

# ALLAWASAYA

TEXTILE & FINISHING MILLS LIMITED



**63<sup>rd</sup> Annual Report**  
**For the year ended June 30, 2020**



63<sup>rd</sup> Annual Report  
of  
**Allawasaya Textile & Finishing Mills Limited**  
for the year ended June 30, 2020



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### **VISION STATEMENT**

The vision of Allawasaya Textile and Finishing Mills Limited is to contribute positively to the Socio-Economic growth of Pakistan through business and industrial pursuits endeavoring to achieve excellence in all spheres of such activity with effective and efficient management.

### **MISSION STATEMENT**

Allawasaya Textile and Finishing Mills Limited becomes a truly professional organization, achieve higher quality standards, utilize maximum capacity, capture expansion opportunities and becomes a least cost operator amongst its competitors.

We will strive to continue as a successful Company, make profit and thus create value for our shareholders, customers, suppliers and employees.

### **QUALITY AND ENVIRONMENTAL POLICY**

Our aim is to achieve the leadership of textile and spinning industry through quality products according to customer satisfaction. We thrive to achieve the above through the following measures:

- 1) Acquisition of quality raw material.
- 2) Manufacturing of high quality yarn as per customer satisfaction.
- 3) Continuous training and guidance to employees regarding quality and environment.
- 4) Continuous improvement, close watch and control in production process and environment.
- 5) Follow up of the system, regarding international quality and environmental laws.
- 6) Control of pollution discharge from industrial process.



## COMPANY PROFILE

### BOARD OF DIRECTORS

1. Mrs. Nusrat Jamil - Chairperson
2. Mian Tanvir Ahmad Sheikh - Chief Executive Officer
3. Mian Muhammad Jamil
4. Mian Tauqir Ahmed Sheikh
5. Mian Anis Ahmad Sheikh
6. Mian Muhammad Bilal Ahmed Sheikh
7. Mr. Mohammad Alamgir Jamil Khan
8. Mr. Muhammad Umar Farooq Sheikh
9. Mr. Javed Musarrat
10. Mr. Abdul Rehman Qureshi
11. Mr. Imran Hussain

### AUDIT COMMITTEE

- Mr. Javed Musarrat - Chairman  
Mrs. Nusrat Jamil - Member  
Mian Anis Ahmad Sheikh - Member

### HUMAN RESOURCE & REMUNERATION COMMITTEE (HR&R)

- Mr. Abdul Rehman Qureshi - Chairman  
Mian Anis Ahmad Sheikh - Member  
Mr. Mohammad Alamgir Jamil Khan - Member

### CHIEF FINANCIAL OFFICER

Sohail Nadeem

### COMPANY SECRETARY

Muhammad Ismail

### HEAD OF INTERNAL AUDIT

Ch. Javed Akhtar

### AUDITORS

Deloitte Yousuf Adil Chartered Accountants, Multan

### LEGAL ADVISOR

Malik Masroor Haider Usman– Advocate  
Room No. 217- 218, Metro Plaza, Multan Cantt.

### BANKERS

M/s Habib Bank Limited  
M/s Bank AL Habib Limited  
M/s Habib Metropolitan Bank Limited  
M/s United Bank Limited

### REGISTERED OFFICE

Allawasaya Square,  
Mumtazabad Industrial Area,  
Vehari Road, Multan, Pakistan  
Ph: (061)4233624-26  
Fax: (061)6525202  
E-Mail: [atm@allawasaya.com](mailto:atm@allawasaya.com)

### SHARES REGISTRAR

M/s Hameed Majeed Associates (Pvt.) Limited  
H.M. House, 7-Bank Square, Lahore, Pakistan  
Ph: (042)37235081-82  
Fax: (042)37358817  
E-Mail: [shares@hmaconsultants.com](mailto:shares@hmaconsultants.com)



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 63<sup>rd</sup> Annual General Meeting of the Company will be held on Wednesday October 28, 2020 at 03:00 p.m. at its registered office, Allawasaya Square, Mumtazabad Industrial Area, Vehari Road, Multan to transact the following business:

1. To confirm the minutes of the 62<sup>nd</sup> Annual General Meeting of the Company held on October 28, 2019.
2. To receive, consider and adopt the annual audited financial statements of the Company together with the Directors', Auditors' Reports and Chairperson's Review thereon for the year ended June 30, 2020.
3. To appoint auditors and to fix their remuneration for the financial year ending June 30, 2021 who will hold office till conclusion of the next Annual General Meeting. The Board, on the recommendation of the Audit Committee, has proposed the appointment of M/s Deloitte Yousuf Adil Chartered Accountants, Multan as external auditors. The retiring auditors being eligible, have consented and offered themselves for re-appointment.
4. To transact any other business with the permission of the Chair.

BY ORDER OF THE BOARD

Sd/-  
(MUHAMMAD ISMAIL)  
COMPANY SECRETARY

Multan, October 7, 2020

### NOTES:

1. The Shares Transfer Books of the Company will remain closed from 22-10-2020 to 28-10-2020 (both days inclusive) transfers received in order at the office of the Company's Shares Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, H.M. House, 7-Bank Square, Lahore by the close of business on October 21, 2020 will be treated in time.
2. A member entitled to attend and vote at the meeting, may appoint any other member as a proxy to attend, speak and vote on behalf of him/her. **A proxy must be a member.** Proxy Forms duly stamped with Rs.5/- revenue stamp, signed and witnessed by one person, in order to be valid must be received at the Registered Office of the Company not later than 48 hours before the time of holding the meeting.
3. Any individual beneficial owners of CDC, entitled to attend and vote at the meeting must bring his/her CNIC or passport to prove his/her identity and the proxy shall produce his/ her original CNIC or passport. In case of corporate members, the Boards' resolution or power of attorney with specimen signatures of the nominee shall require to be produced at the time of meeting.
4. For the convenience of Members, a Standard Request Form with appropriate details has been uploaded on the Company's website <www.allawasaya.com>. Those Members who opt to receive the hard copies of the annual audited financial statements instead of sending the same through CD/DVD/USB at their registered addresses may apply to the Company Secretary at his postal or email address [secretary@allawasaya.com](mailto:secretary@allawasaya.com).
5. **Members are requested to submit an attested photocopy of their valid Computerized National Identity Cards (CNICs) as per SECP's direction, if not provided earlier and also communicate to the Company immediately of any change in their addresses.**
6. Members can also avail Video Conference facility in (name of cities where facility can be provided keeping in view geographical dispersal of members). In this regard please fill the following form and submit to the registered address of the Company within ten (10) days before holding of annual general meeting.

I/ We, \_\_\_\_\_ of \_\_\_\_\_, being a member of ALLAWASAYA TEXTILE AND FINISHING MILLS LIMITED, holder of \_\_\_\_\_ Ordinary Shares as per Register Folio No./ CDC A/C No..\_\_\_\_\_ hereby opt for Video Conference Facility at \_\_\_\_\_

\_\_\_\_\_  
Signature of member

If the Company receives consent from members holding an aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through Video Conference at least 10 days prior to the date of meeting, the Company will arrange Video Conference facility in that city subject to availability of such facility in that city.





**CHAIRPERSON'S REVIEW REPORT U/S 192 OF THE COMPANIES ACT, 2017 ON OVERALL BOARD PERFORMANCE AND BOARD'S ROLE IN ACHIEVING THE COMPANY'S OBJECTIVES FOR YEAR ENDED JUNE 30, 2020**

Annual Evaluation of the Board of Directors of the Company, M/s Allawasaya Textile and Finishing Mills Limited, is carried out in accordance with the requirements of the Code of Corporate Governance to ensure that its performance and effectiveness is as per the expectations to achieve the goals and objectives of the Company. For the financial year ended June 30, 2020, it is assessed as Satisfactory. There was no violation of the code of conduct.

The Board meetings and Committee meetings were always well attended. The members of the Board of Directors of the Company were sent agendas and supporting material well in time prior to the board and its committee meetings. All the Directors made important contribution and made their best efforts for the achievements of the desired results during the year. The expertise of the Independent and non-executive Directors also helped in the decision making process. The operations of the Company's Units were strategically planned and all the resources were optimally utilized. The performance results were found satisfactory.

All the employees of the Company were met with equitable treatment who contributed to the Company business through their effective and efficient working.

Sd/-  
MRS. NUSRAT JAMIL  
CHAIRPERSON

Multan, October 7, 2020



## **DIRECTORS' REPORT**

In the name of Allah the Most Beneficent and the Merciful

Dear Shareholders,

On behalf of the Board of Directors of the Company, it is my privilege to present before you the 63rd Annual Report on the affairs of your Company along with the Audited Financial Statements for the year ended June 30, 2020.

### **GENERAL PERFORMANCE:**

During the year under report, the overall business environment remained challenging throughout. It was further worsened by the outbreak of COVID-19 in the first quarter of the year 2020 i.e., the third quarter of the financial year under report. The textile industry was adversely effected due to the same. The imposition of additional taxes and high interest rates during most of the period, also had its negative effect on the financial viability of your Company. The general slowdown of the economy also had its toll on the economic performance of the Company. The mills remained totally closed from 24<sup>th</sup> March 2020 to 1<sup>st</sup> May 2020 due to the lockdown imposed by the government, when the production units of the Company were fully closed and even the offices were only partially opened. The closedown of the production units adversely effected the performance of the Company as all costs including the payments of wages for labour were paid without any production during the closed period. However, the government provided relief packages in the form of loan for salaries which have been availed by the Company and are repayable with effect from 1<sup>st</sup> January 2021 in eight quarterly installments. This facility has eased the cash flow position of the Company which otherwise would have been quite difficult.

After the relaxation of the lockdown, the effects of COVID-19 still continue on the overall economy including the textile sector even subsequent to the close of current financial year. The current position, however, is now improving and we expect better results in the subsequent period of the current financial year.

### **OPERATIONS:**

The Mills produced Polyester-Cotton blended yarn throughout the year. The total production of yarn during the year under review at 20's count basis was 13,816,607.73 Kgs (actual production 8,063,012.16 Kgs) as compared to 10,350,145.27 Kgs (actual production 6,454,183.68 Kgs) last year. The total sales for the year amounted to PKR:2,657,387,974/- (7,994,155.68 Kgs) as compared to PKR:2,090,559,370/- (6,573,026.88 Kgs) last year. The gross profit for the year was PKR:176,766,811/- as compared to PKR:98,699,813/- last year. The Net Profit after providing for Tax amounted to PKR:14,826,182/- as compared to the Net Loss of (PKR:15,919,798/-) last year.





The financial results for the year ended June 30, 2020 along with the comparative figures of the last year are summarized under the respective heads of Accounts below:

**ACCOUNTS:**

	<b>For the year ended June 30, 2020 Rupees</b>	<b>For the year ended June 30, 2019 Rupees</b>
Revenue from contract	2,657,387,974	2,090,559,370
Cost of goods sold	(2,480,621,163)	(1,991,859,557)
Gross Profit	<b>176,766,811</b>	<b>98,699,813</b>
Distribution and marketing expenses	(17,847,424)	(11,459,112)
Administrative expenses	(56,373,463)	(59,991,958)
Finance Cost	(77,873,778)	(36,554,031)
Other expenses	(1,715,743)	-
Profit/ (Loss) before Taxation	<b>22,956,403</b>	<b>(9,305,288)</b>
Provision for Taxation	(8,130,221)	(6,614,510)
Profit/ (Loss) for the year	<b>14,826,182</b>	<b>(15,919,798)</b>
Earnings / (Loss) per share- basic and diluted	<b>18.53</b>	<b>(19.90)</b>

**FUTURE OUTLOOK**

After successful BMR of Unit No.I of your Company, the management is pleased to report that both the spinning units are fully operational in its core business of yarn manufacturing. The Company maintains its stable outlook and continuation of its operations. Further continuous BMR as per the Policy of the Company, will remain in practice. Second Phase for Major BMR of Unit No.II is at hand and is being planned.

In view of the very exceptional situation caused by COVID-19, we will continue to prioritize health and wellbeing of our employees, business continuity and supporting textile industry in particular and other industries in general. The management remains fully committed to manage the ongoing challenges and will make all out efforts to deliver best quality yarns to its customers in these testing times and ensure sustainable business growth.

To meet these challenges, the Company plans to adopt dynamic policies for increase in production quantitatively as well as qualitatively through continuous BMR Process. The Marketing Strategies are also being well planned to achieve better returns for the Company adding value to the shareholders' worth. As a whole the future of the Company looks promising and encouraging. The Company is well placed to achieve further success and enhance the shareholders' value in the years ahead.



## **DIVIDEND**

Due to the less profit earned this year by the Company for the reasons as explained above, your Directors do not propose payment of any Dividend this year.

## **ISO 9001:2015 QMS AND ISO 14001:2015 EMS CERTIFICATION**

Your Directors are pleased to report that your Company is quite successfully maintaining its ISO 9001:2015 Certification for Quality Management System and the ISO 14001:2015 Certification for Environmental Management System.

## **COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE**

Your Directors are pleased to report that the Company is complying with the requirements of the Code of Corporate Governance as introduced by the Securities and Exchange Commission of Pakistan. The various statements, as required by the code, are given below:

### **PRESENTATION OF FINANCIAL STATEMENTS:**

The financial statements, prepared by the Company, fairly represent its state of affairs, the results of operations, cash flows, and changes in equity;

### **BOOKS OF ACCOUNTS:**

The Company has maintained proper books of accounts;

### **ACCOUNTING POLICIES:**

Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;

### **COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS (IAS):**

International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements;

### **INTERNAL CONTROL SYSTEM:**

The system of internal control is sound in design and has been effectively implemented and monitored;

### **ON GOING CONCERN:**

The Company's financial position is sound enough to ensure its continuity as an on going concern;

### **NO OUTSTANDING STATUTORY DUES:**

There are no outstanding statutory dues on account of taxes, levies and charges except of normal and routine nature;

**FINANCIAL HIGHLIGHTS:**

Key operating and financial data of the last six years is given in Annex 1.

