

# **AL-KHAIR GADOON LTD.**

**Condensed Interim  
Financial Statements  
Half Year Ended**

**March  
31, 2021  
(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



## CHAIRMAN'S REVIEW REPORT

I am pleased to present the unaudited Condensed Interim Financial Statements of the Company for the nine months period ended March 31, 2021.

### Operational Results

During the period of nine months ended March 31, 2021, the Company achieved the sales revenue of Rs.570.415 million as compared to Rs.326.378 million for the same period last year with a increase of Rs.244.036 million (74.77%). The increase was witnessed mainly due to improving economic conditions in country due to policies of Government in order to support Small and Medium size Entity's (SME's). Gross profit and net profit for the nine months period under review remained Rs.74.408 million and Rs.18.033 million as compared to Rs.42.847 million and Rs.8.291 million respectively for the same period of last year. Administrative, distribution and finance costs were kept under strict control and no major deviation has been witnessed. The Company posted per share earning of Rs.1.80 as compared to Rs.0.83 for the same period last year.

### Future Outlook

Currently, economy of the country, in particular and the globally in general, is passing through a tough phase due to spread of Corona Virus (COVID-19) all over the world. More than hundred million people are affected and about three million people have been died so far and most of the countries are in the termoile of "partial Lock Down" including Pakistan which may prevail further in view of the prevailing situation. The second spell of Covid-19 is getting worse more in Europe and America, a lot of companies have stopped their production activity because of low demand in the international market and some of them are suppliers of foam related raw material. This situation has not only created scarcity of material but adversely affected prices of chemicals. State Bank of Pakistan has also reduced policy rate from 13.25% to 7% during the month of March 2021 which the economists and industrialists are demanding a further decreased to retain upto 5%. On the other hand exchange rate of US Dollar to Pak Rupee is decreasing and currently is being traded at Rs.153 per US Dollar. Lending agencies and lateral institutions are predicting positive GDP growth rate of Pakistan for next fiscal year whreas the Government is striving hard to improve economic conditions. Since more than 90% of raw materials of foam industry are imported resulting in slightly decrease in cost due to decrease in currency exchange rate but scarcity of chemical is affecting badly. In the presence of prevailing scenario, where Government is allowing to remain businesses open and social gathering with SOP's in this quarter, as compared to the quarter of the last year, is very healthy sign and positively increasing the performance of the Company and also the peak season for the foam industry.

### Acknowledgement

I would like to thank all the stakeholders for their continued cooperation and support in achieving best possible results including our valued customers and retailers for their continued confidence in us, management team, staff members, workers, bankers and vendors.

In the end, let us pray before Almighty Allah Kareem, may he save whole the humen being from Corona Disease specially, our Pakistani nation, shower his countless blessing on us and help Pakistan to overcome this dangerous disease and prevailing challenges of economy.

  
MOHAMMAD AFZAL SHEIKH  
Chairman

  
MOHAMMAD SAEED SHEIKH  
Chief Executive

Lahore: April 28, 2021



# AL-Khair Gadoon Ltd.

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021

	Un-Audited March 31, 2021	Audited June 30, 2020
Notes	Rupees	Rupees
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, Plant & Equipments	5 163,994,241	138,843,726
Deferred Tax Assets	1,517,928	1,517,928
	<b>165,512,169</b>	<b>140,361,654</b>
<b>CURRENT ASSETS</b>		
Store & Spares	2,125,417	2,073,193
Stock in Trade	239,304,329	204,980,630
Trade Debts	51,858,979	50,386,778
Advances, deposits, Prepayments & other receivables	5,311,778	7,446,183
Advance Tax - Net	71,417,989	75,331,615
Cash & Bank Balances	6 3,703,226	5,275,640
	<b>373,721,718</b>	<b>345,494,039</b>
	<b>539,233,887</b>	<b>485,855,693</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Authorized Capital</b>		
12,000,000 ordinary shares of Rs.10 each	<b>120,000,000</b>	120,000,000
<b>Issued, Subscribed &amp; Paid up Capital</b>		
7,000,000 ordinary shares of Rs.10 each - issued for cash	70,000,000	70,000,000
3,000,000 ordinary shares of Rs.10 each - issued as bonus shares	30,000,000	30,000,000
Capital Reserves -Share Premium	25,000,000	25,000,000
Un-Appropriated Profit	123,155,358	105,122,769
<b>Shareholders' Equity</b>	<b>248,155,358</b>	<b>230,122,769</b>
<b>NON-CURRENT LIABILITIES</b>		
Long Term Loan	3,202,500	-
Deferred Liabilities	16,954,611	15,902,464
	<b>20,157,111</b>	<b>15,902,464</b>
<b>CURRENT LIABILITIES</b>		
Current portion of long term loan	4,270,000	-
Trade & other Payables	127,522,505	155,482,086
Taxes Payables	627,001	663,266
Short Term Borrowings	7 136,732,287	81,840,162
Un-Claimed Dividend	1,769,625	1,844,946
	<b>270,921,418</b>	<b>239,830,460</b>
<b>Contingencies &amp; Commitments</b>		
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>539,233,887</b>	<b>485,855,693</b>

