



SINCE 1980

AL-KHAIR GADOON LTD.

**Condensed Interim
Financial Statements
First Quarter Ended**

**September
30, 2021
(Un-Audited)**

**COMPANY INFORMATION**

BOARD OF DIRECTORS:	Mohammad Afzal Sheikh Mohammad Saeed Sheikh Sheikh Pervaiz Afzal Mohammad Amin Sheikh Mrs. Parveen Afzal Mrs. Farnaz Saeed Mrs. Aleeza Zahid Tariq Mr. Kamal Subhani	Chairman Chief Executive Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Independent Director Independent Director
AUDIT COMMITTEE:	Mr. Kamal Subhani Mrs. Farnaz Saeed Mrs. Aleeza Zahid Tariq Mr. Khurram Iftikhar	Chairman Member Member Secretary
HUMAN RESOURCE & REMUNERATION COMMITTEE:	Mr. Kamal Subhani Mrs. Farnaz Saeed Mrs. Parveen Afzal Mr. Mushtaq Ahmed Shaheen	Chairman Member Member Secretary
CHIEF FINANCIAL OFFICER:	Abdul Hafeez Poswal	
COMPANY SECRETARY:	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	



DIRECTORS' REVIEW REPORT
For the Quarter Ended September 30, 2021

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, 2021.

Operational Results

During the quarter ended September 30, 2021, the Company remained on the track of progress and recorded net sales of Rs.191.269 million compared to Rs.152.380 million for the same quarter of last year with an increase of Rs.38.889 million (25.52%). 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.26.651 and net profit of Rs.8.577million as compared to gross profit of Rs.22.898 million and net profit of Rs.7.966 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. The raw material prices as well as sea freight is increasing on daily basis coupled with the devaluation of PKR against USD. 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, 2021

ڈائریکٹرز کی جائزہ رپورٹ

ہم نہایت مسرت کے ساتھ 30 ستمبر 2021 کو ختم ہونے والی سہ ماہی کے لئے کمپنی کے غیر پڑتال شدہ عبوری مالیاتی حسابات پیش کرتے ہیں۔

آپریٹل نتائج

30 ستمبر 2021 کو ختم ہونے والی سہ ماہی کے دوران کمپنی ترقی کی راہ پر گامزن رہی اور گزشتہ سال کی اسی سہ ماہی میں 152.380 ملین روپے کے مقابلے میں 191.269 ملین روپے کی خالص فروخت ریکارڈ کی گئی جس میں 38.889 ملین روپے (25.52 فیصد) کا اضافہ ہوا۔ فروخت میں اضافہ بنیادی طور پر ملک میں کورونا وائرس وباء (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 سہ ماہی کے دوران، کمپنی نے گزشتہ سال کی اسی سہ ماہی میں 26.651 ملین روپے کے مجموعی منافع اور 8.577 ملین روپے کے خالص منافع کے مقابلے میں بالترتیب 22.898 ملین روپے کا مجموعی منافع اور 7.966 ملین روپے کا خالص منافع حاصل کیا۔ اس کارکردگی کا سہرا آپریٹل کارکردگی اور انتظامی مہارت کے بھی سر ہے جس نے کارکردگی کو بڑھانے، مصنوعات کا بہتر امتزاج اور لاگت پر قابو پانے کے موثر اقدامات کی جانب راہنمائی کی۔

مستقبل کے خدو خال

حکومت پر عزم ہے اور اس نے کورونا وائرس وباء 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 وباء کے منفی اثرات کو کم کرنے کے لئے مالیاتی سٹیج دیا ہے جبکہ اسٹیٹ بینک آف پاکستان نے کاروباری برادری کی مدد اور معیشت کی بحالی کے لئے پالیسی نرخ بھی کم کر دیے ہیں۔ تاہم کاروبار کو خاص کر خوردہ سطح پر سب سے بڑا خطرہ ملک میں جاری بڑھتی ہوئی افراط زر اور مہنگائی کا ارتحان ہے، جو صارفین کی قوت خرید پر سخت اثر انداز ہو سکتا ہے اور نتیجے کے طور پر فوم اور متعلقہ مصنوعات کی فروخت کے اہداف کو متاثر کر سکتا ہے۔ خام مال کی قیمتوں کے ساتھ ساتھ USD کے مقابلے میں PKR کی قدر میں کمی کے ساتھ ساتھ سمندر مال برداری روزانہ کی بنیاد پر بڑھ رہی ہے۔ کمپنی کی انتظامیہ معاملات سے پوری طرح باخبر ہے اور آپریٹل کارکردگی، انتظامی مہارت، بہترین مارکیٹنگ اور پیداواری حکمت عملی کے ذریعے صورت حال پر قابو پالے گی۔ کمپنی درپیش چیلنجز پر قابو پا کر بہترین ممکنہ کارکردگی اور اپنے تجارتی شراکت دار گاہکوں کی ضروریات کو مد نظر رکھتے ہوئے نتائج حاصل کرنے کے لئے پُر اعتماد ہے۔

