

**CONDENSED INTERIM
STATEMENT FINANCIAL POSITION
AS AT MARCH 31, 2020
(UN-AUDITED)**



ARUJ INDUSTRIES LTD.



COMPANY INFORMATION

BOARD OF DIRECTORS

- | | | |
|-------------------------------|---|-----------------|
| 1. Mr. Maqsood Ahmad Butt FCA | : | Chair Person |
| 2. Mr. Faisal Khan | : | Chief Executive |
| 3. Mrs. Naseem Maqsood Butt | : | Director |
| 4. Mr. Ali Maqsood | : | Director |
| 5. Mrs. Durray Zara Butt | : | Director |
| 6. Dr. Aruj Butt | : | Director |
| 7. Muhammad Saeed Akhtar | : | Director |

CHIEF FINANCIAL OFFICER

Mrs. Durray Zara Butt

COMPANY SECRETARY

Mr. Muhammad Sajjad Hussain

SHARE REGISTRARS

M/s. Corplink (Pvt.) Ltd.
Wings Arcade, 1-K, Commercial
Model Town Lahore.
Tel: 35839182, 35869037

LEGAL ADVISOR

Mr. Mian Waheed Akhtar,
Advocate High Court/ Supreme Court
Lahore.

AUDITORS

M/s. Qadeer & Co.
Chartered Accountants,
32-A Lawrence Road,
Lahore.

REGISTERED OFFICE

2-KM Off Raiwind-Manga Road,
Raiwind, Lahore.
Tel: (92 - 42) 35393125-6, 38102800
Fax: (92 - 42) 35393127
E-mail: info@aruj.com
Website: www.aruj.com

AUDIT COMMITTEE

Muhammad Saeed Akhtar	Chairman
Mr. Maqsood Ahmad Butt FCA	Member
Mr. Ali Maqsood Butt	Member

REGISTERED OFFICE

2-KM Off Raiwind-Manga Road,
Raiwind, Lahore.
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E-mail: info@aruj.com
Website: www.aruj.com

HR & REMUNERATION COMMITTEE

Muhammad Saeed Akhtar	Chairman
Mrs. Naseem Maqsood Butt	Member
Dr. Aruj Butt	Member

BANKERS

Bank Alfalah Limited.
Habib Bank Limited.
JS Bank Limited.
Standard Chartered Bank (Pakistan) Ltd.
The Bank of Punjab
Faysal Bank Limited.
Mezan Bank



DIRECTOR'S REPORT

Your Directors have the pleasure to present to you the Financial Statement of the company for the Third Quarter ended March 31, 2020

	9 Months ended Mar., 31, 2020 Rupees	9 Months ended Mar., 31, 2019 Rupees
Sales	904,542,285	935,462,803
Gross Profit	99,986,953	85,866,686
Profit Before Taxation	14,616,918	16,083,294
Taxation	4,385,076	4,824,988
Profit After Taxation	10,231,843	11,258,306
Earnings per Share	0.98	1.08

While your company was on the right track to enhance its exports but a general depression in the local market in February and March has created an obstacle in reaching our target for this quarter. The inflationary trend in the country also led to an increase in expenses, particularly affecting the net profitability.

The COVID19 crisis engulfing the entire world at this moment is our biggest concern going forward. Your Company was able to gain permission to continue production during this period. We are working hard to continue with that momentum in our Dyeing and Processing Division, where your Company is catering to needs of our customers in this crisis. The Garment Division has been affected, as foreign customers did initially reduce their orders in light of a global economic slowdown but later on reinstated the order in April. But with our export markets which are slowly easing the lockdowns in their countries, business may return to normal.

Your Company would be redoubling its efforts to find further export markets in these times. Although the Board believes we are poised to make some headway, it should be kept in mind that with a contracting global economy, we have to continuously reassess our outlook for the coming months. We are also concerned about future inflationary pressures, as going forward the Pakistani Rupee might be under severe pressure to further devalue, which though may be helpful for exporters.

