Balance as at 31 March 2021 - (Un-audited)	237,634,680	35,767,584	-	-	35,633,084	(557,396,227)	(284,128,463)

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

  
**Humayun Mazhar**  
Chief Executive Officer

  
**Khurram Mazhar Karim**  
Director

  
**Saif Ullah**  
Chief Financial Officer



CRESCENT JUTE  
PRODUCTS LTD.


## CONDENSED INTERIM STATEMENT OF CASH FLOWS


FOR THE NINE MONTHS ENDED 31 MARCH 2021 (Un-audited)

	Nine months ended	
	31 March 2021	31 March 2020
	RUPEES	RUPEES
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit / (Loss) before taxation</b>	2,339,609	(15,896,370)
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	218,343	249,485
Dividend Income	(3,090)	(2,974)
Profit on bank deposits	(4,795)	(130,762)
Exchange gain	-	4,907,916
Gain on sale of property, plant & equipment	(56,751)	
Net un-realized (gain) / loss on remeasurement of investments at fair value through profit or loss	(26,657)	416,806
Finance cost	1,907,626	1,917,694
	<u>4,374,285</u>	<u>(8,538,205)</u>
<b>Working capital changes</b>		
(Increase) / decrease in prepayments and other receivables	(47,624)	66,624,749
(Increase) / decrease in Loans & advances	-	24,500
Increase / (decrease) in accrued liabilities and other payables	1,166,134	(1,672,872)
	<u>1,118,510</u>	<u>64,976,377</u>
<b>Cash (utilized in) / generated from operations</b>	<u>5,492,795</u>	<u>56,438,172</u>
Finance cost paid	(7,143)	(35,313,661)
Income tax paid	(6,176)	(20,377)
<b>Net cash (utilized in) / generated from operating activities</b>	<u>5,479,476</u>	<u>21,104,134</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Profit on bank deposits received	4,795	130,762
Dividends received	3,090	2,974
Proceeds from sale of property, plant & equipment	160,000	-
<b>Net cash from investing activities</b>	<u>167,885</u>	<u>133,736</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings-net	(5,591,219)	(21,432,000)
<b>Net cash from / (used in) financing activities</b>	<u>(5,591,219)</u>	<u>(21,432,000)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>56,142</u>	<u>(194,130)</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>113,215</u>	<u>314,394</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u><u>169,358</u></u>	<u><u>120,263</u></u>

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

  
**Humayun Mazhar**  
Chief Executive Officer

  
**Khurram Mazhar Karim**  
Director

  
**Saif Ullah**  
Chief Financial Officer



**CRESCENT JUTE  
PRODUCTS LTD.**

## **SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED 31 MARCH 2021 (Un-audited)**

### **1. THE COMPANY AND ITS OPERATIONS**

Crescent Jute Products Limited (the Company) is a public limited company incorporated in Pakistan on 19 September 1964 under the Companies Act, 1913 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited (PSX). Its registered office is situated at 1st Floor, 65-XX, Khayaban-e-Iqbal Road, Phase-III, DHA, Lahore while a liaison office is situated at 8th Floor, Main Habib Bank Limited Building, Faisalabad. The Company was engaged in manufacturing and sale of jute products including jute bags.

Executive Director, Corporate Supervision Department, Company Law Division, Securities and Exchange Commission of Pakistan (SECP) has issued Order under section 309 read with section 305 of the repealed Companies Ordinance, 1984 and in exercise of the powers conferred on him under Section 309 of the repealed Companies Ordinance, 1984 have authorized the Registrar, Company Registration Office, SECP, Lahore to present a petition before Lahore High Court, Lahore for winding up of the Company on the ground that the Company's business has been suspended since 02 May 2011. The Company's appeal before the Appellate Bench, SECP against the aforesaid Order was unsuccessful and afterwards the Company appealed against the aforesaid Order in Lahore High Court, Lahore. That appeal was later withdrawn on 29 March 2018 by the Company and a writ petition has been filed by the Company against the above mentioned Order which is pending in Lahore High Court, Lahore. Moreover, as per Notice no. PSX/N-440 dated 31 March 2021 issued by PSX, the Company's shares were suspended for trading for another period of sixty days effective from April 01, 2021 due to the issuance of the Order by SECP as mentioned above. The first notice by PSX in this regard was issued on 18 December 2017.