اظہار شکر:

ہم محنت کشوں، انتظامی ٹیم کے کارکنوں اور عملے کی سخت محنت کا اعتراف اور انکی تعریف کرتے ہیں۔ ہم ڈائریکٹرز 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. Saeed

محمد سعید شیخ
چیف ایگزیکٹو

محمد افضل شیخ
چیئر مین

لاہور: 26 اکتوبر، 2021



**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2021**

	Un-Audited September,30 2021 Rupees	Audited June 30, 2021 Rupees
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	160,868,928	157,356,869
Deferred taxation	-	-
	160,868,928	157,356,869
CURRENT ASSETS		
Stores and spares	2,126,541	3,251,471
Stock in trade	278,955,868	291,109,349
Trade debts	52,382,571	54,123,497
Advances, deposits and prepayments	6,814,712	7,571,055
Advance taxes - net	54,034,669	40,006,622
Cash and bank balances	8,123,385	20,072,530
	402,437,746	416,134,524
	563,306,674	573,491,394
TOTAL ASSETS		
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	135,192,892	126,615,042
Shareholders' equity	260,192,892	251,615,042
NON CURRENT LIABILITIES		
Long term loan	10,991,553	14,448,401
Deferred liabilities	23,517,413	23,517,413
	34,508,966	37,965,814
CURRENT LIABILITIES		
Current portion of long term loan	8,093,223	6,771,375
Trade and other payables	99,033,271	108,489,232
Taxes payables	852,583	458,358
Short term borrowings-secured	158,848,039	166,413,872
Un-claimed dividend	1,777,700	1,777,700
	268,604,816	283,910,537
CONTINGENCIES AND COMMITMENTS		
	-	-
TOTAL EQUITY AND LIABILITIES	563,306,674	573,491,394

MOHAMMAD AZAL SHEIKH
Chairman

MOHAMMAD SAEED SHEIKH
Chief Executive

ABDUL HAFEEZ POSWAL
Chief Financial Officer

Lahore: October 26, 2021

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (Unaudited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2021

	September,30 2021 Rupees	September,30 2020 Rupees
Sales - net	191,269,711	152,380,378
Cost of sales	(164,618,445)	(129,481,622)
Gross profit	26,651,266	22,898,756
Administrative expenses	(8,653,479)	(6,856,373)
Distribution expenses	(5,885,345)	(4,638,258)
	(14,538,824)	(11,494,631)
Operating profit	12,112,441	11,404,125
Finance cost	(1,162,173)	(1,301,372)
Other operating income	18,453	149,728
Profit before taxation	10,968,721	10,252,481
Income tax expenses	(2,390,871)	(2,285,706)
Profit after taxation	8,577,850	7,966,775
Other comprehensive income for the period	-	-
Total comprehensive income for the period	8,577,850	7,966,775
Earnings per share - before tax (basic and diluted - Rupees)	1.10	1.03
Earnings per share - after tax (basic and diluted - Rupees)	0.86	0.80


MOHAMMAD AFZAL SHEIKH
Chairman


MOHAMMAD SAEED SHEIKH
Chief Executive


ABDUL HAFEEZ POSWAL
Chief Financial Officer

Lahore: October 26, 2021

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2021

	Note	September,30 2021 Rupees	September,30 2020 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash (used in) generated from operations	8	24,080,570	(92,146,035)
Finance cost paid		(1,486,525)	(1,507,380)
Taxes - refund received / (paid)		(17,080,863)	18,906,075
		<u>(18,567,388)</u>	<u>17,398,695</u>
Net cash used in operating activities		5,513,181	(74,747,340)
Cash flows from investing activities			
Fixed capital expenditure		(7,761,493)	(2,696,540)
Capital work in progress		-	(532,240)
Net cash (used in) generated from investing activities		(7,761,493)	(3,228,780)
Cash flows from financing activities			
Long term loan		(2,135,000)	8,540,000
Short term borrowings		(7,565,833)	69,289,938
Net cash generated from financing activities		<u>(9,700,833)</u>	<u>77,829,938</u>
Net increase / (decrease) in cash and cash equivalents		(11,949,145)	(146,183)
Cash and cash equivalents at the beginning of the year		<u>20,072,530</u>	<u>5,275,640</u>
Cash and cash equivalents at the end of the period		<u>8,123,385</u>	<u>5,129,457</u>