**BOARD MEETINGS:**

During the year ended June 30, 2020 four (4) meetings of the Board of Directors were held. Attendance of each Director is given below:

<b><u>Director's Name</u></b>	<b><u>Meeting Attended</u></b>
Mrs. Nusrat Jamil	4
Mian Tanvir Ahmad Sheikh	4
Mian Muhammad Jamil	4
Mian Tauqir Ahmed Sheikh	3
Mian Anis Ahmad Sheikh	3
Mian Muhammad Bilal Ahmed Sheikh	4
Mr. Mohammad Alamgir Jamil Khan	3
Mr. Muhammad Umar Farooq Sheikh	3
Mr. Javed Musarrat	4
Mr. Abdul Rehman Qureshi	3
Mr. Imran Hussain	4

The Audit Committee held four (4) meetings during the year. Attendance by each member was as follows:

<b><u>Members Name</u></b>	<b><u>Attendance</u></b>
Mr. Javed Musarrat	4
Mrs. Nusrat Jamil	4
Mian Anis Ahmad Sheikh	4

The HR & R Committee held one (1) meeting during the year. Attendance by each member was as follows:

<b><u>Members Name</u></b>	<b><u>Attendance</u></b>
Mr. Abdul Rehman Qureshi	1
Mian Anis Ahmad Sheikh	1
Mr. Mohammad Alamgir Jamil Khan	1

**COMPOSITION OF BOARD**

The Board consists of 10 male and 1 female directors with following composition:

Independent Directors	3
Non-executive Directors	4
Executive Directors	3
Female Directors	1
Total number of Directors	11



## **AUDITORS**

Your Company's Auditors M/s Deloitte Yousuf Adil Chartered Accountants, Multan retire and being eligible offer themselves for re-appointment for the next year.

The Audit Committee of the Company has recommended and proposed the re-appointment of M/s Deloitte Yousuf Adil Chartered Accountants, Multan as Auditors of the Company for the year 2020-2021 with remuneration as per ICAP Standard, in the upcoming Annual General Meeting of the Company.

## **PATTERN OF SHAREHOLDING**

A statement showing pattern of shareholdings of the Company and additional information as at June 30, 2020 is annexed to this report.

## **ACKNOWLEDGEMENT**

Your Directors acknowledge the best cooperation as usual enjoyed by your Company from all relevant Financial Institutions, its Bankers, M/s Habib Bank Limited, M/s Bank AL Habib Limited, M/s Habib Metropolitan Bank Limited and M/s United Bank Limited and wish to record their appreciation for the same and hope their support to the Company will continue in future as well.

The Directors also acknowledge the proactive efforts of the Federal and the Provincial governments as well as the SECP towards the facilitation and guidance to the corporate sector during the COVID-19 crisis, the various measures taken by the State Bank of Pakistan in this regard are also thankfully acknowledged. We also thank all our valued customers, suppliers, stakeholders and all other for their confidence and patronage, and reaffirm our commitment to serve them in the best possible manner.

The dedicated hard work of all employees of the Company, working in these challenging circumstances, keeping the operations of the Company smooth is also acknowledged.

On behalf of the Board of Directors

Sd/-

MRS. NUSRAT JAMIL  
CHAIRPERSON

Multan, October 7, 2020

**SIX YEARS KEY OPERATING AND FINANCIAL DATA**

Year Ended June 30,	2020	2019	2018	2017	2016	2015
<b>BALANCE SHEET</b>						
Authorized Capital	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Issued, Subscribed & Paid up Capital	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Surplus on Revaluation of Property, Plant & Equipment	829,601,503	844,244,390	555,466,212	564,143,421	575,634,520	457,304,932
Tax holiday reserve	2,668,746	2,668,746	2,668,746	2,668,746	2,668,746	2,668,746
General reserve	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000
Un-appropriated Profits	183,420,824	153,951,755	181,999,407	152,641,179	178,237,663	204,822,116
<b>Total Equity</b>	<b>1,103,691,073</b>	<b>1,088,864,891</b>	<b>828,134,365</b>	<b>807,453,346</b>	<b>844,540,929</b>	<b>752,795,794</b>
Long Term Loans	178,875,000	173,250,000	-	-	-	-
Deferred Liabilities	117,517,432	149,248,031	95,745,379	106,550,429	119,794,403	110,163,021
Current Liabilities	956,496,616	673,952,127	435,701,497	351,378,451	383,227,754	274,999,671
<b>Total Liabilities</b>	<b>1,252,889,048</b>	<b>996,450,158</b>	<b>531,446,876</b>	<b>457,928,880</b>	<b>503,022,157</b>	<b>385,162,692</b>
<b>Total Equity &amp; Liabilities</b>	<b>2,356,580,121</b>	<b>2,085,315,049</b>	<b>1,359,581,241</b>	<b>1,265,382,226</b>	<b>1,347,563,086</b>	<b>1,137,958,486</b>
Fixed Assets	1,423,479,920	1,432,570,929	851,124,734	882,766,913	890,476,175	756,874,934
Long Term Deposits	2,379,997	2,379,997	2,379,997	2,379,997	2,379,997	2,379,997
Current Assets	930,720,204	650,364,123	506,076,510	380,235,316	454,706,914	378,703,555
<b>Total Assets</b>	<b>2,356,580,121</b>	<b>2,085,315,049</b>	<b>1,359,581,241</b>	<b>1,265,382,226</b>	<b>1,347,563,086</b>	<b>1,137,958,486</b>
<b>PROFIT &amp; LOSS ACCOUNT</b>						
Revenue from contracts	2,657,387,974	2,090,559,370	2,168,465,319	1,966,036,666	1,673,156,869	1,759,164,451
Gross Profit	176,766,811	98,699,813	124,872,086	49,054,839	50,541,703	13,657,493
Profit / (Loss) before Taxation	22,956,403	(9,305,288)	36,016,332	(32,116,626)	(35,643,655)	(56,745,009)
Profit / (Loss) after Taxation	14,826,182	(15,919,798)	17,633,101	(40,346,211)	(37,799,098)	(19,582,864)
<b>DISTRIBUTION</b>						
Cash Dividend %	-	-	37.50	-	-	-
<b>RATIOS</b>						
Break up value Per share (Rs.)	1379.61	1361.08	1,035.17	1,009.32	1,055.68	940.99
Earning / (Loss) per Share (Rs)	18.53	(19.90)	22.04	(50.43)	(47.25)	(24.48)
Current Ratio	0.97:1	0.97:1	1.16:1	1.08:1	1.19:1	1.38:1
Debt/ equity ratio	16:84	15:85	00:100	00:100	00:100	00:100
<b>CAPACITY &amp; PRODUCTION</b>						
No. of spindles installed	38,232	37,752	30,592	30,592	30,592	30,592
No. of spindles worked	38,232	35,352	30,592	30,592	30,592	30,592
Capacity of Yarn at 20's Count (Kgs)	13,971,695	10,505,451	13,164,469	13,213,585	12,864,160	12,111,985
Actual Production of Yarn at 20's Count (K gs)	13,816,608	10,350,145	13,102,052	12,882,613	12,679,268	11,896,628



**Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019**  
**Name of company ALLAWASAYA TEXTILE AND FINISHING MILLS LIMITED**  
**Year ending JUNE 30, 2020**

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 11 as per the following:

- |            |    |
|------------|----|
| a. Male:   | 10 |
| b. Female: | 1  |

2. The composition of board is as follows:

i. Independent Directors

- |    |                          |                      |
|----|--------------------------|----------------------|
| 1. | Mr. Javed Musarrat       | Independent Director |
| 2. | Mr. Abdul Rehman Qureshi | Independent Director |
| 3. | Mr. Imran Hussain        | Independent Director |

ii. Non-executive Directors

- |    |                                  |                        |
|----|----------------------------------|------------------------|
| 1. | Mian Tauqir Ahmed Sheikh         | Non-Executive Director |
| 2. | Mian Anis Ahmad Sheikh           | Non-Executive Director |
| 3. | Mian Muhammad Bilal Ahmed Sheikh | Non-Executive Director |
| 4. | Mr. Muhammad Umar Farooq Sheikh  | Non-Executive Director |

iii. Executive Directors

- |    |                                 |                             |
|----|---------------------------------|-----------------------------|
| 1. | Mian Tanvir Ahmad Sheikh        | Executive Director (CEO/MD) |
| 2. | Mian Muhammad Jamil             | Executive Director          |
| 3. | Mr. Mohammad Alamgir Jamil Khan | Executive Director          |

iv. Female Directors

- |    |                   |                                      |
|----|-------------------|--------------------------------------|
| 1. | Mrs. Nusrat Jamil | Non-Executive Director (Chairperson) |
|----|-------------------|--------------------------------------|

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The board has ensured that complete record of particulars of significant policies along with the dates of approval or updating has been maintained by the company.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairperson and, in her absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board has arranged Directors' Training program for the following:

- |    |  |
|----|--|
| 1. | Mr. Mohammad Alamgir Jamil Khan- In year 2013  |
| 2. | Mr. Muhammad Umar Farooq Sheikh- In Year 2016  |
| 3. | Mr. Javed Musarrat- In year 2016   |
| 4. | Mr. Abdul Rehman Qureshi-got exemption from the DTP Certification from SECP in Year 2019 |

10. There was no change with respect to appointment of CFO, Company Secretary and Head of Internal Audit during the year.

11. CFO and CEO duly endorsed the financial statements before approval of the board.





12. The board has formed committees comprising of members given below:
- a) Audit Committee:
1. Mr. Javed Musarrat- Independent Director- Chairman
  2. Mrs. Nusrat Jamil- Non-Executive Director- Member
  3. Mian Anis Ahmad Sheikh- Non-Executive Director- Member
- b) HR and Remuneration Committee:
1. Mr. Abdul Rehman Qureshi- Independent Director- Chairman
  2. Mian Anis Ahmad Sheikh- Non-Executive Director- Member
  3. Mr. Mohammad Alamgir Jamil Khan- Executive Director- Member
- c) Nomination Committee (not applicable)
- d) Risk Management Committee (not applicable)
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
- a) Audit Committee 4 quarterly meetings
  - b) HR and Remuneration Committee 1 annually meeting
  - c) Nomination Committee (not applicable)
  - d) Risk Management Committee (not applicable)
15. The board has set up an effective internal audit function headed by the Head of Internal Audit. The staff is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company and is involved in the internal audit function on a full time basis.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with.
19. We confirm that all other requirements of the Regulations have been complied with.

On the behalf of the Board of Directors

Sd/-  
MRS. NUSRAT JAMIL  
CHAIRPERSON

Multan, October 7, 2020



**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF ALLAWASAYA TEXTILE & FINISHING MILLS LIMITED  
REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES  
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Allawasaya Textile & Finishing Mills Limited** for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirement of section 208 of the companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Regulations as applicable to the Company for the year ended June 30, 2020.

**DELOITTE YOUSUF ADIL**  
**Chartered Accountants**

Engagement Partner:  
Rana Muhammad Usman Khan

Multan, October 7, 2020



## **INDEPENDENT AUDITOR'S REPORT**

**To the members of Allawasaya Textile & Finishing Mills Limited**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the annexed financial statements of Allawasaya Textile & Finishing Mills Limited (the Company) which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the profit or loss and comprehensive income, the changes in equity and its cash flows for the year then ended.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Following is the key audit matter:

Key audit matter	How the matter was addressed in our audit
<b>1. Revenue Recognition</b>	
<p>The Company's sales comprise of revenue from the sale of yarn this has been disclosed in note 23 to the financial statements.</p> <p>Revenue from the sale is recognized, when control related to the sale of goods is transferred and the performance obligation is satisfied i.e. on dispatch of goods (note 5.4.15).</p> <p>We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognized based on transfer of control to the customers in line with the accounting policy adopted and may not have been recognized in the appropriate period.</p>	<p>Our audit procedures to address the Key Audit Matter included the following:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of and assessing the design and implementation and operating effectiveness of controls around recognition of revenue;</li> <li>• Assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards;</li> <li>• Checked on sample basis whether the recorded sales transactions are based on transfer of goods to the customer, satisfying the performance obligation and were recorded in the appropriate accounting period.</li> <li>• Reviewing the adequacy of disclosure as required under applicable financial reporting framework.</li> </ul>

**Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

**Responsibilities of Management and the Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Rana M. Usman Khan.

### **DELOITTE YOUSUF ADIL Chartered Accountants**

Engagement Partner:  
Rana Muhammad Usman Khan

Multan, October 7, 2020





**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2020**

	<i>Note</i>	<i>2020</i> <i>Rupees</i>	<i>2019</i> <i>Rupees</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	1,423,479,920	1,432,570,929
Long term deposits		2,379,997	2,379,997
		<u>1,425,859,917</u>	<u>1,434,950,926</u>
<b>Current assets</b>			
Stores and spares	7	19,101,066	26,190,301
Stock in trade	8	537,897,226	292,168,103
Trade debts	9	247,918,150	215,316,937
Loans and advances	10	49,793,601	59,504,034
Trade deposit and prepayments	11	10,352,939	1,098,779
Tax refunds due from government	12	41,217,467	37,044,286
Cash and bank balances	13	24,439,755	19,041,683
		930,720,204	650,364,123
		<u>2,356,580,121</u>	<u>2,085,315,049</u>
<b>Total assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	14	8,000,000	8,000,000
Surplus on revaluation of property, plant and equipment	15	829,601,503	844,244,390
Tax holiday reserve		2,668,746	2,668,746
General reserve		80,000,000	80,000,000
Unappropriated profits		183,420,824	153,951,755
		<u>1,103,691,073</u>	<u>1,088,864,891</u>
<b>Non-current liabilities</b>			
Long Term Loan	16	178,875,000	173,250,000
Deferred tax	17	117,517,432	149,248,031
		<u>296,392,432</u>	<u>322,498,031</u>
<b>Current liabilities</b>			
Trade and other payables	18	352,821,241	292,353,386
Accrued markup	19	18,322,913	18,939,753
Short term borrowings	20	514,201,659	326,347,623
Current portion of long term loan	16	30,625,000	21,750,000
Unclaimed dividend		664,983	664,983
Provision for taxation	21	39,860,820	13,896,382
		<u>956,496,616</u>	<u>673,952,127</u>
<b>Contingencies and commitments</b>			
	22	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>2,356,580,121</u>	<u>2,085,315,049</u>

The annexed notes from 1 to 41 form an integral part of these financial statements.

