

**3RD QUARTER
FINANCIAL
STATEMENTS
31ST MARCH 2020**



HAFIZ LIMITED

COMPANY INFORMATION

Board of Directors	:	<i>Quamruddin Osmani</i>	<i>Chairman</i>
	:	<i>Fakhruddin Usmani</i>	<i>Chief Executive</i>
	:	<i>Muhammad Farooq Usmani</i>	<i>Director</i>
	:	<i>Mahmood Wali Muhammad</i>	<i>Director</i>
	:	<i>Muhammad Atiq</i>	<i>Director</i>
	:	<i>Ali Muhammad Usmani</i>	<i>Director</i>
	:	<i>Muhammad Shahzad Fakir</i>	<i>Director</i>

Board of Audit Committee

Chairman	:	<i>Quamruddin Osmani</i>
Members	:	<i>Muhammad Farooq Usmani</i> <i>Mahmood Wali Muhammad</i>

Board of Human Resource Committee

Chairman	:	<i>Ali Muhammad Usmani</i>
Members	:	<i>Fakhruddin Usmani</i> <i>Quamruddin Osmani</i>

Chief Financial Officer : *Muhammad Shahid Siddiqui*

Company Secretary : *S. Shafiq Hasan*

Bankers : *Habib Metropolitan Bank Ltd.*
: *HBL Bank Limited*
: *MIB-MCB Islamic Bank Limited*
: *National Bank of Pakistan*

Auditors : *MAZARS M.F. & Co.*
Chartered Accountants,
Karachi.

Shares Registrar : *F.D. Registrar Service (SMC-Pvt) Ltd.*
170-5, 17th Floor, Saima Trade Tower-A
I. I. Chundrigar Road, Karachi-74000

Registered Office : *97, Alliance Building, 2nd Floor,*
Moolji Street, Mereweather Tower,
Karachi-74000.

Mill at : *D-9, S.I.T.E., Karachi.*

Webside : *www.hafiztm.com*

DIRECTORS REVIEW

Your Directors have pleasure in presenting their 3rd Quarter Accounts for the period ended 31st March, 2020 before the shareholders of the company.

As you are aware that due to the impact of Covid-19 the global slowdown has also started showing on Pakistan's exports as a large majority of exporters of apparel and home textiles last week received emails from their European and American buyers to "stop all shipments and further production for them forthwith."

According to industry sources, large spinners like AA Textiles are drastically slashing their output and manufacturer of manmade fibre, Ibrahim Fibres, has shaved off its prices to reduce its stocks. "If the situation does not improve in the next few weeks, we see our apparel and home textile exports decline by almost 50 per cent and closure of almost 40pc spinning capacity over the next couple of months.

The evolving situation in the textile sector is not only worrying for the industry but also bankers. With potential loan defaults looming large as factories cut down their production on export disruptions and slowing domestic demand over coronavirus, bankers have also joined the chorus for an immediate, substantial reduction in the policy rate to protect the industry, jobs and banks alike from the impact of the pandemic. "It is time that the central bank cut its policy rate by 5pc to 7.5pc and instructs the banks to provide relief to all borrowers from payment of interest on their outstanding loans until September. Besides, the government should immediately release the sales tax and other refunds to improve the liquidity of the manufacturers," a business tycoon with interests in textiles to financial services said on condition of anonymity.

Your Directors wish to place on record their appreciation for the co-operation and support extended by the Share Holders, various authorities, banks, dealers and vendors.

The Directors also acknowledge with gratitude the dedicated efforts and valuable contribution made by all the Senior Executives and staff members of the Company..

FOR AND ON BEHALF OF THE BOARD



Quamruddin Osmani
Chairman



Fakhruddin Usmani
CEO

Karachi
28th April, 2020.