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

MOHAMMAD AFZAL SHEIKH  
Chairman

MOHAMMAD SAEED SHEIKH  
Chief Executive

ABDUL HAFEEZ POSWAL  
Chief Financial Officer

Lahore: April 28, 2021



# AL-Khair Gadoon Ltd.

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2021

	Nine months ended		Quarter ended	
	Jul-Mar, 2021	Jul-Mar, 2020	Jan-Mar, 2021	Jan-Mar, 2020
	Rupees		Rupees	
Sales-Net	570,414,702	326,378,153	226,918,641	80,728,716
Cost of sales	(496,006,263)	(283,531,160)	(202,011,135)	(69,937,380)
<b>Gross profit</b>	<b>74,408,439</b>	<b>42,846,993</b>	<b>24,907,506</b>	<b>10,791,336</b>
Administrative Expenses	(23,640,544)	(14,985,199)	(7,404,422)	(2,524,961)
Distribution Expenses	(19,994,597)	(10,722,982)	(8,777,670)	(3,617,208)
	(43,635,141)	(25,708,181)	(16,182,092)	(6,142,169)
<b>Operating profit</b>	<b>30,773,298</b>	<b>17,138,812</b>	<b>8,725,414</b>	<b>4,649,167</b>
Financial Expenses	(5,916,884)	(5,949,232)	(2,788,469)	(2,183,087)
Other Income / Expenses	1,732,396	1,996,923	1,570,547	-
	(4,184,488)	(3,952,309)	(1,217,922)	(2,183,087)
<b>Profit before taxation</b>	<b>26,588,810</b>	<b>13,186,503</b>	<b>7,507,492</b>	<b>2,466,080</b>
Provision for Taxation	(8,556,221)	(4,895,672)	(3,403,780)	(1,210,930)
<b>Profit after taxation</b>	<b>18,032,589</b>	<b>8,290,831</b>	<b>4,103,712</b>	<b>1,255,150</b>
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income For the period</b>	<b>18,032,589</b>	<b>8,290,831</b>	<b>4,103,712</b>	<b>1,255,150</b>

Earnings / (Loss) per share-Basic & Diluted (Rupees)