JYK

Sd/-  
Mian Tanvir Ahmad Sheikh  
Chief Executive Officer

Sd/-  
Mian Muhammad Alamgir Jamil Khan  
Director

Sd/-  
Sohail Nadeem  
Chief Financial Officer



**STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED JUNE 30, 2020**

	<i>Note</i>	<i>2020 Rupees</i>	<i>2019 Rupees</i>
Revenue from contracts	23	2,657,387,974	2,090,559,370
Cost of goods sold	24	(2,480,621,163)	(1,991,859,557)
Gross profit		176,766,811	98,699,813
Distribution and marketing expenses	25	(17,847,424)	(11,459,112)
Administrative expenses	26	(56,373,463)	(59,991,958)
Finance cost	28	(77,873,778)	(36,554,031)
Other expenses	27	(1,715,743)	-
		(153,810,408)	(108,005,101)
Profit / (Loss) before taxation		22,956,403	(9,305,288)
Provision for taxation	29	(8,130,221)	(6,614,510)
Profit / (Loss) for the year		14,826,182	(15,919,798)
Earnings / (Loss) per share - basic and diluted	31	18.53	(19.90)

The annexed notes from 1 to 41 form an integral part of these financial statements.

*JNA*

Sd/-  
Mian Tanvir Ahmad Sheikh  
Chief Executive Officer

Sd/-  
Mian Muhammad Alamgir Jamil Khan  
Director

Sd/-  
Sohail Nadeem  
Chief Financial Officer



**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2020**

	<i>2020</i> <i>Rupees</i>	<i>2019</i> <i>Rupees</i>
Profit / (Loss) for the year	<b>14,826,182</b>	(15,919,798)
<i>Items that will not be reclassified to profit and loss:</i>		
Transfer from deferred tax liability on account of disposal	-	(26,962,470)
Surplus on revaluation of property, plant and equipment	-	423,276,806
Deferred tax impact	-	(60,784,524)
	-	362,492,282
	-	335,529,812
<b>Total comprehensive income for the year</b>	<b>14,826,182</b>	<b>319,610,014</b>

The annexed notes from 1 to 41 form an integral part of these financial statements.

*DYA*

Sd/-  
Mian Tanvir Ahmad Sheikh  
Chief Executive Officer

Sd/-  
Mian Muhammad Alamgir Jamil Khan  
Director

Sd/-  
Sohail Nadeem  
Chief Financial Officer



**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2020**

Share Capital	Reserves				Total	
	Capital		Revenue			
	Surplus on revaluation of property, plant and equipment	Tax holiday reserve	General reserve	Accumulated profit/Loss		
	<i>Rupees</i>					
Balance at July 01, 2018	8,000,000	555,466,212	2,668,746	80,000,000	181,999,407	828,134,365
Loss for the year	-	-	-	-	(15,919,798)	(15,919,798)
Other comprehensive income for the year	-	362,492,282	-	-	(26,962,470)	335,529,812
Total comprehensive loss for the year	-	362,492,282	-	-	(42,882,268)	319,610,014
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation (net of deferred tax)	-	(7,702,540)	-	-	7,702,540	-
Transfer from surplus on revaluation of property, plant and equipment on account of disposal - net of deferred tax (note-15)	-	(66,011,565)	-	-	10,132,077	(55,879,488)
<b>Transactions with owners</b>						
Dividend for the year ended June 30, 2018 @ Rs. 3.75/share					(3,000,000)	(3,000,000)
Balance at June 30, 2019	8,000,000	844,244,390	2,668,746	80,000,000	153,951,755	1,088,864,891
Profit for the year	-	-	-	-	14,826,182	14,826,182
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	14,826,182	14,826,182
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax (note-15)	-	(14,642,887)	-	-	14,642,887	-
Balance at June 30, 2020	8,000,000	829,601,503	2,668,746	80,000,000	183,420,824	1,103,691,073

The annexed notes from 1 to 41 form an integral part of these financial statements.

*DYA*

Sd/-  
Mian Tanvir Ahmad Sheikh  
Chief Executive Officer

Sd/-  
Mian Muhammad Alamgir Jamil Khan  
Director

Sd/-  
Sohail Nadeem  
Chief Financial Officer



**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 Rupees	2019 Rupees
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit / (Loss) before taxation		22,956,403	(9,305,288)
Adjustments for:			
Depreciation on property, plant and equipment	6	48,058,271	29,341,917
Provision for staff retirement benefits - gratuity		12,431,136	15,452,878
Finance cost		77,873,778	36,554,031
Operating cash flows before movement in working capital		161,319,588	72,043,538
<b>(Increase) / decrease in current assets</b>			
Stores, spares and loose tools		7,089,235	(6,022,493)
Stock in trade		(245,729,123)	(29,646,031)
Trade debts		(32,601,213)	(88,571,181)
Loans and advances (excluding advance income tax)		(5,598,569)	(1,264,194)
Trade deposits and prepayments		(9,254,160)	(169,746)
Tax refunds due from government		16,983,931	(10,193,914)
<b>Increase in current liabilities</b>			
Trade and other payables		65,594,878	146,270,556
		(203,515,021)	10,402,997
Net cash (used in) / generated from operations		(42,195,433)	82,446,535
Income taxes paid		(19,744,492)	(42,517,659)
Staff retirement benefits - gratuity paid		(17,558,159)	(9,514,840)
Finance cost paid		(78,490,618)	(22,950,152)
Net cash (used in) / generated from operating activities		(157,988,702)	7,463,884
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Addition to property, plant and equipment	6	(38,967,262)	(293,878,264)
Proceeds on disposal of property, plant and equipment		-	23,525,000
Net cash used in investing activities		(38,967,262)	(270,353,264)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing	16	14,500,000	195,000,000
Dividend paid		-	(2,972,164)
Net cash generated from financing activities		14,500,000	192,027,836
Net (decrease) in cash and cash equivalents (A+B+C)		(182,455,964)	(70,861,544)
Cash and cash equivalents at beginning of the year		(307,305,940)	(236,444,396)
Cash and cash equivalents at end of the year	30	(489,761,904)	(307,305,940)

The annexed notes from 1 to 41 form an integral part of these financial statements.

*DTX*

Sd/-  
Mian Tanvir Ahmad Sheikh  
Chief Executive Officer

Sd/-  
Mian Muhammad Alamgir Jamil Khan  
Director

Sd/-  
Sohail Nadeem  
Chief Financial Officer



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**1. THE COMPANY AND ITS OPERATIONS**

1.1 Allawasaya Textile & Finishing Mills Limited (the Company) was incorporated in Pakistan on December 03, 1958 as a private limited company. It was converted into a public limited company in 1965 under the Companies Act, 1913 (now Companies Act, 2017). Its shares are quoted on Pakistan Stock Exchange (PSX) in Pakistan. It is principally engaged in the manufacturing and sale of yarn. The Registered office and mill of the Company is situated at Allahwasaya Square, Mumtazabad Industrial Area, Vehari Road, Multan in the province of Punjab.

**2. STATEMENT OF COMPLIANCE**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

**3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2020**

The following accounting standards, amendments and interpretations are effective for the year ended June 30, 2020. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	<i>Effective from accounting period beginning on or after:</i>
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 01, 2019
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date.	January 01, 2019
Amendments to References to the Conceptual Framework in IFRS Standards.	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material	January 01, 2019
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019



	<i>Effective from accounting period beginning on or after:</i>
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019
IFRS 14 'Regulatory Deferral Accounts' - with all further modifications should be followed for preparation of Financial Statements.	July 01, 2019
Certain annual improvements have also been made to a number of IFRSs.	
<b>3.2 New accounting standards / amendments and IFRS interpretations that are not yet effective</b>	
The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.	
<b>Standards impacting financial statements</b>	<i>Effective from accounting period beginning on or after:</i>
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS.	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Definition of a business.	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform.	January 01, 2020
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions.	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Clarify the definition of 'Material' and align the definition used in the Conceptual Framework and the Standards.	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework.	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract.	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use.	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current.	January 01, 2023
Certain annual improvements have also been made to a number of IFRSs.	
Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except as highlighted in previous paragraphs, may have no material impact on the financial statements of the Company in the period of initial application.	

**3.3 Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:**

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

**4. ADOPTION OF NEW ACCOUNTING STANDARDS**

The following changes in standards have taken place effective from July 01, 2019:

**4.1 Impact of IFRS 16 - Leases**

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Company's financial statements is described below.

IFRS 16 introduced a single, on-statement of financial position accounting model for leases. As a result, the Company as a lessee, has not recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Company's Management anticipated that new IFRS 16 using new or amended requirements will be adopted when applicable.

**5. SIGNIFICANT ACCOUNTING POLICIES**

**5.1 Basis of preparation**

These financial statements have been prepared under the historical cost convention modified by:

- revaluation of certain property, plant and equipment; and
- certain financial instruments at fair value.

**5.2 Functional and presentation currency**

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

**5.3 Critical judgments and accounting estimates in applying the accounting policies**

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, the results of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other resources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on the ongoing basis. Revisions to accounting estimates are recognized in the period in which estimate is revised if the revision affects only that period, or in the period of revision and future period if the revision affects both current and future periods.

Significant areas requiring the use of management estimates in these financial statements relate to the following:

- useful life of depreciable assets.
- allowance for expected credit loss.
- provision for tax and deferred tax.
- revaluation of property plant and equipment.

However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustments to the carrying amounts of assets and liabilities in the next year.



**5.4 The principal accounting policies adopted are set out as below.**

**5.4.1 Property, plant and equipment**

Property, plant and equipment except freehold land, building on freehold land, plant and machinery, electric installation and power house and capital work in progress are stated at cost less accumulated depreciation and impairment, if any.

Freehold land, building on freehold land, plant and machinery, electric installation and power house are stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity so that the fair value and carrying value do not differ materially at the statement of financial position date. Increases in the carrying amounts arising on revaluation of land, buildings and plant and machinery are recognised, net of deferred tax, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognised in the statement of profit or loss, the increase is first recognised in the statement of profit or loss. Decrease that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset. All other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus on property, plant and equipment to unappropriated profit. Depreciation is charged to income applying reducing balance method to write-off the cost over the estimated remaining useful life of assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Rates of depreciation are stated in note 6. In respect of additions and disposals during the year, depreciation is charged from the month of acquisition and up to the month preceding the disposal respectively.

Gains / losses on disposal of operating assets, if any, are recognized in statement of profit or loss, as and when assets are derecognized.

Normal repairs and maintenance are charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalized and assets replaced, if any, other than those kept as stand-by, are retired.

**Capital work-in-progress**

Capital work-in-progress (CWIP) is stated at cost less any recognized impairment loss. All expenditures connected to the specific assets incurred during installation and construction period are carried under CWIP. These are transferred to specific assets as and when assets are available for use.

**5.4.2 Stores and spares**

These are valued at lower of cost and net realized value. The cost is determined on moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon upto the reporting date.

Net realizable value signifies the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**5.4.3 Stock in trade**

These are determined at lower of cost and net realisable value. Cost is determined as;

**Particulars**

Raw material	Weighted average cost.
- At mills	Cost accumulated up to statement of financial position date.
- In transit	
Work in process	Average manufacturing cost.
Finished goods	Average manufacturing cost.
Waste	Net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### **5.4.4 Trade debts and other receivables**

Trade debts and other receivables are initially recognized at fair value, which is usually the original invoiced amount and subsequently carried at amortized cost using the effective interest method less allowance for expected credit loss.

#### **5.4.5 Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid short-term investments that are convertible to known amount of cash and are subject to insignificant risk of change in value, and short-term running finance. Running finances under mark-up arrangements are shown with short term borrowings in current liabilities on the balance sheet.

#### **5.4.6 Trade and other payables**

Liabilities for trade and other payables are carried at amortised cost which is the fair value of the consideration to be paid in future for the goods and services received, whether or not billed to the Company.

#### **5.4.7 Taxation**

##### **Current**

Provision for current taxation is based on taxable income at the current tax rates after taking into account tax credits, assumptions and rebates available, if any, or on turnover at the specified rates or Alternate Corporate Tax Act as defined in section 113C of the Income Tax Ordinance, 2001, whichever is higher. The charge for current tax also includes adjustments, where necessary, relating to prior years which arise due to assessments framed / finalized during the year.

##### **Deferred**

Deferred tax is provided for using statement of financial position liability method for all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and corresponding tax bases used. In this regard, the effect on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release - 27 of Institute of Chartered Accountants of Pakistan.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted at the statement of financial position date.

#### **5.4.8 Dividend distribution**

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

#### **5.4.9 Impairment**

##### **Non-financial assets**

The Company assesses at each statement of financial position date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amount and the resulting impairment loss is



recognized in statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the assets is increased to the revised recoverable amount but limited to the extent of carrying amount that would have been determined had no impairment loss been recognized in prior periods. Reversal of impairment loss is recognized as income.

#### ***Financial assets***

The Company recognises a loss allowance for expected credit losses (ECL) on financial assets that are measured at amortised cost or at FVTPL, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

The Company always recognises lifetime ECL for trade receivables. For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative, quantitative, reasonable and supportable forward looking information. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

#### ***Definition of default:***

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

#### ***Write-off policy***

The Company writes off financial assets when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made against financial assets written-off are recognised in profit or loss.