ڈائریکٹران کا جائزہ

آپ کے ڈائریکٹران اپنے سہ ماہی گوشوارے برائے ختمہ مدت 31 مارچ 2020 آپ کی کمپنی کے حصص یافتگان کے روبرو پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

آپ اس بات سے آگاہ ہیں کہ Covid-19 کے اثرات کی وجہ سے معاشی ست روی نے پاکستانی برآمدات پر بھی اثرات مرتب کرنا شروع کر دیئے ہیں کیونکہ ملبوسات اور گھریلو ٹیکسٹائل کے برآمد کنندگان کی بڑی تعداد کو یورپی اور امریکی خریداروں سے ای میلہ موصول ہوئی ہیں کہ ”تمام شپمنٹس اور مزید پیداوار فوری طور پر روک دی جائے۔“

صنعتی ذرائع جیسے AA ٹیکسٹائل نے بڑے پیمانے پر اپنی پیداوار میں کمی کر دی ہے اور دستی فابریکوں والے ابراہیم فابریکوں نے مال کو بیچنے کے لئے قیمتیں کم کر دی ہیں۔ ”اگر صورتحال آنے والے ہفتوں میں بہتر نہیں ہوئی تو ہماری ملبوسات اور ٹیکسٹائل کی برآمدات 50 فیصد گر جائیں گی اور اگلے آنے والے مہینوں میں 40 فیصد اسپینگ کی پیداواری گنجائش کی بندش ہو جائے گی۔“

ٹیکسٹائل سیکٹر میں صورتحال نہ صرف صنعت بلکہ بینکر کے لئے بھی پریشان کن ہے۔ کورونا وائرس کی وجہ سے برآمدی رکاوٹوں اور گرتی ہوئی مقامی طلب کے نتیجے میں قرضوں کی عدم ادائیگی بڑھتی جا رہی ہے، بینکاروں نے بھی صنعت کو پھانسنے کے لئے فوری طور پر پالیسی نرخ میں قابل ذکر کمی کی حمایت کی ہے۔ ”یہ وہ وقت ہے کہ مرکزی بینک اپنے پالیسی نرخ کو 5 فیصد تا 7.5 فیصد کم کرے اور تمام بینکوں کو ہدایت کرے کہ وہ ستمبر تک اپنے واجب الادا سود کی ادائیگیوں میں ریڈیف فراہم کریں۔ اس کے علاوہ حکومت کو فوری طور پر سیلز ٹیکس اور دیگر ریفرنڈا ادا کرنے چاہئیں تاکہ تیار کنندگان کی روانیت بہتر ہو، یہ بات ایک کاروباری طبقہ نے نام خفیہ رکھنے کی شرط پر بتائی ہے جن کے مفادات ٹیکسٹائل سے لے کر مالیاتی خدمات تک پھیلے ہوئے ہیں۔“

آپ کے ڈائریکٹران حصص یافتگان، مختلف اداروں، بینکوں، ڈیلروں اور وینڈروں کے تعاون اور مدد پر ان کے لئے ستائش ریکارڈ پر لانا چاہتے ہیں۔

ڈائریکٹران کمپنی کے عملہ کے ممبران اور اعلیٰ انتظامیہ کی قابل قدر معاونت اور کوششوں پر ان کے مشکور ہیں۔

منجانب اور برائے بورڈ



فخر الدین عثمانی
چیف ایگزیکٹو آفیسر



قمر الدین عثمانی
چیئر مین

کراچی 28 اپریل 2020

HAFIZ LIMITED


**BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2020**

ASSETS	Note	(Un-audited) 31-Mar-20	(Audited) 30-Jun-19
------(Rupees)-----			
Non-current assets			
Property, plant and equipment		5,558,098	4,108,875
Investment property		<u>472,510,664</u>	<u>472,510,664</u>
		478,068,762	476,619,539
Current assets			
Short Term Investments		2,222,901	1,780,201
Trade debts		328,244	522,400
Loans and Advances		460,226	420,498
Short Term Deposits		1,028,846	1,028,846
Taxation - Net		2,170,269	1,985,803
Cash and bank balances		<u>5,492,998</u>	<u>4,658,985</u>
		11,703,484	10,396,733
Net assets in Bangladesh		1	1
Total assets		<u>489,772,247</u>	<u>487,016,273</u>

EQUITIES AND LIABILITIES	Note	(Un-audited) 31-Mar-20	(Audited) 30-Jun-19
------(Rupees)-----			
Capital and Reserves			
Authorized			
2,000,000 (June 30, 2019: 2,000,000) ordinary shares of Rs.10/- each		<u>20,000,000</u>	20,000,000
Issued, subscribed and paid-up			
1,200,000 (June 30, 2019: 1,200,000) ordinary shares of Rs.10/- each		12,000,000	12,000,000
Reserves		<u>466,904,903</u>	465,116,405
	-	478,904,903	477,116,405
Non-Current Liabilities			
Deferred liabilities - Gratuity		332,260	323,325
Current Liabilities			
Trade and other payable		7,055,391	6,311,672
Unclaimed Dividend		<u>3,479,693</u>	<u>3,264,871</u>
		10,535,084	9,576,543
Contingencies and commitments		-	-
Total equity and liabilities		<u>489,772,247</u>	<u>487,016,273</u>

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

Karachi
28th April, 2020.