Note of Thanks:

The Board would like to put on record its gratitude to its valued shareholders, customers and raw materials suppliers whose cooperation, constant support and patronage have enabled us to achieve our desired results.

The Board would also like to express its thanks to the Executives, Staff members and especially the Workers of your Company, who have loyally worked with utmost effort to make this all possible

For and on behalf of the Board

Lahore:
May 20, 2020

FAISAL KHAN
Chief Executive Officer

ڈائریکٹرز رپورٹ

آپ کی کٹنی ہیرج اینڈ سٹریٹریجی کے ڈائریکٹرز کٹنی کے 31 مارچ 2020 کو ختم ہونے والے نصف سال کے حسابات پیش کرنا چاہیں گے۔ مختصر اسی طرح ہیں۔

نوٹس اختتام 31 مارچ 2019 روپے	نوٹس اختتام 31 مارچ 2020 روپے	کل فروخت
935,462,803	904,542,285	
85,866,686	99,986,953	منافع
16,083,294	14,616,918	منافع (تقصان) ٹیکسیشن سے پہلے
4,824,988	4,385,076	ٹیکسیشن
11,258,306	10,231,843	منافع (تقصان) ٹیکسیشن کے بعد
1.08	0.98	فی شیئر آمدنی

جب کہ آپ کی کٹنی اپنی برآمدات کو بڑھانے کے لئے صحیح راہ پر گامزن تھی۔ لیکن فروری اور مارچ میں مقامی مارکیٹ میں عام گراؤت اس سے مایوس ہمارے ہدف تک پہنچنے میں رکاوٹ پیدا کر دی ہے۔ ملک میں افراط زر کے رجحان کی وجہ سے اخراجات میں بھی اضافہ ہوا، جس نے خالص منافع کو متاثر کیا۔ COVID19 اس وقت پوری دنیا کو گھیرے ہوئے ہے اور اس بحران میں آگے بڑھنا ہماری سب سے بڑی تشویش ہے۔ آپ کی کٹنی نے اس مدت کے دوران پیداوار جاری رکھنے کی اجازت حاصل کرنے میں کامیاب رہی۔ ہم اپنے پروڈیوٹنگ ڈویژن میں گزشتہ رفتار کو جاری رکھنے کے لئے سخت کوشش کر رہے ہیں، جہاں آپ کی کٹنی اس بحران میں ہمارے گھر بلو صارفین کی ضروریات کو پورا کر رہی ہے۔ گارمنٹ ڈویژن متاثر ہوا ہے، کیونکہ غیر ملکی صارفین نے ابتدائی طور پر عالمی معاشی سست روی کی روشنی میں اپنے آرڈر کو کم کیا تھا لیکن بعد میں اپریل میں اس آرڈر کو بحال کر دیا تھا لیکن ہماری برآمدی منڈیوں کے ساتھ جو اپنے ملک میں لاک ڈاؤن کو بہت آہستہ آہستہ کم کر رہے ہیں، لیکن ہے کہ کاروبار معمول پر آجائے۔ آپ کی کٹنی ان اوقات میں مزید برآمدی منڈیوں کی تلاش کے لئے کوششوں کو دوگنا کر رہی ہے۔ اگرچہ بورڈ کو یقین ہے کہ ہم آگے بڑھنے کے لئے تیار ہیں، لیکن اس بات کو دھیان میں رکھنا چاہئے کہ عالمی معیشت کے ساتھ نہیں آنے والے معیشتوں کے لئے اپنے نقطہ نظر کا مسلسل جائزہ لینا ہوگا۔ ہمیں مستقبل کے ہنگامی کے دباؤ کے بارے میں بھی تشویش ہے، کیونکہ پاکستانی روپے پر مزید قدر میں کمی کے لئے سخت دباؤ ہو سکتا ہے، جو کہ گلوبل برآمد کنندگان کے لئے منفی ثابت ہو سکتا ہے۔

شکر یہ کا نوٹ:

بورڈ اپنے قابل قدر حصہ داروں، گاہکوں اور تمام مال کے سپلائرز کے تعاون کا شکریہ ادا کرتا ہے۔ جن کے تعاون، مسلسل حمایت اور تحفظ نے ہمیں اپنے مطلوبہ نتائج حاصل کرنے کے قابل بنایا ہے۔ بورڈ اپنے ایگزیکٹوز، اسٹاف کے اراکین اور خاص طور پر آپ کی کٹنی کے کارکنوں کا شکریہ ادا کرتی ہے، جنہوں نے شاندار کوششوں کے ساتھ کام کر کے، یہ نتائج ممکن بنائے۔

بورڈ کی جانب سے:-

فیصل خان
چیف ایگزیکٹو آفیسر

لاہور
20 مئی 2020

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020**

	(UN-AUDITED) Mar., 31, 2020 Rupees	(AUDITED) June 30, 2019 Rupees
CAPITAL AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised Capital		
12,500,000 ordinary shares of Rs. 10/- each	<u>125,000,000</u>	<u>125,000,000</u>
Issued, Subscribed & Paid up Capital:	104,578,900	104,578,900
Capital Reserve	100,000,000	100,000,000
Director Loan	86,868,538	87,868,538
Retained earning	98,779,454	88,547,611
	390,226,892	380,995,049
NON-CURRENT LIABILITIES		
Liabilities against assets subject to finance lease	15,039,388	19,806,082
Deferred liabilities	49,525,182	49,525,182
	64,564,570	69,331,264
CURRENT LIABILITIES:		
Short Term Finance	424,713,505	419,375,247
Current maturity of Finance Lease	22,109,782	32,101,632
Trade and other payable	449,385,989	407,381,371
Unclaim Dividend	2,290,218	2,290,218
Accrued Markup of short term loans-secured	3,407,762	8,956,522
Provision for Taxation	12,825,847	8,440,771
	914,733,103	878,545,761
CONTINGENCIES AND COMMITMENTS		
	-	-
	<u>1,369,524,565</u>	<u>1,328,872,074</u>
PROPERTY PLAND AND EQUIPMENT		
Operating Fixed Assets - Tangible		
At Written down value	411,775,065	431,855,040
CAPITAL WORK IN PROGRESS - P & M		
	35,699,682	25,213,388
LONG TERM SECURITY DEPOSITS		
	9,062,666	9,262,666
CURRENT ASSETS:		
Stores and spares	15,071,751	13,296,746
Stock in trade	266,700,555	259,949,572
Trade Debts	366,958,918	424,327,185
Loan & Advances	190,152,243	104,848,384
Trade deposits & Short Term pre-payments	720,640	450,446
Other Receivable	60,873,114	49,721,041
Cash and bank balances	12,509,931	9,947,606
	912,987,152	862,540,980
TOTAL ASSETS	<u>1,369,524,565</u>	<u>1,328,872,074</u>

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



CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN - AUDITED)
FOR THE PERIOD EDNED MARCH 31, 2020

	Jul-19 To Mar-20 Rupees	Jul-18 To Mar-19 Rupees	Jan-20 To Mar-20 Rupees	Jan-19 To Mar-19 Rupees
Sales - net	904,542,285	935,462,803	352,470,781	341,942,313
Less: Cost of sales	<u>(804,555,332)</u>	<u>(849,596,117)</u>	<u>(322,614,387)</u>	<u>(309,288,555)</u>
Gross Profit	99,986,953	85,866,686	29,856,394	32,653,758
Less: Operating expenses:				
Administrative and General	<u>(25,538,251)</u>	<u>(25,344,029)</u>	<u>(4,435,681)</u>	<u>(4,676,679)</u>
Selling and Distribution	<u>(16,622,261)</u>	<u>(14,644,123)</u>	<u>(7,307,289)</u>	<u>(6,174,984)</u>
Operating profit / (loss)	<u>(42,160,512)</u> 57,826,441	<u>(39,988,152)</u> 45,878,534	<u>(11,742,970)</u> 18,113,424	<u>(10,851,663)</u> 21,802,095
Finance Cost	<u>(42,440,211)</u> 15,386,230	<u>(33,029,599)</u> 12,848,935	<u>(18,110,968)</u> 2,456	<u>(16,312,985)</u> 5,489,110
Add: Other income	- 15,386,230	4,080,849 16,929,784	- 2,456	- 5,489,110
Workers' profit participation fund	<u>(769,311)</u>	<u>(846,489)</u>	<u>(122)</u>	<u>(274,455)</u>
Profit / (loss) before taxation	14,616,918	16,083,295	2,333	5,214,655
Provision for taxation	<u>(4,385,076)</u>	<u>(4,824,988)</u>	4,590	<u>(5,952,449)</u>
Profit / (loss) after taxation	10,231,843	11,258,307	6,924	(737,794)
Earnings per share - basic	<u>0.98</u>	<u>1.08</u>	<u>0.00</u>	<u>(0.07)</u>