#### ***5.4.10 Financial Instruments:***

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### ***Financial assets***

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or at fair value, depending on the classification of the financial assets.

#### ***Classification of financial assets***

##### ***a) Debt instruments measured at amortised cost***

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### ***Amortised cost and effective interest method***

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

As at reporting date, the Company carries cash and cash equivalents and trade receivables at amortized cost.

##### ***b) Debt instruments measured at fair value through other comprehensive income (FVTOCI)***

Debt instruments that meet specified conditions and are measured subsequently at fair value through other comprehensive income (FVTOCI).

As at reporting date, the Company does not hold any debt instrument classified as at FVTOCI.

##### ***c) Equity instruments designated as at FVTOCI***

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

As at reporting date, the Company does not hold any equity instrument classified as at FVTOCI.

##### ***d) Financial assets measured subsequently at fair value through profit or loss (FVTPL)***

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

#### ***Derecognition of financial assets***

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.



On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

#### **5.4.11 Financial liabilities**

##### ***Subsequent measurement of financial liabilities***

Financial liabilities that are not

- contingent consideration of an acquirer in a business combination,
- held-for-trading, or
- designated as at FVTPL,

are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

#### **5.4.12 Derecognition of financial liabilities**

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Statement of profit or loss.

#### **5.4.13 Off setting of financial assets and financial liabilities**

A financial asset and a financial liability is off set and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

#### **5.4.14 Foreign currency translation**

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing on the date of transactions. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction.

Gains and losses on retranslation and settlement are included in Statement of profit or loss for the period.

#### **5.4.15 Revenue recognition**

Revenue from contracts with customers is recognised when control of the goods is transferred to the customer and the performance obligation is satisfied under the contract at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

#### **5.4.16 Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognized in statement of profit or loss in the period in which they are incurred.

#### **5.4.17 Provisions**

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

#### **5.4.18 Staff retirement benefits**

##### ***Defined benefit plan***

The Company operates an unfunded gratuity scheme for all its eligible employees who have completed the minimum qualifying period of service. Employees successfully completing one year of service are paid with the outstanding amount which is calculated at latest drawn gross salary for the year. Charge for the year represents the amount becoming due in the year (whether paid or un-paid).

#### **5.4.19 Earnings Per Share**

The Company presents basic and diluted earnings per shares (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to share holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to share holders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

**6. PROPERTY, PLANT AND EQUIPMENT**

	Note	2020 Rupees	2019 Rupees
Operating assets	6.1	1,423,479,920	1,432,570,929
		<u>1,423,479,920</u>	<u>1,432,570,929</u>

**6.1 Operating assets**

Particulars	Cost / Revaluation			Accumulated Depreciation			Written Down Value At June 30, 2020	Revaluation adjustment	Revalued amount At June 30, 2020	Rate	
	At July 01, 2019	Additions (/Disposals) during the year	Revaluation adjustment	At June 30, 2020	At July 01, 2019	For the year					At June 30, 2020
Rupees											
Owned										%	
Land- Freehold	569,800,000	-	-	569,800,000	-	-	-	569,800,000	-	569,800,000	-
Building on Free-hold Land	175,297,832	3,757,171	-	179,055,003	16,183,832	8,093,027	24,276,859	154,778,144	-	154,778,144	5
Plant & Machinery	660,390,163	34,862,091	-	695,252,254	73,461,675	30,217,109	103,678,784	591,573,470	-	591,573,470	5
Power house											
- Building on freehold land	8,353,620	-	-	8,353,620	1,191,435	358,109	1,549,544	6,804,076	-	6,804,076	5
- Generators	97,332,424	-	-	97,332,424	20,896,638	3,821,789	24,718,427	72,613,997	-	72,613,997	5
- Electric Installation	11,825,040	-	-	11,825,040	4,563,012	1,089,304	5,652,316	6,172,724	-	6,172,724	15
	117,511,084	-	-	117,511,084	26,651,084	5,269,203	31,920,287	85,590,797	-	85,590,797	
Tube Well	1,270,006	-	-	1,270,006	400,834	86,917	487,751	782,255	-	782,255	10
Electric Installation	13,979,000	331,800	-	14,310,800	4,359,371	1,447,092	5,806,463	8,504,337	-	8,504,337	15
Workshop Equipments	160,909	-	-	160,909	158,386	252	158,639	2,270	-	2,270	10
Tools & Equipments	151,401	-	-	151,401	147,341	406	147,747	3,654	-	3,654	10
Laboratory Equipments	3,832,266	-	-	3,832,266	3,217,651	61,461	3,279,113	553,153	-	553,153	10
Weighing Scales	801,508	-	-	801,508	674,706	12,680	687,386	114,122	-	114,122	10
Arms & Ammunition	264,057	-	-	264,057	174,171	8,989	183,160	80,897	-	80,897	10
Office Equipments	2,968,021	-	-	2,968,021	2,471,643	74,457	2,546,100	421,921	-	421,921	15
Furniture & Fixture	1,227,218	16,200	-	1,243,418	988,399	25,367	1,013,766	229,652	-	229,652	10
Vehicle & Automobile	38,431,219	-	-	38,431,219	24,624,661	2,761,312	27,385,972	11,045,247	-	11,045,247	20
<b>TOTAL</b>	<b>1,586,084,684</b>	<b>38,967,262</b>	<b>-</b>	<b>1,625,051,946</b>	<b>153,513,755</b>	<b>48,058,271</b>	<b>201,572,026</b>	<b>1,423,479,920</b>	<b>-</b>	<b>1,423,479,920</b>	

**6.1.1 Depreciation for the year has been allocated as under:**

	Note	2020 Rupees	2019 Rupees
Cost of goods sold	24	45,188,147	25,766,160
Administrative expenses	26	2,870,124	3,575,757
		<u>48,058,271</u>	<u>29,341,917</u>



For Comparative year

Particulars	Cost / Revaluation			Accumulated Depreciation			Written Down Value At June 30, 2019	Revaluation adjustment	Revalued amount At June 30, 2019	Rate
	At July 01, 2018	Additions / (Disposals) during the year	Revaluation adjustment	At June 30, 2019	At July 01, 2018	For the year				
	Rupees									
Land- Freehold	356,125,000	-	-	356,125,000	-	-	356,125,000	213,675,000	569,800,000	-
Building on freehold land	106,715,000	45,533,063	-	152,248,063	11,219,327	4,964,505	16,183,832	136,064,231	159,114,000	5
Plant and machinery	342,904,857	244,712,201	-	465,167,058	76,536,995	13,007,722	73,461,675	391,705,383	586,928,488	5
		(29,475,965)	(92,974,035)			(16,083,042)				
Power house										
- Building on freehold land	8,353,620	-	-	8,353,620	814,478	376,957	1,191,435	7,162,185	-	5
- Generators	106,003,492	-	-	106,003,492	16,417,329	4,479,308	20,896,637	85,106,855	-	5
- Electric installation	11,825,040	-	-	11,825,040	3,281,478	1,281,534	4,563,012	7,262,028	-	15
	126,182,152	-	-	126,182,152	20,513,285	6,137,799	26,651,084	99,531,068	(8,671,068)	90,860,000
Tube well	1,270,006	-	-	1,270,006	304,259	96,575	400,834	869,172	-	869,172
Electric installation	10,379,000	3,600,000	-	13,979,000	2,880,173	1,479,199	4,359,372	9,619,628	-	9,619,628
Workshop equipments	160,909	-	-	160,909	158,106	280	158,386	2,523	-	2,523
Tools & equipments	151,401	-	-	151,401	146,890	451	147,341	4,060	-	4,060
Laboratory equipments	3,832,266	-	-	3,832,266	3,149,361	68,290	3,217,651	614,615	-	614,615
Weighing scales	768,508	33,000	-	801,508	663,367	11,339	674,706	126,802	-	126,802
Arms & ammunition	264,057	-	-	264,057	164,184	9,987	174,171	89,886	-	89,886
Office equipments	2,968,021	-	-	2,968,021	2,384,047	87,596	2,471,643	496,378	-	496,378
Furniture & fixture	1,227,218	-	-	1,227,218	961,864	26,535	988,399	238,819	-	238,819
Vehicles	38,431,219	-	-	38,431,219	21,173,022	3,451,639	24,624,661	13,806,558	-	13,806,558
<b>TOTAL</b>	<b>991,379,614</b>	<b>293,878,264</b>	<b>(92,974,035)</b>	<b>1,162,807,878</b>	<b>140,254,880</b>	<b>29,341,917</b>	<b>153,513,755</b>	<b>1,009,294,123</b>	<b>423,276,806</b>	<b>1,432,570,929</b>
		(29,475,965)				(16,083,042)				

The forced sale value of the revalued property, plant and machinery has been assessed at Rs. 985 million.



- 6.2 The Company had revalued its Free-hold Land, Building on Free-hold Land, Plant & Machinery, Electric Installation and Power house on June 30, 2019. The revaluation was carried out by M.Y.K Associates (Private) Limited, an independent valuer not connected to the company, on the basis of market value. The revaluation surplus had been credited to 'Surplus on revaluation of property, plant and equipment'.

Forced sale value of the above items of property, plant and equipment is as follows:

Land- Freehold	<b>Rupees</b>
Building on Free-hold Land	455,840,000
Plant & Machinery	127,291,200
	<u>401,788,800</u>
	<u><b>984,920,000</b></u>

#### 7. STORES AND SPARES

	2020	2019
	<i>Rupees</i>	<i>Rupees</i>
Stores	16,048,658	23,801,111
Spares	3,052,408	2,389,190
	<u>19,101,066</u>	<u>26,190,301</u>

- 7.1 The Company does not hold any stores, spares and loose tools for specific capitalization.

#### 8. STOCK IN TRADE

	2020	2019
	<i>Rupees</i>	<i>Rupees</i>
Raw materials		
- Cotton	457,643,866	234,516,523
- Polyester	16,046,317	25,136,433
	<u>473,690,183</u>	<u>259,652,956</u>
Work in process	21,116,672	14,000,222
Finished goods		
-Yarn	42,072,402	18,224,523
-Waste	1,017,969	290,402
	<u>43,090,371</u>	<u>18,514,925</u>
	<u>537,897,226</u>	<u>292,168,103</u>

#### 9. TRADE DEBTS

##### *Local - unsecured*

Considered good	248,083,656	215,482,443
Provision of expected credit loss	(165,506)	(165,506)
	<u>247,918,150</u>	<u>215,316,937</u>

- 9.1 Trade debts are non-interest bearing and are generally on 60 to 90 days terms.
- 9.2 The Company provides for doubtful debts on the basis of past due balances. Balances considered bad and irrecoverable are written off when identified.
- 9.3 Trade debts consist of a large number of diversified customers. Ongoing credit evaluation is performed on the financial condition of account receivable and, where appropriate, provision is made.
- 9.4 The fair value of trade debts approximate their carrying amounts.
- 9.5 At year end, trade debts of Rs.238.06 million (2019: Rs. 210.86 million) were neither past due nor impaired.
- 9.6 As at year end, trade debts of Rs. 10.07 million (2019: Rs. 4.62 million) were past due but not considered impaired for which the Company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The aging of past due debts is as follows:



	2020 <i>Rupees</i>	2019 <i>Rupees</i>	
Over 6 months	10,017,503	4,622,457	
	<u>10,017,503</u>	<u>4,622,457</u>	
<b>10. LOANS AND ADVANCES</b>	<b>2020 <i>Rupees</i></b>	<b>2019 <i>Rupees</i></b>	
<i>Considered good</i>			
Advance income tax	41,178,183	56,487,185	
Advance to suppliers	7,585,149	2,419,537	
Advances to employees	677,666	597,312	
Advance expenses on letter of credit	352,603	-	
	<u>49,793,601</u>	<u>59,504,034</u>	
<b>11. TRADE DEPOSITS AND PREPAYMENTS</b>			
Margin deposit	8,774,977	5,000	
Prepayments	1,577,962	1,093,779	
	<u>10,352,939</u>	<u>1,098,779</u>	
<b>12. TAX REFUNDS DUE FROM GOVERNMENT</b>			
Sales tax refundable	20,060,355	37,044,286	
Income tax refundable	21,157,112	-	
	<u>41,217,467</u>	<u>37,044,286</u>	
<b>13. CASH AND BANK BALANCES</b>			
Cash in hand	644,727	709,243	
Cash at banks in current accounts	23,795,028	18,332,440	
	<u>24,439,755</u>	<u>19,041,683</u>	
<b>14. SHARE CAPITAL</b>			
	2020 <i>Number of shares</i>	2019 <i>Number of shares</i>	
	<u>1,000,000</u>	<u>1,000,000</u>	
		2020 <i>Rupees</i>	
		2019 <i>Rupees</i>	
<i>Authorised</i>			
1,000,000	1,000,000	Ordinary share of Rs. 10 each.	10,000,000
		<i>Issued, subscribed and paid up</i>	
		Ordinary shares of Rs. 10 each	
499,900	499,900	issued for cash	4,999,000
300,100	300,100	as bonus shares	3,001,000
	<u>800,000</u>		<u>8,000,000</u>
		<u>8,000,000</u>	<u>8,000,000</u>
<b>14.1</b>	There were no movements in issued, subscribed and paid up capital during the reporting year.		
<b>14.2</b>	The Company has only one class of ordinary shares which carry no right to fixed income.		
<b>14.3</b>	Shareholders are entitled to cast vote proportionate to the paid up value of shares carrying voting rights. All shares rank equally with regard to the Company's residual assets		
<b>15. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>	<i>Note</i>	2020 <i>Rupees</i>	2019 <i>Rupees</i>
Opening balance		958,520,821	639,066,697
Addition during the year carried forward		-	423,276,806
		<u>958,520,821</u>	<u>1,062,343,503</u>

	<i>Note</i>	<b>2020</b>	<b>2019</b>
		<i>Rupees</i>	<i>Rupees</i>
brought forward		958,520,821	1,062,343,503
Transferred to unappropriated profit on account of			
Incremental depreciation - net of deferred tax		(14,642,887)	(7,702,540)
Disposal - net of deferred tax		-	(66,011,565)
Related deferred tax liability due to incremental depreciation		(5,980,897)	(3,146,108)
Related deferred tax liability due to disposal		-	(26,962,470)
		<u>(20,623,784)</u>	<u>(103,822,682)</u>
		937,897,036	958,520,821
<b>Related deferred tax liability</b>			
Opening balance		(114,276,431)	(83,600,485)
Addition during the year		-	(60,784,524)
Transferred to unappropriated profit on account of			
- deferred tax on incremental depreciation		5,980,897	3,146,108
- deferred tax on disposal		-	26,962,470
		<u>5,980,897</u>	<u>30,108,578</u>
		<u>(108,295,534)</u>	<u>(114,276,431)</u>
		<u>829,601,503</u>	<u>844,244,390</u>

#### 16. LONG TERM LOAN

##### Secured

Term Finance	16.1	189,000,000	195,000,000
Demand Finance	16.2	20,500,000	-
Current Portion		<u>(30,625,000)</u>	<u>(21,750,000)</u>
		<u>178,875,000</u>	<u>173,250,000</u>

16.1 This finance has been obtained from Bank Al-Habib Limited for balancing modernization replacement (BMR). This loan has facility limit upto Rs. 195 million and is repayable in 20 equal quarterly installments commencing from October 10, 2019 with 1 year grace period. It carries markup at 6 months KIBOR plus 1.5%. The finance is secured against first mortgage charge over present and future fixed assets excluding assets under specific charge amounting to Rs. 790.5 million.