Muhammad Shahid Siddiqui
CFO


Fakhruddin Usmani
CEO


Quamruddin Osmani
Director

HAFIZ LIMITED

**PROFIT AND LOSS ACCOUNT
(UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020**

PARTICULARS	For the 3rd Quarter ended		For the Nine Months ended	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
	----- (Rupees) -----			
Rental income	5,315,402	2,634,188	11,454,157	8,325,073
Administrative expenditure	(1,295,096)	(1,084,765)	(4,912,628)	(4,348,527)
Financial charges	(1,000)	(1,639)	(14,126)	(10,809)
	(1,296,096)	(1,086,404)	(4,926,754)	(4,359,336)
	4,019,306	1,547,784	6,527,403	3,965,737
Other Income - Dividend	-	-	12,750	-
Other Charges	(169,083)	-	72,334	-
Profit before taxation	4,188,389	1,547,784	6,467,819	3,965,737
Taxation	(969,431)	(487,325)	(2,094,355)	(1,429,170)
Profit after taxation	3,218,958	1,060,459	4,373,464	2,536,567
Earnings per share - Basic and diluted	2.68	0.88	3.64	2.11

Karachi
28th April, 2020.


Muhammad Shahid Siddiqui
CFO


Fakhruddin Usmani
CEO



Quamruddin Osmani
Director

HAFIZ LIMITED

STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

PARTICULARS	For the 3rd Quarter ended		For the Nine Months ended	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
	----- (Rupees) -----			
Net Profit after taxation	3,218,958	1,060,459	4,373,464	2,536,567
Other comprehensive income				
Items that will not be subsequently reclassified to the statement of profit or Loss'				
Net loss on equity instruments at fair value through other comprehensive income	(784,966)	-	(784,966)	-
Total comprehensive income for the period	<u>2,433,992</u>	<u>1,060,459</u>	<u>3,588,498</u>	<u>2,536,567</u>

Karachi
28th April, 2020.


Muhammad Shahid Siddiqui
CFO


Fakhruddin Usmani
CEO



Quamruddin Osmani
Director

HAFIZ LIMITED

CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020

	31-Mar-20	31-Mar-19
	----- <i>(Rupees)</i> -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	6,467,819	3,965,737
Depreciation	417,923	492,685
Recognized Loss on Short Term Investments	72,334	-
Provision for gratuity	8,935	22,297
Financial charges	14,126	10,809
	<u>513,318</u>	<u>525,791</u>
Operating profit before working capital changes	6,981,137	4,491,528
Movement in Working Capital		
(Increase)/decrease in Current Assets		
Trade debts	194,156	783,600
Loans and advances	(39,728)	(201,419)
	<u>154,428</u>	<u>582,181</u>
Increase / (decrease) in Current Liabilities		
Trade and other payable	743,719	900,594
	<u>743,719</u>	<u>900,594</u>
Cash generated from operations	7,879,284	5,974,303
Payments for:		
Taxes	(2,278,821)	(1,774,990)
Financial charges	(14,126)	(10,809)
Net cash inflow from operating activities	<u>5,586,337</u>	<u>4,188,504</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(1,193,808)	-
Capital Work in Progress	(673,338)	-
Investment in Quoted Securities	(1,300,000)	-
Net cash (outflow) from investing activities	<u>(3,167,146)</u>	<u>-</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(1,585,178)	(1,617,453)
Net cash (outflow) from financing activities	<u>(1,585,178)</u>	<u>(1,617,453)</u>
Net increase in cash and bank balances	834,013	2,571,051
Cash and bank balances at beginning of the year	4,658,985	5,023,403
Cash and bank balances at end of the year	<u>5,492,998</u>	<u>7,594,454</u>

Karachi
28th April, 2020.