#### **1.1 Non-going concern basis of accounting**

Shortage of working capital and reduction in demand of finished goods resulted in the closure of Company's operations since 02 May 2011. The Company in its Annual General Meeting on 31 October 2011 decided to dispose of the property, plant and equipment of the Company. Whole of the property, plant and equipment have been disposed of uptill 30 June 2020. During the period ended 31 March 2021, the Company has suffered accumulated loss of Rupees 557.395 million as on 31 March 2021 which has turned equity into negative balance of Rupees 284.128 million.

In view of the aforesaid reasons, the Company is not considered a going concern. These condensed interim financial statements have been prepared using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively.



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## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited financial statements of the Company for the year ended 30 June 2020.

### **2.1 Basis of preparation**

#### **2.1.1 Statement of compliance**

a) 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.

b) These condensed interim financial statements do not include all the information required for full financial statements, and should be read in conjunction with the Company's audited financial statements for the year ended 30 June 2020.

	<b>Un-audited 31 March 2021 RUPEES</b>	<b>Audited 30 June 2020 RUPEES</b>
<b>3. BORROWINGS</b>		
<b>From banking company and financial institution - secured</b>		
The Bank of Punjab (Note 3.1)	136,760,193	148,199,412
B.R.R. Guardian Modaraba (Note 3.2)	33,810,398	33,810,398
<b>Unsecured</b>		
<b>Related party</b>		
Crescent Ventures (Private) Limited	9,138,000	3,290,000
<b>Others</b>		
Innovative Investment Bank Limited	18,083,326	18,083,326
Loan from sponsor	4,461,237	4,461,237
Crescent Jute Mills Limited	55,138,715	55,138,715
	<u>257,391,869</u>	<u>262,983,088</u>



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**3.1** As per the terms of the respective sanction advice, the borrowing facilities from The Bank of Punjab were expired on 31 July 2011 and not renewed. The Bank has filed a suit in Lahore High Court, Lahore against the Company for the recovery of principal amount and accrued mark-up of these facilities. However, the Bank has provided No Objection Certificate for vacation of charge on assets, as per the order of Lahore High Court, Lahore dated 09 October 2013 on deposit of Rupees 120 million with Deputy Registrar (Judicial) of Lahore High Court, Lahore. The Bank in its direct balance confirmation letter to the auditors as at 30 June 2020 have claimed principal balance outstanding of Rupees 153,165,844 against Rupees 148,199,412 appearing in books of account of the Company as at 30 June 2020 and claimed mark-up payable on borrowings of Rupees 97,825,835 against Rupees 63,745,054 appearing in books of account of the Company as at 30 June 2020. Hence, the Bank has claimed Rupees 4,966,342 excess on account of principal outstanding and Rupees 34,080,781 on account of mark-up payable from the Company. The Company has not recognized the excess claims of the Bank in these condensed interim financial statements based on opinion of its legal advisor. As per legal advisor of the Company, even in worst scenario, if the suit of Bank is decreed, even then the same cannot be decreed beyond the claimed amount of Bank as stated in the Bank's recovery suit. Moreover, the Bank is not entitled to any mark-up from the date of default as alleged in the plaint of its recovery suit and at the most Bank can be granted cost of funds at the rate of State Bank of Pakistan's provided rate of cost of funds. Therefore any exaggerated claim of Bank more than its claimed amount in suit, is untenable at this moment. Furthermore in view of this opinion by the legal advisor, the Company has not charged further mark-up on these borrowings from the year ended 30 June 2019.