16.2 This finance has been obtained from United Bank Limited to pay salaries & wages under SBP's Refinance Scheme for payment of wages & salaries and is repayable in 8 equal quarterly instalments commencing from January 1, 2021 with 6 months grace period. This loan Facility limit is upto Rs. 62 million. It carries mark up at (SBP Rate+3%). This finance is secured against 1st Pari Passu charge over moveable fixed assets and personal guarantees of directors of the Company.

#### 17. DEFERRED TAX

	Opening Balance	Deferred tax recognised in		Closing Balance
		Recognised in Statement of Profit or loss	Recognised in SOCI	
<b>Movement for the year ended June 30, 2020</b>				
Deferred tax liabilities on taxable temporary differences arising in respect of:				
- Property, plant and equipment	58,497,875	6,967,408	-	65,465,283
- Surplus on revaluation of assets	114,276,431	(5,980,897)	-	108,295,534
				-
Deferred tax assets on deductible temporary differences arising in respect of:				
- doubtful debts	-	-	-	-
carried forward	172,774,306	986,511	-	173,760,817



	Deferred tax recognised in			Closing Balance
	Opening Balance	Recognised in Statement of Profit or loss	Recognised in SOCI	
brought forward	172,774,306	986,511	-	173,760,817
- staff gratuity	(4,777,631)	1,486,837	-	(3,290,794)
- investment Credit	-	(12,235,610)	-	(12,235,610)
- unabsorbed tax losses	(18,748,644)	(21,968,336)	-	(40,716,980)
	<b>149,248,031</b>	<b>(31,730,599)</b>	<b>-</b>	<b>117,517,432</b>

  

	Deferred tax recognised in			Closing Balance
	Opening Balance	Recognised in Statement of Profit or loss	Recognised in SOCI	

**Movement for the year ended June 30, 2019**

Deferred tax liabilities on taxable temporary differences arising in respect of:				
- property, plant and equipment	33,997,135	24,500,740	-	58,497,875
- Surplus on revaluation of assets	83,600,485	(30,108,578)	60,784,524	114,276,431
Deferred tax assets on deductible temporary differences arising in respect of:				-
- doubtful debts	(47,997)	47,997	-	-
- staff gratuity	(3,055,600)	(1,722,031)	-	(4,777,631)
- unabsorbed tax losses	(18,748,644)	-	-	(18,748,644)
	<b>95,745,379</b>	<b>(7,281,872)</b>	<b>60,784,524</b>	<b>149,248,031</b>

17.1 The Company has not recognized deferred tax asset against difference of minimum tax chargeable u/s 113 and tax payable under Part I, Division II of the First Schedule of Income Tax Ordinance, 2001. The Company does not expect that there will be sufficient taxable profit in foreseeable future against which difference of minimum tax and normal tax liability will be adjusted.

18. TRADE AND OTHER PAYABLES	Note	2020 Rupees	2019 Rupees
Creditors		192,437,854	173,727,527
Gas infrastructure development cess(GIDC) Payable	18.1	74,255,088	64,125,787
Accrued liabilities		58,680,149	22,875,651
Gratuity payable	18.3	11,347,565	16,474,588
Workers' welfare fund	18.2	6,076,922	5,604,471
Advance payments		4,317,208	5,334,745
Workers' Profit Participation Fund		3,421,548	1,984,563
Tax deducted at source		2,283,957	2,225,197
Other payables		950	857
		<b>352,821,241</b>	<b>292,353,386</b>

18.1 Under the Gas Infrastructure Development Cess Act, 2011, the Government of Pakistan levied Gas Infrastructure Development Cess (GIDC) on all industrial gas consumers at the rate of Rs.13 per MMBTU. Subsequently, the GIDC rates were enhanced through notifications under Oil and Gas Regulatory Authority (OGRA) Ordinance 2002, the Finance Act, 2014 and the GIDC Ordinance 2014 against which the Company obtained an interim stay order from the High Court of Sindh.

On May 22, 2015 the Gas Infrastructure Development Cess (GIDC) Act, 2015 was promulgated whereby cess rate of Rs.100 per MMBTU and Rs.200 per MMBTU were fixed for industrial and captive power consumption, respectively. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014.

On August 13, 2020, Supreme Court of Pakistan has passed a Judgement on pending case on GIDC to recover outstanding amount in twenty-four equal installments. The Company is planning to file review petition against the decision of Supreme Court of Pakistan based on the legal advice of the legal Council of the Company. The Company has received first GIDC instalment bill for August 20 amount Rs. 3,093,962.

- 18.2 The Supreme Court of Pakistan through its order dated November 10, 2016 decided that the changes to the WWF Ordinance, 1971 made through Finance Acts, 2006 & 2008 were ultra vires to the constitution of Pakistan. However, the taxation authorities have proceeded to file a review petition there against in the Supreme Court of Pakistan. Due to this review petition and other legal uncertainties, the Company continues to carry the payable in this respect.

	<i>Note</i>	<b>2020</b> <i>Rupees</i>	<b>2019</b> <i>Rupees</i>
<b>18.2.1 Workers Profit Participation Fund</b>			
Opening balance		1,984,563	1,984,563
Interest on funds utilized in company's business		193,693	-
Allocation for the period / year		1,243,292	-
		<u>3,421,548</u>	<u>1,984,563</u>
<b>18.3 Gratuity payable</b>			
Opening Balance		16,474,588	10,536,550
Charged during the year		12,431,136	15,452,878
Payment made during the year		(17,558,159)	(9,514,840)
		<u>11,347,565</u>	<u>16,474,588</u>
<b>19. ACCRUED MARKUP</b>			
Short term borrowings		11,259,542	13,879,583
Long term borrowings		7,063,371	5,060,170
		<u>18,322,913</u>	<u>18,939,753</u>
<b>20. SHORT TERM BORROWINGS</b>			
<b>Secured</b>			
Cash Finance	20.2	331,028,356	177,411,820
Running finance	20.3	183,173,303	148,935,803
		<u>514,201,659</u>	<u>326,347,623</u>
<b>20.1 Short term borrowing facilities available from commercial banks under mark up arrangements aggregate to Rs. 710 million (2019: Rs. 700 million) of which facilities remain unutilize at the year end amounts to Rs. 196 million (2019: 374 million).</b>			
<b>20.2 Cash finance facilities have been obtained from Bank Al Habib Limited, Habib Bank Limited and United Bank Limited having limit aggregate to Rs.475 million of which facilities remain unutilize at the year end amounts to Rs.144 million. These facilities are obtained for working capital requirements, and are secured against pledge of cotton bales, fiber, and yarn in lock and key under bank's muccaddum.</b>			
These facilities carry mark up at the rates ranging from 9.11% to 14.65% per annum (2019: 6.5% to 12.79% per annum).			
<b>20.3 Running finance facilities have been obtained from Bank Al Habib Limited, Habib Bank Limited, United Bank limited and Habib Metro Bank Limited having limit aggregate to Rs.235 million of which facilities remain unutilize at the year end amounts to Rs.52 million. These facilities are obtained for working capital requirements, and are secured against cotton bales, personal guarantee of directors, joint pari passu charge over current assets of the company and pledge of stocks.</b>			
These facilities carry mark up at the rates ranging from 9.36% to 15.06% per annum (2019: 6.47% to 13.04% per annum).			



	<i>Note</i>	<b>2020</b> <i>Rupees</i>	<b>2019</b> <i>Rupees</i>
<b>21. PROVISION FOR TAXATION</b>			
Provision made during the year			
- Current	29	<u>39,860,820</u>	<u>13,896,382</u>

**22. CONTINGENCIES AND COMMITMENTS**

*Contingencies*

**22.1** The Company has filed a writ petition against water and sanitation agency (WASA) Multan regarding special notice dated December 22, 2004 in which the authority has demanded a sum of Rs. 4.1 million of the arrears of water effluent discharge. The Company is of opinion that it is a spinning mill and has not undertaken a job of weaving and finishing so there is no effluent discharge of water from the unit. The Lahore High Court through order no. C.M.No.2 of 2004 had ordered that impugned notice shall remain suspended till final order.

**22.2** *Commitments*

Letter of guarantee issued by Commercial Banks on behalf of the Company outstanding as at June 30, 2020 is Rs. 37.5 million (2019: Rs. 27.10 million) respectively.

		<i>2020</i>	<i>2019</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
<b>23. REVENUE FROM CONTRACT</b>			
Local			
- Yarn		3,072,085,289	2,078,193,547
- Waste		19,731,253	12,365,823
		<u>3,091,816,542</u>	<u>2,090,559,370</u>
Sales tax on local sale			
- Yarn		(431,776,484)	-
- Waste		(2,652,084)	-
		<u>2,657,387,974</u>	<u>2,090,559,370</u>
		<i>2020</i>	<i>2019</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
<b>24. COST OF GOODS SOLD</b>			
Raw materials consumed	24.1	1,881,293,220	1,459,281,777
Fuel and power		269,508,285	228,863,004
Salaries, wages and benefits	24.2	241,071,452	186,217,075
Depreciation	6.1.1	45,188,147	25,766,160
Stores and spares consumed		35,913,795	36,392,029
Packing materials consumed		31,778,086	22,711,886
Insurance		5,153,968	5,172,293
Repairs and maintenance		2,406,106	1,600,503
		<u>2,512,313,059</u>	<u>1,966,004,727</u>
<i>Adjustment of work in process</i>			
Opening stock		14,000,222	11,799,401
Closing stock		(21,116,672)	(14,000,222)
		<u>(7,116,450)</u>	<u>(2,200,821)</u>
Cost of goods manufactured		<u>2,505,196,609</u>	<u>1,963,803,906</u>
<i>Finished goods</i>			
Opening stock		18,514,925	46,570,576
Closing stock	24.3	(43,090,371)	(18,514,925)
		<u>(24,575,446)</u>	<u>28,055,651</u>
		<u>2,480,621,163</u>	<u>1,991,859,557</u>
<b>24.1 Raw materials consumed</b>			
Opening stock		259,652,956	204,152,095
Purchases (including direct expenses) - Net		2,094,172,729	1,513,706,904
		<u>2,353,825,685</u>	<u>1,717,858,999</u>
Closing stock		(473,690,183)	(259,652,956)
		<u>1,880,135,502</u>	<u>1,458,206,043</u>
Cotton cess		1,157,718	1,075,734
		<u>1,881,293,220</u>	<u>1,459,281,777</u>
<b>24.2</b> Salaries, wages and benefits include Rs. 11.53 million (2019: Rs. 14.48 million) in respect of gratuity.			
<b>24.3</b> It includes waste stock amounting to Rs. 1.01 million (2019: Rs. 0.29 million).			
<b>25. DISTRIBUTION AND MARKETING EXPENSES</b>		<i>2020</i>	<i>2019</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
Commission on sale of yarn		14,636,399	7,983,916
Salaries of sales staff		3,211,025	3,475,196
		<u>17,847,424</u>	<u>11,459,112</u>



<b>26. ADMINISTRATIVE EXPENSES</b>	<i>Note</i>	<b>2020</b> <i>Rupees</i>	<b>2019</b> <i>Rupees</i>
Directors' remuneration		21,001,172	18,651,004
Salaries and benefits	26.1	12,851,014	12,427,545
Vehicles running and maintenance		7,430,271	8,044,870
Depreciation	6.1.1	2,870,124	3,575,757
Travelling and conveyance	26.2	2,380,021	9,613,447
Communication		2,168,776	1,494,360
Auditors' remuneration	26.3	1,510,000	1,510,000
Legal and professional		1,435,338	962,055
Fee and subscription		1,159,900	496,038
Insurance		895,760	939,256
Printing and stationery		715,045	793,561
Entertainment		861,728	628,335
Rent, rates and taxes		500,721	354,805
Donation		250,000	-
Repairs and maintenance		218,268	334,300
Advertisement		69,825	121,625
Others		55,500	45,000
		<u>56,373,463</u>	<u>59,991,958</u>
<b>26.1</b> Salaries and benefits include Rs. 0.874 million (2019: Rs.1 million) in respect of gratuity.			
<b>26.2</b> This includes directors' travelling amounting to Rs. 1.99 million (2019: Rs. 9.23 million).			
<b>26.3 AUDITORS' REMUNERATION</b>		<b>2020</b> <i>Rupees</i>	<b>2019</b> <i>Rupees</i>
- Statutory audit fee		850,000	850,000
- Half yearly review		200,000	200,000
- Review report on compliance with CCG		100,000	100,000
- Certificate for CDC and free float shares		200,000	200,000
- Out of pocket expenses		160,000	160,000
		<u>1,510,000</u>	<u>1,510,000</u>
<b>27. OTHER EXPENSES</b>			
Workers' Profit Participation Fund		1,243,292	-
Workers' Welfare Fund		472,451	-
		<u>1,715,743</u>	<u>-</u>
<b>28. FINANCE COST</b>			
Mark up on short term borrowings		47,482,539	35,364,172
Mark up on long term borrowings		28,579,451	-
Bank and other charges		1,295,542	899,747
Bank guarantee commission		322,553	250,572
Interest on Workers' Profit participation fund		193,693	39,540
		<u>77,873,778</u>	<u>36,554,031</u>
<b>29. PROVISION FOR TAXATION</b>			
Current			
- for the year		39,860,820	13,896,382
Deferred tax	17	<u>(31,730,599)</u>	<u>(7,281,872)</u>
		<u>8,130,221</u>	<u>6,614,510</u>

**29.1 Relationship between tax expense and accounting profit**

	<i>2020</i>	<i>2019</i>
Applicable tax rate	29%	29%
Profit / (loss) before tax	<b>22,956,403</b>	(9,282,905)
Tax on accounting profit before tax	<b>6,657,357</b>	(2,692,042)
Income chargeable to tax at lower rate	<b>33,203,463</b>	16,588,424
Effect due to inadmissible expenses	<b>(15,377,904)</b>	(20,054,837)
Effects due to tax credits	-	12,235,610
Others	<b>(16,352,695)</b>	537,354
Current year provision	<b><u>8,130,221</u></b>	<b><u>6,614,510</u></b>

**29.2** The Company has filed Income Tax Return up to tax year 2019 which is deemed assessed as per Income Tax Ordinance, 2001.