	2021	2020	2021	2020
Before tax	2.66	1.32	0.75	0.25
After tax	1.80	0.83	0.41	0.13

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

MOHAMMAD AFZAL SHEIKH  
Chairman

MOHAMMAD SAEED SHEIKH  
Chief Executive

ABDUL HAFEEZ POSWAL  
Chief Financial Officer

Lahore: April 28, 2021




# AL-Khair Gadoon Ltd.

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

	Note	Jul-Mar, 2021 Rupees	Jul-Mar, 2020 Rupees
<b>Cash generated from / (used in) Operations</b>	9	(18,953,687)	19,320,383
Finance cost paid		(4,427,899)	(5,838,886)
Dividend paid		(75,321)	-
Taxes paid		(4,642,595)	(5,453,660)
		<u>(9,145,815)</u>	<u>(11,292,546)</u>
<b>Net cash generated from / (used in) Operating Activities</b>		<b>(28,099,502)</b>	<b>8,027,837</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital expenditure		(35,281,769)	(33,484,821)
Transfer from / (payments for) capital work in progress		(555,768)	3,128,571
Proceeds from sale of fixed assets		-	3,620,000
<b>Net cash (used in) / generated from Investing Activities</b>		<b>(35,837,537)</b>	<b>(26,736,250)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term loan		7,472,500	-
Short term borrowings		54,892,125	19,189,014
		<u>62,364,625</u>	<u>19,189,014</u>
<b>Net cash (used in) / generated from Financing Activities</b>		<b>62,364,625</b>	<b>19,189,014</b>
<b>Net increase in cash &amp; cash equivalent</b>		<b>(1,572,414)</b>	<b>480,601</b>
<b>Cash &amp; cash equivalent at the beginning of the period</b>		<b>5,275,640</b>	<b>3,130,415</b>
<b>Cash &amp; Cash Equivalent at the end of the period</b>	6	<b>3,703,226</b>	<b>3,611,016</b>

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

  
MOHAMMAD AFZAL SHEIKH  
Chairman

  
MOHAMMAD SAIED SHEIKH  
Chief Executive

  
ABDUL HAFEEZ POSWAL  
Chief Financial Officer

Lahore: April 28, 2021



# AL-Khair Gadoon Ltd.

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

	Share Capital Rupees	Share Premium	Un-appropriated Profit	Total
Balance as at July 01, 2019 as restated	100,000,000	25,000,000	97,316,043	222,316,043
Total comprehensive income for nine months period ended March 31, 2020				
Profit for the period	-	-	8,290,831	8,290,831
	-	-	8,290,831	8,290,831
Balance as on March 31, 2020 (Un-audited)	<b>100,000,000</b>	<b>25,000,000</b>	<b>105,606,874</b>	<b>230,606,874</b>
Total comprehensive income for the quarter ended June 30, 2020				
Profit/ (Loss) for the quarter	-	-	(292,333)	(292,333)
Other comprehensive income / (Loss)	-	-	(191,772)	(191,772)
	-	-	(484,105)	(484,105)
Balance as at July 01, 2020 (Audited)	<b>100,000,000</b>	<b>25,000,000</b>	<b>105,122,769</b>	<b>230,122,769</b>
Total comprehensive income for nine months period ended March 31, 2020				
Profit for the period	-	-	18,032,589	18,032,589
	-	-	18,032,589	18,032,589
<b>Balance as on March 31, 2021</b>	<b>100,000,000</b>	<b>25,000,000</b>	<b>123,155,358</b>	<b>248,155,358</b>

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

MOHAMMAD AFZAL SHEIKH  
Chairman

MOHAMMAD SAEED SHEIKH  
Chief Executive

ABDUL HAFEEZ POSWAL  
Chief Financial Officer

Lahore: April 28, 2021



## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH ENDED MARCH 31, 2021

### 1 Legal Status and Operations

The company was incorporated as a Private Limited Company on August 27, 1990 and converted into Public Limited Company on August 31, 1995 and is enlisted on Pakistan Stock Exchange Limited. It is primarily engaged in manufacturing of foam and allied products. The register office the Company is situated 92/3, Phase III, Industrial Estate, Gadoon Amazai, District Swabi, Khyber Pakhtunkhawa - Pakistan.

### 2 Basis of Preparation and significant accounting policies

#### 2.1 Statement of Compliance

The condensed interim financial statements have been prepared in accordance with approved 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 comprises 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 should be read in conjunction with audited annual financial statements of the Company for the year ended June 30, 2020.

### 3 Significant Accounting Policies

The accounting policies and methods of computation adopted in the preparation of the condensed interim financial statements are the same as those applied in preparation of preceding annual financial statements for the year ended June 30, 2020.

### 4 Accounting Estimates and Accounting 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 this condensed interim financial statements, there were no significant changes in the accounting judgment and estimates. Hence, the same judgments and estimates are applied in preparation of these condensed interim financial statements as were applied in preparation of financial statements for the year ended June 30, 2020.
- 4.3 The provision for taxation for the nine months period ended March 31, 2021 has been made on an estimated basis.