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



**CONDENSED INTERIM STATEMENT OF CASH FLOW (UN - AUDITED)
FOR THE PERIOD EDNED MARCH 31, 2020**

	March 31, 2020 Rupees	March 31, 2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before taxation	14,616,918	16,083,294
Adjustments for:		
Depreciation	26,970,525	22,099,112
Financial Charges	42,440,211	33,029,599
Gain on disposal of assets	-	(4,080,848)
W.P.P.F	769,311	846,489
	<u>70,180,048</u>	<u>51,894,352</u>
Cash Folw Before Working Capital Changes		
Working Capital Changes	84,796,966	67,977,646
(Increase) / Decrease in current assets		
Stores, spare parts and loose tools and Stock in trade	(1,775,005) (6,750,983)	(1,559,775) 43,994,248
Trade debts	57,368,267	(126,807,991)
Loan and advances	(85,303,859)	28,314,589
Trade deposits and short prepayments	(270,194)	673,577
Other Receivables	(11,152,073)	2,293,536
Increase/ (decrease) in current liabilities		
Trade and other payables	41,235,307	41,287,994
	<u>(6,648,540)</u>	<u>(11,803,822)</u>
Cash Generated from Operations	78,148,426	56,713,824
Financial Cost Paid	(47,988,971)	(34,758,334)
Net Cash inflow /(outflow) from operating activities	<u>30,159,455</u>	<u>21,955,490</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Security Deposits	200,000	(1,989,095)
Fixed capital expenditure	(6,890,550)	9,103,710
Capital Work In Progress	(10,486,294)	(13,390,838)
Net Cash inflow /(outflow) from Investing activities	<u>(17,176,844)</u>	<u>(6,276,223)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Long Term loans (Paid)/Received	(1,000,000)	6,845,000
Payment of liabilities against assets subject to finance lease	(14,758,544)	(26,051,643)
Net Cash inflow /(outflow) from Financing activities	<u>(15,758,544)</u>	<u>(19,206,643)</u>
Net (Increase) / Decrease in cash and cash equivalents	(2,775,933)	(3,527,376)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>(409,427,641)</u>	<u>(388,043,186)</u>
CASH AND CASH EQUIVALENTS AT THE END OF FIRST QUARTER	<u><u>(412,203,574)</u></u>	<u><u>(391,570,562)</u></u>
A CASH AND CASH EQUIVALENTS		
Short term finance	(424,713,505)	(422,877,205)
Cash and Bank balances	12,509,931	31,306,643
	<u>(412,203,574)</u>	<u>(391,570,562)</u>

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

**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTH AND
QUARTER ENDED MARCH 31, 2020**

	Share Capital Rupees	Capital Reserves Rupees	Rupees Directors' Loan	Un-appropriat- ed Profit Rupees	Total
Balance as at July 01, 2018	104,578,900	100,000,000	83,523,538	74,807,554	362,909,992
Increase / (decrease) in loan			6,845,000		6,845,000
Net Profit for 9 Months upto March 31, 2019				11,258,306	11,258,306
Balance as at March 31, 2019	<u>104,578,900</u>	<u>50,000,000</u>	<u>90,368,538</u>	<u>86,065,860</u>	<u>381,013,298</u>
Balance as at July 01, 2019	104,578,900	100,000,000	87,868,538	88,547,611	380,995,049
Increase / (decrease) in loan			(1,000,000)		(1,000,000)
Net Profit for 9 Months upto March 31, 2020				10,231,843	10,231,843
Balance as at March 31, 2020	<u>104,578,900</u>	<u>100,000,000</u>	<u>86,868,538</u>	<u>98,779,454</u>	<u>390,226,892</u>