Muhammad Shahid Siddiqui
CFO


Fakhruddin Usmani
CEO


Quamruddin Osmani
Director

HAFIZ LIMITED


**STATEMENT OF CHANGES IN EQUITY
(UN-AUDITED)**

FOR THE NINE MONTHS ENDED MARCH 31, 2020

Discription	Share Capital	Reserves				Total equity
		Un-appropriated (loss)	Interest Free Loan from Directors	Revaluation reserve for investment property	Total Reserves	
Balance as at July 01, 2018.	12,000,000	14,864,204	56,634,905	371,752,394	443,251,503	455,251,503
Total comprehensive income for the period	-	2,536,567	-	-	2,536,567	2,536,567
Final dividend for the year ended June 30, 2018 @ Rs.1.75 per share i.e. 17.5%.	-	(2,100,000)	-	-	(2,100,000)	(2,100,000)
Balance as at March 31, 2019.	12,000,000	15,300,771	56,634,905	371,752,394	443,688,070	455,688,070
Balance as at July 01, 2019.	12,000,000	36,729,106	56,634,905	371,752,394	477,116,405	477,116,405
Total comprehensive income for the period		4,373,464		(784,966)	3,588,498	3,588,498
Final dividend for the year ended June 30, 2019 @ Rs.1.50 per share i.e. 15%.	-	(1,800,000)	-		(1,800,000)	(1,800,000)
Balance as at March 31, 2020.	12,000,000	39,302,570	56,634,905	370,967,428	466,904,903	478,904,903

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

Karachi
28th April, 2020.


Muhammad Shahid Siddiqui
CFO


Fakhruddin Usmani
CEO


Quamruddin Osmani
Director

**NOTES ANNEXED TO THE
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020**

1 STATUS AND NATURE OF BUSINESS

Hafiz Limited ("the Company") is a Public Limited Company incorporated in 1951 under the repealed Companies Ordinance, 1984. The shares of the Company are listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 97, Alliance Building, 2nd Floor, Moolji Street, Mereweather Tower, Karachi. Previously the principal activity of the Company was to deal in spinning of textile fibers and now the principal activity of the Company is to earn rentals on land and building.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan for financial reporting comprise of:

- International Accounting Standards (IAS 34), Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified by 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.

3 BASIS OF PREPARATION

3.1 These financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2019. These financial statements are unaudited and are being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.

3.2 The preparation of these financial statements, in conformity with the approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its 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 expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates.

3.3 During the preparation of these financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the annual audited financial statements of the Company for the year ended June 30, 2019.

3.4 These financial statements are presented in Pakistan Rupee which is also the Company's functional currency.

4 SIGNIFICANT ACCOUNTING POLICIES

Accounting policies adopted for the preparation of these quarterly financial information 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, 2019.

HAFIZ LIMITED

5 PROPERTY, PLANT AND EQUIPMENT	Note	(Un-audited) 31-Mar-20	(Audited) 30-Jun-19
		----- Rupees -----	
Operating fixed assets	5.1	4,221,254	3,445,367
Capital work in progress - Civil works		1,336,844	663,508
		<u>5,558,098</u>	<u>4,108,875</u>
5.1 Movement in operating fixed assets			
Opening - at net book value		3,445,369	4,214,436
Add: Additions during the period		1,193,808	1,020,000
		4,639,177	5,234,436
Less: Depreciation charged during the period		417,923-	381,967-
Less: Disposals during the period - at net book value		-	1,407,102-
		<u>417,923-</u>	<u>1,789,069-</u>
Closing - at net book value		4,221,254	3,445,367
6 SHORT TERM INVESTMENTS			
At fair value through other comprehensive income	6.1	1,519,501	1,780,201
At fair value through profit or loss	6.2	703,400	-
		<u>2,222,901</u>	<u>1,780,201</u>
6.1 At fair value through other comprehensive income			
Pan Islamic Steamship Company Limited		16,137	16,137
288 (2019: 288) ordinary shares of Rs. 100/- each			
Amreli Steels Limited		-	246,600
Nil (2019: 10,000) ordinary shares of Rs. 10/- each			
K-Electric Limited		432,000	658,500
150,000 (2019: 150,000) ordinary shares of Rs. 10/- each			
Nishat Chunian Limited		-	175,100
Nil (2019: 5,000) ordinary shares of Rs. 10/- each			
Worldcall Telecom Limited		1,087,500	700,000
1,450,000 (2019: 1,000,000) ordinary shares of Rs. 10/- each			
		1,535,637	1,796,337
Less: Provision for diminution in value of investments		(16,136)	(16,136)
6.2 At fair value through profit or loss			
Amtex Limited		14,000	-
25,000 (2019: Nil) ordinary shares of Rs. 10/- each			
Colony Textile Mills Limited		55,200	-
23,000 (2019: Nil) ordinary shares of Rs. 10/- each			
Lotte Chemical Pakistan Limited		99,000	-
10,000 (2019: Nil) ordinary shares of Rs. 10/- each			
Pervez Ahmed Consultancy Services Limited		67,000	-
100,000 (2019: Nil) ordinary shares of Rs. 10/- each			
Telecard Limited		334,950	-
319,000 (2019: Nil) ordinary shares of Rs. 10/- each			
Power Cement Limited		133,250	-
25,000 (2019: Nil) ordinary shares of Rs. 10/- each			
		<u>703,400</u>	<u>-</u>