	<i>2020</i>	<i>2019</i>
	<b>Rupees</b>	<b>Rupees</b>
<b>30. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	24,439,755	19,041,683
Short term running finance	<b>(514,201,659)</b>	<b>(326,347,623)</b>
	<b><u>(489,761,904)</u></b>	<b><u>(307,305,940)</u></b>
<b>31. EARNINGS PER SHARE</b>		
Profit / (Loss) for the year	<b>Rupees <u>14,826,182</u></b>	<b>(15,897,415)</b>
Weighted average number of ordinary shares	<b>Number <u>800,000</u></b>	<b>800,000</b>
Earnings / (Loss) per share - basic and diluted	<b>Rupees <u>18.53</u></b>	<b>(19.87)</b>

**31.1** There is no dilutive effect on the basic profit / (loss) per share of the Company.

### 32. FINANCIAL RISK MANAGEMENT

32.1 The Company has exposure to the following risks from its use of financial instruments:

Credit risk  
Liquidity risk  
Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

#### 32.2 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted. Out of the total financial assets of Rs. 284.04 million (2019: Rs. 237.34 million), the financial assets which are subject to credit risk amounted to Rs. 283.39 million (2019: Rs. 236.63 million). The Company manages credit risk in trade debts by assigning credit limits to its customers and thereby does not have significant exposure to any individual customer.

Credit risk of the Company arises principally from the trade debts, loans and advances and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

##### Financial assets

	<i>2020</i>	<i>2019</i>
	<i>Rupees</i>	<i>Rupees</i>
Long term Deposits	2,379,997	2,379,997
Trade debts	247,918,150	215,316,937
Loans and advances	677,666	597,312
Trade deposit	8,774,977	5,000
Bank balances	23,795,028	18,332,440
	<u>283,545,818</u>	<u>236,631,686</u>



### 32.2.1 Credit risk related to receivables

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

Trade debts consist of a large number of diversified customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, provision is made. The Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities.

### 32.2.2 Credit risk related to bank balances

In respect of bank balances, credit risk on bank balances is limited as they are placed with local banks having good credit ratings assigned by credit rating agencies.

	Rating		Rating agency
	Short term	Long term	
Allied Bank Limited	A1+	AAA	PACRA
Askari Bank Limited	A1+	AA+	PACRA
Bank Al Habib Limited	A1+	AA+	PACRA
Habib Bank Limited	A1+	AAA	JCR-VIS
Habib Metropolitan Bank Limited	A1+	AA+	PACRA
National Bank of Pakistan	A1+	AAA	PACRA
MCB Bank Limited	A1+	AAA	PACRA
Standard Chartered Bank Limited	A1+	AAA	PACRA
Bank Al-Falah Limited	A1+	AA+	PACRA
United Bank Limited	A1+	AAA	JCR-VIS
Bank Islami Pakistan Limited	A1	A+	PACRA
Soneri Bank Limited	A1+	AA-	PACRA

### 32.3 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. Note 32.3.2 below sets out details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

#### 32.3.1 Liquidity and interest risk table

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	<i>Weighted Average effective rate</i>	<i>Upto 1 year</i>	<i>1 - 5 years</i>	<i>Total</i>
<i>June 30, 2020</i>		<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
<b>Financial liabilities</b>				
<b>Interest bearing</b>				
Long term loans	12.26% to 14.99%	30,625,000	178,875,000	209,500,000
Short term borrowings	9.11% to 15.06%	514,201,659	-	514,201,659
<b>Non interest bearing</b>				
Accrued markup		18,322,913	-	18,322,913
Trade and other payables		326,039,024	-	326,039,024
		<u>889,188,596</u>	<u>178,875,000</u>	<u>1,068,063,596</u>
<i>June 30, 2019</i>	<i>Weighted Average effective rate</i>	<i>Upto 1 year</i>	<i>1 - 5 years</i>	<i>Total</i>
		<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
<b>Financial liabilities</b>				
<b>Interest bearing</b>				
Long term loans	9.89% to 11.53%	21,750,000	173,250,000	195,000,000
Short term borrowings	6.47% to 13.04%	326,347,623	-	326,347,623
<b>Non interest bearing</b>				
Accrued markup		18,939,753	-	18,939,753
Trade and other payables		261,394,805	-	261,394,805
		<u>628,432,181</u>	<u>173,250,000</u>	<u>801,682,181</u>

### 32.3.2 Financing facilities

Secured bank loan facilities with various maturity dates through to February 2020 and which may be extended by mutual agreement:

	<i>2020</i>	<i>2019</i>
	<i>Rupees</i>	<i>Rupees</i>
- amount used	514,201,659	326,347,623
- amount un-used	195,798,341	588,652,377

### 32.4 Market risk management

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

#### 32.4.1 Interest rate risk management

Interest / markup rate risk arises from the possibility that changes in interest / markup rates will affect the value of financial instruments. The Company has significant amount of interest based financial assets and financial liabilities which are largely based on variable interest / markup rates, therefore the Company has to manage the related finance cost which exposes it to the risk of 3 months and 6 months KIBOR. Since the impact on interest rate exposure is significant to the Company, management is considering the alternative arrangement to manage interest rate exposure in future.

#### 32.4.2 Interest rate sensitivity

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended June 30, 2020 would increase / decrease by Rs. 7.23 million (2019: Rs.5.21 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

The Company does not recognized any fixed rate financial assets and liabilities at fair value through profit and loss therefore, a change in interest rate would not affect Statement of profit or loss.

### 32.4.3 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and balances held in foreign currency. However, the Company is not exposed to foreign currency risk on assets and liabilities as it does not have foreign debtors or creditors.

### 32.4.4 Equity price risk management

The Company is not exposed to equity price risks arising from equity investments as the Company has no such investment held for trading purpose.

### 32.5 Determination of fair values

#### Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

### 32.6 Fair value estimation

IFRS 13 requires fair value measurement disclosures using following three level fair value hierarchy that reflects the significance of the inputs used in measuring fair value of financial instruments.

Information about fair value hierarchy and asset classified under the hierarchy as follows.

- **Level 1:** Quoted prices (unadjusted) in active market for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derive from prices). The Company has no items to report in this level.
- **Level 3:** Inputs for asset or liability that are not based on observable market data (unobservable inputs).

#### 32.6.1 Fair value of non-financial asset measured at fair value

##### Fair value of property, plant and equipment

The company's Land-Freehold, Building on Free-hold Land, Plant & Machinery, Electric Installation, Power house at revalued amount, being fair value at the date of revaluation, less any subsequent depreciation and subsequent impairment losses, if any. The fair value measurement of the company's Free-hold Land, Plant & Machinery, Electric Installation and Power house as at June 30, 2019 were performed by M.Y.K Associates (Private) Limited (valuer), an independent valuer is listed on panel of Pakistan Banks Association with proper qualification and experience in the fair value measurement of property, plant and equipment.

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
<b>As at June 30, 2020</b>				
Land- Freehold	-	569,800,000	-	569,800,000
Building on free-hold land	-	154,778,144	-	154,778,144
Plant & machinery	-	591,573,470	-	591,573,470
Power house	-	85,590,797	-	85,590,797
	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
<b>As at June 30, 2019</b>				
Land- Freehold	-	569,800,000	-	569,800,000
Building on free-hold land	-	159,114,000	-	159,114,000
Plant & machinery	-	586,928,488	-	586,928,488
Power house	-	90,860,000	-	112,288,413

There were no transfer between levels of fair value hierarchy during the year.



**32.7 Financial instruments by category**

The Company finances its operation through equity, borrowings and management of working capital with a view to maintaining an approximate mix between various sources of finance to minimize risk. Taken as a whole, the Company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

The accounting policies for financial instruments have been applied for line items as below:

<i>June 30, 2020</i>	<i>Financial Assets at amortized cost</i>	<i>Total June 30, 2020</i>
	<i>-----Rupees-----</i>	
<i>Assets as per statement of financial position</i>		
Long term deposits	2,379,997	2,379,997
Trade debts	247,918,150	247,918,150
Loans and advances	677,666	677,666
Trade deposit	5,000	5,000
Cash and bank balances	24,439,755	24,439,755
	<u>275,420,568</u>	<u>275,420,568</u>
	<i>Financial Liabilities measured at amortized cost</i>	<i>Total June 30, 2020</i>
	<i>-----Rupees-----</i>	
<i>Liabilities as per statement of financial position</i>		
	<i>Rupees</i>	<i>Rupees</i>
Long term loan	209,500,000	209,500,000
Short term borrowings	514,201,659	514,201,659
Trade and other payables	326,039,024	326,039,024
Interest and mark-up accrued on loans	18,322,913	18,322,913
	<u>1,068,063,596</u>	<u>1,068,063,596</u>
	<i>Financial Assets at amortized cost</i>	<i>Total June 30, 2019</i>
	<i>-----Rupees-----</i>	
<i>Assets as per statement of financial position</i>		
Long term deposits	2,379,997	2,379,997
Trade debts	215,316,937	215,316,937
Loans and advances	597,312	597,312
Trade deposit	5,000	5,000
Cash and bank balances	19,041,683	19,041,683
	<u>237,340,929</u>	<u>237,340,929</u>
	<i>Financial Liabilities measured at amortized cost</i>	<i>Total June 30, 2019</i>
	<i>-----Rupees-----</i>	
<i>Liabilities as per statement of financial position</i>		
	<i>Rupees</i>	<i>Rupees</i>
Long term loan	195,000,000	195,000,000
Short term borrowings	326,347,623	326,347,623
Trade and other payables	266,999,276	266,999,276
Interest and mark-up accrued on loans	18,939,753	18,939,753
	<u>807,286,652</u>	<u>807,286,652</u>

### 33. CAPITAL MANAGEMENT DISCLOSURE

The Company's objectives, policies and processes for managing capital are as follows:

- The Company is not subject to any externally imposed capital requirements.
- The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
- Consistently with others in the industry, the company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the SOFP) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e., share capital and unappropriated profit).
- The debt-to-adjusted capital ratios at June 30 were as follows:

	2020 Rupees	2019 Rupees
Total debt	723,701,659	326,347,623
Less: Cash and cash at Bank	(24,439,755)	(19,041,683)
Net debt	699,261,904	307,305,940
Total equity	1,103,691,073	1,088,887,274
Adjusted capital	1,802,952,977	1,396,193,214
Debt-to-adjusted capital ratio	38.78%	22.01%

### 34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Managerial remuneration		Utilities	
	2020	2019	2020	2019
	----- Rupees -----			
Chief Executive	6,000,000	6,000,000	2,586,118	2,021,689
Directors	10,800,000	10,800,000	1,266,967	1,217,983
Executive	4,425,000	3,660,000	-	-
	21,225,000	20,460,000	3,853,085	3,239,672

34.1 Particular	No of persons	
	2020	2019
Chief Executive	1	1
Directors	2	2
Executive	2	2

34.2 During the year, meeting fee of Rs. 402,000 was paid to the directors. (2019: Rs. 360,000)

34.3 The Chief Executive and directors are also provided with the Company owned and maintained cars and telephones at their residences.

### 35. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, directors of the Company and key management personnel. The Company in the normal course of business carries out transactions with various related parties. There are no related party transactions except for the remuneration of directors and key management personnel as disclosed in note 34.

<b>36. PLANT CAPACITY AND ACTUAL PRODUCTION</b>		<b>2020</b>	<b>2019</b>
Number of spindles installed		<b>38232</b>	37352
Number of spindles worked		<b>38232</b>	35352
Number of shifts worked		<b>921</b>	732
Capacity of yarn at 20's count			
on the basis of utilization	<i>Kgs</i>	<b>13,971,695</b>	10,505,451
Actual production of yarn at 20's count	<i>Kgs</i>	<b>13,816,608</b>	10,350,145

***Reasons for shortfall***

It is difficult to describe precisely the production capacity in spinning mills since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, twist and raw materials used, etc. It also varies according to the pattern of production adopted in a particular year.

The spinning unit-1 at Vehari Road has remained closed during the month of April 2020 due to COVID 19 lockdown.