Another writ petition was filed by the Company against the indulgence of National Accountability Bureau (NAB) by The Bank of Punjab in Lahore High Court, Lahore. That writ petition was allowed by Lahore High Court, Lahore on 24 December 2018. However NAB has challenged this judgment of Lahore High Court, Lahore before the Supreme Court of Pakistan on 09 March 2019 which is pending for decision.

**3.2** This facility was obtained from B.R.R. Guardian Modaraba which was repayable up to 30 June 2012, but the Company could not pay the balance uptill the expiry of the prescribed date. Therefore B.R.R. Guardian Modaraba filed a suit in Modaraba Tribunal against the Company for the recovery of above mentioned principal amount and mark-up amounting to Rupees 15.290 million previously waived off. The case has been decided against the Company. Now the Company has filed an appeal in Lahore High Court, Lahore against the Order of Modaraba Tribunal. Moreover B.R.R. Guardian Modaraba has obtained a decree for the attachment of the freehold land previously held by the Company, from the Banking Court, Lahore against the principal and mark-up mentioned above. Furthermore B.R.R. Guardian Modaraba has filed an execution petition before the Modaraba Tribunal. The Company has filed an objection petition against this decree and execution petition



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mentioned above. Moreover as per the advice of the legal counsel of the Company, further mark-up is not being charged on the principal amount from the financial year ended 30 June 2019 as the case is pending before Lahore High Court, Lahore and at most B.R.R. Guardian Modaraba can be granted cost of funds.

#### **4. CONTINGENCIES AND COMMITMENTS**

##### **4.1 Contingencies**

- (I)** The Commissioner Inland Revenue raised demand for sales tax amounting to Rupees 34.022 million (2020: Rupees 34.022 million) along with additional tax and penalty in respect of sales tax not charged on sale of fixed assets, sale of scrap, disputed inputs claimed, etc. Then Company filed appeals before the Appellate Tribunal Inland Revenue and subsequently in Lahore High Court, Lahore which were decided against the Company. Afterwards, the Company has filed an appeal in Supreme Court of Pakistan in 2012 against the decision of Lahore High Court, Lahore. Moreover, the Company also approached Federal Board of Revenue (FBR) for a decision by Alternate Dispute Resolution Committee (the Committee). The Committee has given its recommendations to FBR. However, on 10 February 2020, Supreme Court of Pakistan dismissed the appeal. Then the Company filed review petition on 10 March 2020 in Supreme Court of Pakistan against this judgment. Pending decisions of the Supreme Court and FBR, no provision has been made in these condensed interim financial statements. Based on the advice of legal counsel, the management is of the view that there are strong grounds about the decision of the case in favour of the Company.
- ii)** Deputy Commissioner Inland Revenue, Lahore ordered on 19 June 2017 for recovery of sales tax amounting to Rupees 934,414 along with penalty of Rupees 97,962. The Company filed an appeal against this order to Commissioner Inland Revenue (Appeals), Lahore on 14 July 2017. However on 20 June 2018, the appeal was disposed of by Commissioner Inland Revenue (Appeals), Lahore and the case was remanded back to Deputy Commissioner Inland Revenue, Lahore. Based on the advice of legal counsel, the management is of the view that there are strong grounds about the decision of the case in favour of the Company. Therefore, the related provision is not made in these condensed interim financial statements.
- iii)** As per press release of Supreme Court of Pakistan dated 17 May 2018, a two member bench, headed by Chief Justice of Pakistan, heard Suo Moto Case No. 26 of 2007 with HR Cases and Constitution Petition No. 64 of 2009 regarding Deadbeats got loans of Rupees 54 billion written off. The case was heard on 13 May 2018 at Supreme Court of Pakistan and the Bench passed the following order:



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As per Report of the Commission constituted by this Court, action against 222 individuals / companies (Page No. 107 of Vol-I of the Commission's Report) has been recommended on account of the fact that the loans were not written off in accordance with law. Let notice be issued to all 222 individuals / companies as per detail provided in Part-II of Volume-II of the Report of the "Commission on Written-off Loan" against whom action recommended for further action; ensure their presence on the next date of hearing and to submit their replies before such date. Offices directed to issue a press release in this behalf.