## 5 Property, Plant & Equipment

	March 31, 2021 Un-audited Rupees	June 30, 2020 Audited Rupees
<b>Operating Assets</b>		
Book value at the beginning of the period year	138,641,766	129,205,603
Addition during the period / year	35,281,769	23,675,112
Disposal during the period / year	-	(1,622,607)
	173,923,535	151,258,108
Depreciation charge for the period / year	(10,687,022)	(12,616,342)
Book value at the end of the period year	163,236,513	138,641,766
<b>Capital work in progress</b>		
Balance at the beginning of the period / year	201,960	3,128,571
Addition during the period / year	4,819,818	201,960
	5,021,778	3,330,531
Less transfer to operating assets	(4,264,050)	(3,128,571)
Balance at the end of the period / year	757,728	201,960
	163,994,241	138,843,726

## 6 Cash and cash equivalent

Cash in hand	451,748	446,496
Cash in banks - Current Accounts	3,251,478	4,829,144
	3,703,226	5,275,640

## 7 Short Term Borrowings

BAFL - Finance Against Imported Material		66,626,945	11,734,820
Loan from Director - Unsecured	7.1	70,105,342	70,105,342
		136,732,287	81,840,162

7.1 This represents interest free loan received from directors. It is unsecured and repayable on demand.

## 8 Transactions with related parties

The Company's related parties include associated companies, entities over which directors are able to exercise influence, subsidiaries, staff retirement fund, directors and key management personnel. Detail of transactions with related parties during the period other than those which have been disclosed elsewhere in the interim financial statements are as follows:-

There is no transaction with related parties during the period other than those which have been disclosed elsewhere in the interim financial statements.

	March 31, 2021 Un-audited Rupees	June 30, 2020 Audited Rupees
Al-Khair Global (Pvt) Ltd.	Sales	6,995,781

Transactions with related parties are executed at arms' length prices. Directors are interested to the extent of their directorship / shareholding.

## Name and nature of relationship

Name	Nature of Relationship	Basis of Relationship	
		March 31, 2021 Un-audited Rupees	March 31, 2020 Un-audited Rupees
Al-Khair Global (Private) Ltd.	Associated Undertaking		

## 9 Cash Generated From Operations

### Cash flows from operating activities

Profit before Taxation	26,588,810	13,186,503
Adjustment for:		
Depreciation	10,687,022	11,405,434
Provision for bad debts	22,420	(164,791)
Finance cost	5,916,884	5,949,232
Provision for Gratuity	1,052,147	504,000
Gain on sale of fixed assets	-	(1,996,923)
	17,678,473	15,696,952
<b>Operating profit before working capital changes</b>	<b>44,267,283</b>	<b>28,883,455</b>
<b>(Increase) / decrease in Current Assets</b>		
Stores and spares	(52,224)	1,104,464
Stocks in trade	(34,323,699)	(17,539,336)
Trade debts	(1,494,621)	10,986,127
Advances, deposits, prepayments & other receivables	2,134,405	14,159,504
	(33,736,139)	8,710,759
<b>Increase / (decrease) in Current Liabilities</b>		
Trade & other payables	(29,448,566)	(18,273,831)
Taxes Payable	(36,265)	(64,390)
	(29,484,831)	(18,338,221)
<b>Cash generated from / (used in) Operations</b>	<b>(18,953,687)</b>	<b>19,320,383</b>

## 10 Fair Value of Financial Instruments

The carrying values of all financial assets and liabilities reflected in the interim financial statements are a reasonable approximation of 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.




# AL-Khair Gadoon Ltd.

## 12 General

- Corresponding figures have been re-arranged wherever necessary for the purposes of comparison, however no significant re-arrangements have been made.
- Figures have been rounded off to the nearest rupees.

## 13 Date of authorization

These financial statements were authorized for issue on April 28, 2021 by the Board of Directors of the Company.



MOHAMMAD AFZAL SHEIKH  
Chairman



MOHAMMAD SAEED SHEIKH  
Chief Executive



ABDUL HAFEEZ POSWAL  
Chief Financial Officer

Lahore: April 28, 2021

*if Undelivered, Please Return To:*



Since 1980

**Al-Khair Gadoon Ltd.**

43-T, Gulberg II, Lahore.

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