**37. NUMBER OF EMPLOYEES**

		<b>2020</b>	<b>2019</b>
			<i>Number</i>
Total number of employees		<b>961</b>	<b>952</b>
Average number of employees during the year		<b>962</b>	<b>791</b>

**38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

	<b>Long term loan</b>	<b>Short term borrowings</b>	<b>Total</b>
At June 30, 2019	195,000,000	326,347,623	521,347,623
Cash inflows	20,500,000	5,121,358,473	5,141,858,473
Cash outflows	(6,000,000)	(4,933,504,437)	(4,939,504,437)
At June 30, 2020	<b>209,500,000</b>	<b>514,201,659</b>	<b>723,701,659</b>

**39. IMPACT OF COVID-19 ON FINANCIAL STATEMENT**

The outbreak of Novel Coronavirus continues and the situation keeps evolving every day. Enactment of necessary precautionary measures during March, 2020 including but not limited to Lockdowns by Government of Punjab, severely impacted the economic activity and the consumer demand which had a ripple effect on the economy. The operations of the company were disrupted and were resumed after the management adopted all necessary precautionary measures and ensured the implementation of all necessary SOPs.

After the Lockdown restrictions were eased out in June, 2020 local customer demand elevated back to normal and accordingly the Company's operations. The international market has also started resuming business and an increase in the number of orders has been observed. As the extent and duration of the impact of COVID-19 can not be predicted at this time, a reliable estimate of the impact of the developments on the financial statements of the Company can not be made with reasonable certainty.

The management has assessed the accounting implications of these developments on these financial statements.





**40. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were approved and authorized for issue by the Board of Directors of the Company in its meeting held on October 07, 2020

**41. GENERAL**

Figures in the financial statements have been rounded-off to the nearest rupee except stated otherwise.

DYK

Sd/-  
Mian Tanvir Ahmad Sheikh  
Chief Executive Officer

Sd/-  
Mian Muhammad Alamgir Jamil Khan  
Director

Sd/-  
Sohail Nadeem  
Chief Financial Officer



**PATTERN OF SHAREHOLDING OF THE SHAREHOLDERS  
OF THE COMPANY AS ON JUNE 30, 2020**

Number of Shareholders	Shareholding From	To	Total Shares held	Percentage of Total Capital
114	1	100	5,551	0.69
20	101	500	5,067	0.63
6	501	1,000	5,200	0.65
9	1,001	5,000	27,111	3.39
8	5,001	10,000	70,526	8.82
1	10,001	15,000	10,064	1.26
7	15,001	20,000	126,360	15.80
3	20,001	25,000	63,644	7.96
4	25,001	30,000	111,756	13.97
2	30,001	35,000	64,316	8.04
1	35,001	40,000	35,560	4.45
2	40,001	45,000	88,006	11.00
0	45,001	50,000	0	0.00
3	50,001	70,000	186,839	23.35
<b><u>180</u></b>			<b><u>800,000</u></b>	<b><u>100.00</u></b>

Serial Number	Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage
1	Individuals	174	799,745	99.97
2	Joint Stock Companies	2	150	0.02
3	Investment Companies	2	100	0.01
4	Others	2	5	0.00
<b>TOTAL</b>		<b>180</b>	<b>800,000</b>	<b>100</b>

**PATTERN OF SHAREHOLDING  
AS ON JUNE 30, 2020**

**ADDITIONAL INFORMATION**

Shareholders' Category	Number of Shareholders	Number of Shares Held
<b>Associated Companies, Undertakings and Related Parties</b>		Nil
Central Depository Company of Pakistan Limited	38	2,751
<b>NIT and ICP</b>		
Investment Corporation of Pakistan	2	100
<b>DIRECTORS</b>		
Mian Muhammad Jamil	1	61,000
Mrs. Nusrat Jamil	1	65,376
Mian Tanvir Ahmad Sheikh	1	20,070
Mian Tauqir Ahmed Sheikh	1	34,166
Mian Anis Ahmad Sheikh	1	35,560
Mian Muhammad Bilal Ahmad Sheikh	1	44,156
Mr. Mohammad Alamgir Jamil Khan	1	60,463
Mr. Muhammad Umar Farooq Sheikh	1	43,850
Mr. Javed Musarrat	1	2,500
Mr. Abdul Rehman Qureshi	1	2,500
Mr. Imran Hussain	1	2,500
<b>CHIEF EXECUTIVE OFFICERS</b>		
Mian Tanvir Ahmad Sheikh	1	20,070
<b>Directors'/C.E.O's Spouses &amp; Minor Children</b>	6	85,623
<b>Executives</b>		Nil
<b>Public Sector Companies and Corporations</b>		Nil
<b>Shareholders holding 5% or more voting interest</b>		
Mian Muhammad Jamil	1	61,000
Mrs. Nusrat Jamil	1	65,376
Mr. Mohammad Alamgir Jamil Khan	1	60,463
Mian Muhammad Bilal Ahmad Sheikh	1	44,156
Mr. Muhammad Umar Farooq Sheikh	1	43,850
<b>General Public</b>	94	10,517



**CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED  
PATTERN OF SHAREHOLDING  
AS ON JUNE 30, 2020**

Number of Shareholders	Shareholding		Total Shares held
	From	To	
33	1	100	784
4	101	500	1,017
1	501	1,000	950
----- <b>38</b>			----- <b>2,751</b>

Categories of Shareholders	Number	Shares Held	Percentage
Individuals	34	2,596	94.37
Joint Stock Companies	2	150	5.45
Others	2	5	0.18
	<b>38</b>	<b>2,751</b>	<b>100.00</b>

## بورڈ کی ترکیب

کمپنی کے بورڈ آف ڈائریکٹرز (10) مرد حضرات اور ایک (1) خاتون پر مشتمل ہے۔ جن کی تفصیل درج ذیل ہے۔

خود مختار ڈائریکٹرز	3
غیر انتظامی ڈائریکٹرز	4
انتظامی ڈائریکٹرز	3
خواتین ڈائریکٹرز	1
ڈائریکٹرز کی کل تعداد	11

**آڈیٹرز:** میسرز ڈی لائیٹس یوسف عادل چارٹرڈ اکاؤنٹنٹس، ملتان ریٹائر ہو گئے ہیں اور انہوں نے اپنی فرم کو دوبارہ تینا تالی کے لیے پیش کیا ہے۔ کمپنی کی آڈٹ کمیٹی نے آئندہ سالانہ اجلاس عام میں آئی سی اے کے معیار کے مطابق معاوضے کے ساتھ مالیاتی سال 2020-21 کے لئے میسرز ڈی لائیٹس یوسف عادل چارٹرڈ اکاؤنٹنٹس، ملتان کی دوبارہ طبعیاتی بطور ایڈیٹرز تجویز کی ہے۔

**حصص داری کا اسلوب:** کمپنی کا 30 جون 2020ء کا حصص داری کا اسلوب لف کر دیا گیا ہے۔

## اکٹا مجموع (اعتراف):

آپ کے ڈائریکٹران تمام متعلقہ مالیاتی اداروں اور اپنے بنکوں بشمول میسرز حبیب بینک لمیٹڈ، میسرز بینک لمیٹڈ، میسرز بینک لمیٹڈ، میسرز پبلسٹک بینک لمیٹڈ اور میسرز یونائیٹڈ بینک لمیٹڈ کے تعاون کو سراہتے ہیں اور اس امید و خواہش کا اظہار کرتے ہیں کہ تمام بینک مستقبل میں بھی اس تعاون کو جاری رکھیں گے۔

کورنا وائرس -19 وبائی بحران کے دوران آپ کے ڈائریکٹران وفاقی اور صوبائی حکومتوں کی مدد برائے کوششوں اور SECP کی کارپوریٹ سیکورٹی ہولڈنگ اور مفید مشورے باہم پہنچانے کو سراہتے ہیں، اس ضمن میں SBP کے مختلف اقدامات کو بھی سراہتے ہیں۔ ہم اپنے قابل قدر صارفین، سپلائرز، اسٹیک ہولڈرز اور تمام دیگر افراد کے بھروسے اور سرپرستی کا شکریہ ادا کرتے ہیں اور اپنے عہد کو دہراتے ہیں کہ ہم ان کیلئے بہترین ممکنہ طریقے سے کام جاری رکھیں گے۔

آپ کے ڈائریکٹران کمپنی کے تمام ملازمین کی انتھک محنت اور ان مشکل حالات میں بھی اپنے کام کو بلا رکاوٹ جاری رکھنے کو بھی سراہتے ہیں۔

بورڈ آف ڈائریکٹرز

دستخط

مسز نصرت جمیل۔ چیئر پرسن

ملتان - 7 اکتوبر 2020ء



**اندرونی نگرانی کا نظام:**

کمپنی کا اندرونی نگرانی کا نظام اچھا بنایا گیا ہے اور اسے سوئز طور پر لاگو و جانچا جاتا ہے۔

**بیش جاری رہنے والا کاروبار:**

کمپنی کی مالی حالت نہ صرف اچھی ہے بلکہ اس بات کو یقینی بناتی ہے کہ اس کا کاروبار پروان چڑھتا رہے گا۔

**کوئی پرانے بتایا جاتا نہیں ہیں:**

عمومی اور روزمرہ بتایا جاتا کے علاوہ ٹیکس، محصول اور وصولیوں کی مد میں کوئی پرانے بتایا جاتا نہیں ہیں۔

**فائل ہائی لائٹس:**

سابقہ چھ سالوں کا بنیادی پیداواری اور مالیاتی مواد ضمیرہ ایک میں دیا گیا ہے۔

**بورڈ کے اجلاس:**

سال تختہ 30 جون 2020ء کے دوران بورڈ آف ڈائریکٹرز کے پانچ (4) اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر کی حاضری نیچے دی گئی ہے۔

ڈائریکٹر کا نام	تعداد حاضری اجلاس
مسز نصرت جمیل	4
میاں تویر احمد شیخ	4
میاں محمد جمیل	4
میاں تویر احمد شیخ	3
میاں انیس احمد شیخ	3
میاں محمد بلال احمد شیخ	4
مسز محمد عالمگیر جمیل خان	3
مسز محمد عرفان شیخ	3
مسز جاوید مسرت	4
مسز عبدالرحمن قریشی	3
مسز عمران حسین	4

سال تختہ 30 جون 2020ء کے دوران آڈٹ کمیٹی کی چار (4) اجلاس منعقد ہوئے ہر ایک ممبر کی حاضری درج ذیل ہے:

ممبر کا نام	حاضری
مسز جاوید مسرت	4
مسز نصرت جمیل	4
میاں انیس احمد	4

ایچ آر اینڈ آر کمیٹی کی سال تختہ 30 جون 2020ء کے دوران ایک (1) اجلاس منعقد ہوا۔ ہر ایک ممبر کی حاضری درج ذیل ہے۔

ممبر کا نام	حاضری
مسز عبدالرحمن قریشی	1
میاں انیس احمد شیخ	1
مسز محمد عالمگیر جمیل خان	1

## مستقبل کے رجحانات:

آپ کی کمپنی کے یونٹ نمبر 1 کی مکمل بنی ایم آر (توازن، جدت و ترمیم) پر لٹا انتظامیہ خوشی محسوس کرتی ہے اور اس کے شراکت کو سامنے رکھتے ہوئے بنی ایم آر کے تسلسل کو یقینی بناتے ہوئے یونٹ نمبر 2 میں مطلوب بنی ایم آر (توازن، جدت و ترمیم) کو مرحلہ وار شروع کرے گی۔

کورنا وائرس - 19 کی غیر متوقع صورت حال کو مد نظر رکھتے ہوئے، ہم اپنے ملازمین اور کاروباری برداری کی صحت اور فلاح و بہبود کو ترجیح دیں گے اور ٹیکسٹائل انڈسٹری کی خصوصی طور پر اور دیگر صنعتوں کی عمومی طور پر حمایت کریں گے۔ کمپنی کی انتظامیہ موجودہ چیلنجوں کا سامنا کرنے کے لئے تیار ہے اور جس میں اپنے صارفین کو اعلیٰ کوالٹی کا دھماکہ (پارن) مہیا کرنا اور اپنے پائیدار کاروبار میں اضافے کو یقینی بنانا ہے۔

ان چیلنجز کا مقابلہ کرنے کے لئے کمپنی ایسی پالیسیاں مرتب کر رہی ہے کہ جن سے نہ صرف پیداوار میں بلکہ کوالٹی کے لحاظ سے بھی اضافہ ممکن ہو اور یہ سب کچھ مسلسل بنی ایم آر (توازن، جدت و ترمیم) سے ہی ممکن ہے۔ مارکیٹ کی حکمت عملی کے بارے میں ایسی منصوبہ بندی وضع کی گئی ہے کہ کمپنی کو زیادہ سے زیادہ فائدہ ہو اور اس کے حصص داران کی حیثیت میں اضافہ ممکن ہو۔ مجموعی طور پر کمپنی کا مستقبل اچھا اور حوصلہ افزا ہے۔ کمپنی مزید کامیابیاں سمیٹنے کے لیے کام کر رہی ہے اور حصص داران کی قدر میں آئندہ سالوں میں بھی اضافہ کرتی رہے گی۔

## ڈیویڈنڈ:

اس سال کم منافع ہونے کی وجہ سے اور درج بالا بیان کردہ وجوہات کی بنا پر آپ کے ڈائریکٹران اس سال کسی بھی منافع کی ادائیگی کی تجویز نہیں کرتے۔

## آئی ایس او 9001:2015 کی ایم ایس سند اور آئی ایس او 14001:2015 ای ایم ایس سند

آپ کے ڈائریکٹران اس بات کا اظہار کرتے ہوئے خوشی محسوس کرتے ہیں کہ کمپنی نے کامیابی کے ساتھ آئی ایس او 9001:2015 کو ایٹنیٹیٹ سسٹم اور آئی ایس او 14001:2015 ماحولیاتی مینجمنٹ سسٹم کی اسناد کو جاری رکھا ہوا ہے۔

## کوڈ آف کارپوریٹ گورننس کی بیرونی

آپ کے ڈائریکٹران یہ رپورٹ کر کے خوشی کا اظہار کرتے ہیں کہ کمپنی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی متعارف کردہ کوڈ آف کارپوریٹ گورننس کی بیرونی کر رہی ہے۔ کوڈ آف کارپوریٹ گورننس کے مطابق ہم اپنا مات درج ذیل ہیں۔

## مالیاتی نتائج کی پیشکش:

کمپنی کے تیار کردہ مالیاتی نتائج واضح طور پر کمپنی کے معاملات، پیداوار کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو ظاہر کرتے ہیں۔

## اکاؤنٹس کی عتب:

کمپنی نے صحیح ایکاؤنٹس کی عتب مرتب کی ہوئی ہیں۔

## اکاؤنٹنگ پالیسیاں:

مالیاتی نتائج کی تیاری میں ایکاؤنٹنگ پالیسیوں کو تسلسل سے لاگو کیا جاتا ہے۔

## بین الاقوامی ایکاؤنٹنگ معیار کے ساتھ مطابقت:

مالیاتی نتائج کی تیاری میں پاکستان میں رائج بین الاقوامی ایکاؤنٹنگ معیار کو لاگو کیا جاتا ہے۔

## ڈائریکٹران کی رپورٹ

شروع کرتا ہوں اللہ کے نام سے جو بڑا مہربان اور نہایت رحم کرنے والا ہے۔

محترم حصص داران!