The case was adjourned several times uptill 31 March 2021.

The name of the Company, under the heading of National Bank of Pakistan (NBP), is included in the list of 222 individuals / companies. On 10 August 2018, NBP through a letter demanded Rupees 25.858 million (US Dollars 212,654.94) against the principal and mark-up balances of FE-25 loan along with mark-up on other adjusted loans. The Company denies any of the claims made by NBP and has filed a case in Lahore High Court, Lahore against the demand raised by NBP. Another writ petition has also been filed by the Company against Bank's threat of indulging NAB, which was allowed by Lahore High Court, Lahore on 24 December 2018. However, NAB has challenged this judgment of Lahore High Court, Lahore before Supreme Court of Pakistan on 09 March 2019 which is pending for decision. Based on advice of legal counsel, no provision has been made in these condensed interim financial statements as the management believes the Company has strong grounds about the decision of the case in favour of the Company.

#### **4.2 Commitments**

There was no capital or other commitment as at 31 March 2021 (30 June 2020: Rupees Nil).

	<b>Un-audited 31 March 2021 RUPEES</b>	<b>Audited 30 June 2020 RUPEES</b>
<b>5. OPERATING FIXED ASSETS</b>		
Opening book value	2,861,734	3,194,381
<b>Less:</b>		
Book value of property, plant & equipment deleted during the period / year	103,249	-
Depreciation charged during the period / year	218,343	332,647
	321,592	332,647
	<u>2,540,142</u>	<u>2,861,734</u>





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**6. OTHER INCOME**

(Un-audited)		(Un-audited)	
Nine Months ended		Quarter ended	
31 March 2021	31 March 2020	31 March 2021	31 March 2020

------(RUPEES)-----

**Income from financial assets**

Profit on deposits with banks	4,795	130,762	442	88,470
Dividend income	3,090	2,974	1,648	618
Un-realized gain on remeasurement of investments at fair value through profit or loss	26,665	-	(275,451)	-
Gain on sale of property, plant & equipment	56,751	-	56,751	-
	<u>91,301</u>	<u>133,736</u>	<u>(216,610)</u>	<u>89,088</u>

**Income from non-financial assets**

Exchange gain	11,439,220	-	5,436,461	(3,699,814)
	<u>11,530,521</u>	<u>133,736</u>	<u>5,219,851</u>	<u>(3,610,726)</u>

**7. TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise associated companies, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions and balances with related parties is as follows:

(Un-audited)		(Un-audited)	
Nine Month ended		Quarter ended	
31 March 2021	31 March 2020	31 March 2021	31 March 2020

**i) Transactions**

------(RUPEES)-----

**Associated companies**

Interest free loan received	5,848,000	4,330,000	1,323,000	3,650,000
Interest free loan repaid		25,762,000		10,762,000
Expenses paid and reimbursed	494,875	365,485	167,228	105,966

**Other related parties**

Remuneration and meeting fee paid to directors and executive	1,661,150	1,671,150	539,550	539,550
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<b>Un-audited</b>	<b>Audited</b>
<b>31 March</b>	<b>30 June</b>
<b>2021</b>	<b>2020</b>
<b>RUPEES</b>	<b>RUPEES</b>

**ii) Period end balances**

Borrowings	9,138,000	3,290,000
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## **8. 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

## **9. DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on April 26, 2021.

## **10. CORRESPONDING FIGURES**

In order to comply with the requirements of IAS 34, the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made.

## **11 GENERAL**

Figures have been rounded off to the nearest Rupee unless otherwise stated.

**Humayun Mazhar**  
Chief Executive Officer

**Khurram Mazhar Karim**  
Director

**Saif Ullah**  
Chief Financial Officer

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