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

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN - AUDITED)
FOR THE PERIOD EDNED MARCH 31, 2020**

	Jul-19 To Mar-20 Rupees	Jul-18 To Mar-19 Rupees	Jan-20 To Mar-20 Rupees	Jan-19 To Mar-19 Rupees
Profit for the period	10,231,843	11,258,307	6,924	(737,794)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income for the period	10,231,843	11,258,307	6,924	(737,794)

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



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2020

1 LEGAL STATUS AND OPERATIONS

Aruj Industries Limited ("the Company") was incorporated in Pakistan on December 31, 1992 under the Companies Ordinance, 1984 (now the Companies Act 2017), as a Public Company, limited by shares which are quoted on Pakistan Stock Exchange Limited. The company is principally engaged in manufacturing of Fusible Interlining and Dying / Bleaching / Stitching of Fabric. The Company commenced its commercial operations on May 15, 1995. The registered office and factory of the Company is situated at 2-KM, Off Raiwind Manga Road, Raiwind, Lahore.

2 BASIS OF PREPARATION

This condensed financial information is prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:
-International Accounting Standard (IAS) 34, issued by the International Accountin Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provision of or directives issued under the Companies Act, 2017 have been followed.
This condensed interim financial information does not include all of the information required for full financial statements, and should be read in conjunction with the financial statements of the Company for the period ended may 20, 2020.

3 BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under the historical cost convention. In this condensed interim financial information, except for the cash flow statement, all the transactions have been accounted for on accrual basis.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended 30 June 2019. Except for the adoption of new and amendment accounting standards as of July 01, 2019.

4.1 New standards / amendments adopted by the Company

Leases - IFRS 16

IFRS 16 affect primarily the accounting by lessees and results in the recognition of almost all leases on statement of financial position. The standard removes the distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

On initial application, the Company is using recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option, and lease contracts for which the underlying asset is a low-value assets. Accordingly, initial application of IFRS 16 did not have any impact on these condensed interim financial statements.

Financial Instruments - IFRS 9

The IFRS 9 introduces new requirements for the recognition, classification and measurement of financial assets and liabilities & impairment of financial assets. IASB has published the complete version of IFRS 9, 'Financial Instruments', which replaces the guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. Classification and measurement of financial assets Under IFRS 9, financial assets can be classified into three categories i.e. financial assets through profit & loss, financial assets measured at amortized cost & financial assets through other comprehensive income. On July 01, 2019, the Company has assessed which measurement apply to the financial assets held by the Company. The initial application of IFRS 9 only effected the classification of certain financial assets that were previously recognised as loans and receivables. The adoption of standards doesn't effect the reported figures of the financial assets and liabilities of the Company.

4.2 Actuarial valuations are carried out on annual basis. The last actuarial valuation was carried out as on June 30, 2019.

The impact of remeasurement of staff retirement benefit plans has not been incorporated in these condensed interim financial statements.

5 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved and authorized for issue on May 20, 2020 by the board of directors of the Company.

6 CORRESPONDING FIGURES

Corresponding figures have been rearranged / reclassified, wherever necessary.


7 GENERAL

- Figures have been rounded off to the nearest of rupees.
- Corresponding figures have been re-arranged, wherever necessary to the facilitation of comparison.

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ARUJ INDUSTRIES LTD.

 **Corporate Office:** 2-Km off Raiwind Manga Road,
Raiwind, Lahore, Pakistan.

 **Lahore Office (Stitching Unit):** Aruj House 1-KM Raiwind Road,
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