HAFIZ LIMITED

7 CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There is no significant change in the status of contingencies as disclosed in note 17.1 to the annual audited financial statements of the Company for the year ended June 30, 2019.

7.2 Commitments

There were no commitments outstanding as at March 31, 2020 (June 30, 2019: Nil).

8 OTHER CHARGES	Note	(Un-audited) 31-Mar-20	(Audited) 30-Jun-19
		----- Rupees -----	
Loss on sale of investment at fair value through profit or loss		72,334	-
Unrealized loss on remeasurement of investment at fair value through other comprehensive income		784,966	-
		857,300	-

9 TAXATION	Note	(Un-audited) 31-Mar-20	(Audited) 30-Jun-19
		----- Rupees -----	
Current		2,011,050	1,907,822
Prior		83,305	(478,652)
		2,094,355	1,429,170


10 AUTHORIZATION

These condensed interim financial statements were authorised for issue by the Board of Directors of the Company on 28th April, 2020.

11 GENERAL

Figures have been rounded off of the nearest rupee.

Karachi
28th April, 2020.


Muhammad Shahid Siddiqui
CFO


Fakhruddin Usmani
CEO


Quamruddin Osmani
Director

SHAREHOLDERS IMPORTANT NOTICES

1. **Submission of copies of CNIC (MANDATORY)**

Pursuant to the directive of the Securities & Exchange Commission of Pakistan Circular No.EMD/D-II/Misc/2009-1342 dated April 4, 2013, CNIC numbers of shareholders are mandatorily required to be mentioned on dividend warrants. Shareholders are, therefore, requested to submit a copy of their CNIC (if not already provided) to the Company's Share Registrar, M/s.F.D. Registrar Services (SMC-Pvt.) Ltd. 1705, 17th floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi-74000.

2. **Notice for unclaimed shares / Dividends**

Pursuant to the requirement of Section 244 of the Companies Act, 2017 (the "Act"), now all companies are required to surrender physical shares/dividends which remain unclaimed or unpaid for over three years, as on May 30, 2014, to the Federal Government.

As per Company's record, there are some outstanding / physical shares/ dividends in respect of your above mentioned folio/account.

You are hereby requested to immediately lodge your claim to our share Registrar: M/s F.D. Registrar Services (SMC-Pvt.) Ltd. 1705, 17th Floor, Saima Trade Tower 'A' I. I. Chundrigar Road, Karachi or our registered office:Hafiz Limited 97, Alliance Building, 2nd Floor, Moolji Street, Mereweather Tower, Karachi, along with relevant documents in support of your claim under a duly signed letter (in accordance with specimen signature recorded with the Company):

Please note that if the Company does not receive a claim from you within the aforesaid time period, then the Company shall proceed to deposit unclaimed physical shares / dividends in its possession, with the Federal Government pursuant to the provisions of sub section (2) of section 244 of the Act.

3. **E-Dividend Mandate (Mandatory)**

Under the provisions of Section 242 of the Companies Act, 2017 and the Companies (Distribution of Dividends) Regulations, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

Shareholders who have not yet submitted their International Bank Account Number (IBAN) are requested to fill in Electronic Credit Mandate Form and send it duly signed along with a copy of CNIC to the Registrar of the Company **M/s .F.D. Registrar Services (SMC-Pvt.) Ltd.** 1705, 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi-74000, in case of physical shares.

In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services.

BOOK POST

UNDER POSTAL CERTIFICATE

If undelivered please return to:

HAFIZ LIMITED

97, Alliance Building, Moolji Street, Mereweather Tower, Karachi-74000