MOHAMMAD AFZAL SHEIKH
Chairman


MOHAMMAD SAEED SHEIKH
Chief Executive


ABDUL HAFEEZ POSWAL
Chief Financial Officer

Lahore: October 26, 2021

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2021

	Share Capital	Share Premium	Unappropriated Profit	Total
	-----Rupees-----			
Balance as at July 01, 2020	100,000,000	25,000,000	105,122,769	230,122,769
Comprehensive income for the period				
Profit for the year	-	-	7,966,775	7,966,775
Other comprehensive income for the year	-	-	13,525,498	13,525,498
	-	-	21,492,273	21,492,273
Balance as at June 30, 2021	100,000,000	25,000,000	126,615,042	251,615,042
Comprehensive income for the period				
Profit for the quarter	-	-	8,577,850	8,577,850
Other comprehensive income for the quarter	-	-	-	-
	-	-	8,577,850	8,577,850
Balance as at September 30, 2021	100,000,000	25,000,000	135,192,892	260,192,892

MOHAMMAD AFZAL SHEIKH
Chairman

MOHAMMAD SAEED SHEIKH
Chief Executive

ABDUL HAFEEZ POSWAL
Chief Financial Officer

Lahore: October 26, 2021

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the Period Ended September 30, 2021 (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, 2021 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, 2021.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

- 4.1 The preparation of this condensed interim financial information inconformity 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, 2021.
- 4.3 The provision for taxation for the quarter ended September 30, 2021 has been made on an estimated basis.

5 PROPERTY, PLANT & EQUIPMENT

	30-Sep-21 Un-audited Rupees	30-Jun-21 Audited Rupees
Operating Assets		
Book value at the beginning of the period	157,356,870	138,641,766
Addition during the period	7,761,493	38,487,544
Deletion during the period	-	(5,441,783)
	<u>165,118,363</u>	<u>171,687,527</u>
Depreciation charged during the period	(4,249,435)	(14,330,657)
Book value at the end of the period	<u>160,868,928</u>	<u>157,356,870</u>

6 LONG TERM LOAN

- 6.1 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.
- 6.2 Company has obtained a long-term finance lease facility from Sindh bank amounting to PKR 14.814 million, in order to lease Plant & Machinery. The amount is repayable in monthly installments, commencing from July 28, 2021 over a term of 5 years ending June 28, 2026. The facility carries mark-up at 10.69%

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, 2021.

8 CASH GENERATED FROM OPERATIONS

	30-Sep-21 Un-audited Rupees	30-Sep-20 Un-audited Rupees
Cash flows from operating activities		
Profit before taxation	10,968,721	10,252,481
Adjustments for:		
Depreciation	4,249,435	3,624,173
Finance cost	1,162,173	1,301,372
Provision for Gratuity	-	754,158
Provision for doubtful debt	(26,511)	30,393
	<u>5,385,097</u>	<u>5,710,096</u>
Operating profit before working capital changes (Increase)/decrease in current assets	16,353,818	15,962,577
Stores and spares	1,124,930	(88,335)
Stock-in-trade	12,153,481	(7,008,620)
Trade debts	1,767,437	(2,026,186)
Advances, deposits, prepayments and other receivables	756,343	(44,003,849)
	<u>15,802,191</u>	<u>(53,126,990)</u>
Increase/(decrease) in current liabilities		
Trade and other payables	(8,075,440)	(54,981,622)
Cash (used in) from operations	<u>24,080,570</u>	<u>(92,146,035)</u>

9 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

10 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 annual financial statements should be read in conjunction with the audited annual financial statement for the year ended June 30, 2021.



There has been no change in Company's sensitivity to these risks since June 30, 2021 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 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, 2021.

11 **FINANCIAL FIGURE**

Figures have been rounded off to the nearest rupee and previous period's figures have been re-classified where necessary. The financial statements were authorized for issue on October 26, 2021.

MOHAMMAD AFZAL SHEIKH
Chairman

MOHAMMAD SAEED SHEIKH
Chief Executive

ABDUL HAFEEZ POSWAL
Chief Financial Officer

Lahore: October 26, 2021

CONTACT US

Al-Khair House, 43-T, GulbergII, Lahore.

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