یہ میرے لیے اعزاز کی بات ہے کہ میں کمپنی کی 63 ویں سالانہ رپورٹ بشمول آڈٹ شدہ حسابات و نتائج برائے مالیاتی سال ختمہ 30 جون 2020ء پیش کر رہی ہوں۔  
عمومی کارکردگی:

مالیاتی سال ختمہ 30 جون 2020ء کے دوران مجموعی طور پر کاروباری ماحول دباؤ کا شکار رہا۔ یہ صورت حال موجودہ سال 2020 کے پہلے سے ماہی اور کمپنی کے موجودہ مالیاتی سال کی تیسری سہ ماہی کے دوران کورونا وائرس - 19 کے پھیلاؤ سے مزید ابتر ہو گئی۔ جس سے ٹیکسٹائل شعبہ بھی بری طرح متاثر ہوا۔ اضافی ٹیکسوں کا نفاذ، بڑھتی ہوئی شرح سود اور معیشت کے تازہ ہاؤسے بھی کمپنی کی معاشی کارکردگی پر اثر پڑا۔ مژموزہ 24 مارچ 2020ء تا یکم مئی 2020ء تک عمل طور پر بند رہی جس کی بنیاد پر حکومت کی جانب سے لاگو کئے گئے لاک ڈاؤن تھا اور اس کے دوران کوئی بھی پیداوار حاصل کیے بغیر تمام اخراجات بشمول مزدوری اجرت کی ادائیگی کی گئی تھی۔ ہم کمپنی نے حکومت کی جانب سے تنخواہوں کی ادائیگی کے لئے قرض کی صورت میں دیے گئے امدادی ٹیکس سے مستفید ہوئی، جس کی ادائیگی مورخہ یکم جنوری 2021ء سے آٹھ سہ ماہی اقساط میں کی جائے گی۔ اس سہولت سے کمپنی کی کیش فلوی کی صورت حال میں آسانی پیدا ہو گئی ہے بصورت دیگر کافی مشکل حالات کا سامنا کرنا پڑتا۔

لاک ڈاؤن میں زخمی کے باوجود کورونا وائرس - 19 کے اثرات ٹیکسٹائل کے شعبے سمیت مجموعی معیشت پر ابھی بھی جاری ہیں، چنانچہ اس کے اثرات موجودہ مالیاتی سال اور اس کے بعد بھی جاری ہیں۔

آپریشنز:

دوران سال ملز کی پیداوار پالیسٹر کائونڈن یارن رہی۔ پیش کردہ مالیاتی سال کے دوران دھانگے کی کل پیداوار میں سنگل کاؤنٹ کی بنیاد پر 13,816,607.73 کلوگرام (حقیقی پیداوار 8,063,012.16 کلوگرام) جو کہ پچھلے سال میں 10,350,145.27 کلوگرام (حقیقی پیداوار 6,454,183.68 کلوگرام) تھی۔ موجودہ مالیاتی سال آمدنی (نیلز) کے کل محصولات مبلغ -/2,657,387,974 روپے (7,994,155.68 کلوگرام) ہیں جو کہ پچھلے سال مبلغ -/2,090,559,370 روپے (6,573,026.88 کلوگرام) تھے۔ کمپنی کا ابتدائی منافع مبلغ -/176,766,811 روپے تھا جو کہ پچھلے سال مبلغ -/98,699,813 روپے تھا۔ کل منافع بعد از ٹیکس مبلغ -/14,826,182 روپے ہے جب کہ پچھلے سال کل خسارہ بعد از ٹیکس مبلغ -/15,919,798 روپے تھا۔

موجودہ مالیاتی سال ختمہ 30 جون 2020ء اور پچھلے مالیاتی سال کے مابین سب مالیاتی نتائج کا ڈیٹیلڈ حویڈ کی ترتیب کے ساتھ ذیل میں دیے گئے ہیں۔

اکاؤنٹس:

سال ختمہ 30 جون 2019ء	سال ختمہ 30 جون 2020ء	
ٹوٹے	ٹوٹے	آمدنی بذریعہ معاہدے
2,090,559,370	2,657,387,974	لاگت فروخت کردہ اشیاء
(1,991,859,557)	(2,480,621,163)	ابتدائی منافع
98,699,813	176,766,811	ترتیل و ماریٹنگ اخراجات
(11,459,112)	(17,847,424)	انتظامی اخراجات
(59,991,958)	(56,373,463)	فنانس لاگت
(36,554,031)	(77,873,778)	دیگر اخراجات
-	(1,715,743)	منافع (خسارہ) قبل از ٹیکس
(9,305,288)	22,956,403	ٹیکس کی فراہمی
(6,614,510)	(8,130,221)	سالانہ منافع (خسارہ)
(15,919,798)	14,826,182	آمدنی (خسارہ) فی حصص - بنیادی و ڈائی لیڈ
(19,90)	18.53	

## اطلاع سالانہ اجلاس عام

بذریعہ نوٹس پبلا مطلع کیا جا تا ہے کہ اللہ وسایا ٹیکسٹائل اینڈ فینشنگ ملز لمیٹڈ کا 63 واں سالانہ اجلاس عام بروز جمعہ 28 اکتوبر 2020ء بوقت 03:00 بجے سر پھر کینٹی کے رجسٹرڈ آفس اللہ وسایا سکوائر، مٹا ڈاکا، دامرا سٹریٹ، ایڑیا، وہاڑی روڈ، ملتان میں مندرجہ ذیل امور کی انہما دی کیلئے منعقد ہوگا۔

1 - 28 اکتوبر 2019ء کو کینٹی کے منعقدہ 62 ویں سالانہ اجلاس عام کی کارروائی کی توثیق۔

2 - سالانہ 30 جون 2020ء کے آؤٹ شدہ حدمات، ڈائریکٹرز اور چیئرمین کے جائزہ کی رپورٹوں پر غور و خوض اور منظوری۔

3 - 30 جون 2021ء کو ختم ہونے والے مالیاتی سال کیلئے کینٹی کے آؤٹ کال تقریر جو کہ آئندہ اجلاس عام کے انعقاد تک آؤٹ کی ذمہ داری سنبھالیں گے اور ان کے مشاہرے کا تعین کیا جائے گا۔ بورڈ آف ڈائریکٹرز نے آؤٹ کینٹی کی سفارش پر 30 جون 2021ء کو ختم ہونے والے مالیاتی سال کیلئے مسرز ڈی لائیٹ یوسف عادل چارڈا اکاؤنٹنٹس ملتان کا نام بطور ریروٹی آؤٹریجر تجویز کیا ہے۔ مسرز ڈی لائیٹ یوسف عادل چارڈا اکاؤنٹنٹس ریٹائر ہو رہے ہیں اور انہوں نے دوبارہ تعیناتی کیلئے اپنی ضد ملت پیش کی ہیں۔

4 - چیئرمین کی اجازت سے دیگر امور پر کارروائی۔

بھگم بورڈ آف ڈائریکٹرز

محمد اسلمیل - کینٹی سیکرٹری

ملتان... ہورنہ 7 اکتوبر 2020ء

نوٹ:-

(i) - کینٹی کی حصص کی منتقلی کی عیب 22 اکتوبر 2020ء تا 28 اکتوبر 2020ء (بشمول دونوں دن) بند رہیں گی۔ حصص کی منتقلیاں جو کہ ہورنہ 21 اکتوبر 2020ء تک روکاری دن کے اختتام سے قبل کینٹی کے شیئرز رجسٹر آفس، مسرز رحیمہ رحیمہ ایسوسی اٹس (پرائیویٹ) لمیٹڈ، ایچ ایم ہاؤس، 7 نیک سکوائر، لاہور میں پہنچ جائیں گی، قبل از وقت ٹھاہریں گی۔

(ii) - اجلاس پبلکیشن اور ووٹ دینے کا اتفاق رکھنے والا ممبر اپنی جگہ پر ووٹ دینے اور شرکت کرنے کیلئے کسی دوسرے ممبر کو اپنا پراکسی مقرر کر سکتا ہے۔ پراکسی ممبر ہونا لازمی ہے۔ پراکسی کے موڈ ہونے کیلئے ضروری ہے کہ پراکسی فارم پر 51 روپے کا رسیدی گھنٹہ چال ہوں علاوہ ہاؤس پر کسی فارم پر ممبر اور ایک کواکے بھی دستخط ہوں جو کہ اجلاس کے آغاز سے 48 گھنٹے قبل کینٹی کے رجسٹرڈ آفس میں پہنچ جائیں۔

(iii) - سی ڈی سی حصص داران جو اس اجلاس میں شرکت اور ووٹ دینے کا اتفاق رکھتے ہیں ان کے لیے ضروری ہے کہ اپنی شناخت کیلئے کپیڈ اینڈ ڈسٹنٹ کارڈ یا پاپی سپورٹ ممبر لائیں اور پراکسی کی صورت میں کپیڈ اینڈ ڈسٹنٹ کارڈ یا پاپی سپورٹ کی تصدیق لے کر لیں۔ کارڈ پر ممبر کے لٹرا بھگان معمول کی ضروری دستاویزات اپنے ممبر لائیں۔

(iv) - ممبران کی آسانی کیلئے ایک معیاری درخواست فارم (Standard Request Form) کینٹی کی ویب سائٹ (www.allwasaya.com) پر دے دیا گیا ہے۔ چیئرمین سالانہ آؤٹ شدہ مالیاتی نتائج کی وصولی بذریعہ سی ڈی سی وی ڈی رولس پی کی بجائے ہارڈ کاپی وصول کرنا چاہتے ہیں وہ اپنی درخواست کینٹی سیکرٹری کے ڈاک کے پتہ پر یا ای میل ایڈریس secretary@allwasaya.com کے ذریعے بھیج سکتے ہیں۔

(v) - ممبران سے اطمینان ہے کہ کوئی ممبر اپنے کپیڈ اینڈ ڈسٹنٹ کارڈ کی غیر مشروع شدہ تصدیق کاپی جمع کروائے، اگر وہی تصدیق جمع کروائی اور اگر پتہ میں کوئی تبدیلی ہوگی کینٹی کو فوراً مطلع کریں۔

(vi) - ممبران و ڈیپانڈنٹس کی سہولت حاصل کر سکتے ہیں جن شہروں میں ممبران کا دفینائی پھیلاؤ زیادہ ہے۔ اس مقصد کیلئے سالانہ اجلاس عام کے انعقاد سے وہ (10) دن قبل ذیل میں دی گئی نشاہ کینٹی کے رجسٹرڈ پتہ پر پہنچانی چاہیے۔

ممبر مسرز اللہ وسایا ٹیکسٹائل اینڈ فینشنگ ملز لمیٹڈ، حامل عام حصص ..... کا رہائشی ..... ممبر مسرز اللہ وسایا ٹیکسٹائل اینڈ فینشنگ ملز لمیٹڈ، حامل عام حصص ..... بمطابق رجسٹرڈ فوئیڈریسی ڈی سی آؤٹ ڈیپانڈنٹس کی سہولت کا انتخاب کرنا کرتی ہوں جو کہ ..... شہر میں ہو۔

ممبر کے دستخط.....

اگر کینٹی نے مجموعی (10) فیصد یا اس سے زائد ممبران کی نشاہ وصول پائی جو کہ کینٹی کے سالانہ اجلاس عام سے وہ دن قبل کینٹی کو وصول ہوگی تو پھر کینٹی اس شہر میں وڈیپانڈنٹس کی سہولت فراہم کرے گی بشرطیکہ اس شہر میں یہ سہولت موجود ہو۔

## پراکسی فارم

میں (نام فوئیو نمبر) \_\_\_\_\_ رہائشی \_\_\_\_\_

بھیثیت ممبر اللہ وسایا ٹیکسٹائل اینڈ فٹنگ ملز لمیٹڈ اور حامل عام حصص برطابق (نام فوئیو نمبر) \_\_\_\_\_

کو بطور اپنے / میرے ایماں پر مختار (پراکسی) مقرر کرتا ہوں / کرتی ہوں تاکہ وہ میری جگہ کمپنی کے سالانہ اجلاس عام / غیر معمولی اجلاس عام میں جو بتاریخ \_\_\_\_\_ کو منعقد ہو رہا ہے، اس میں اور یا اس کے ملتوی شدہ اجلاس میں شرکت کرے / حق رائے دہی استعمال کرے بالکل اسی طرح جیسے میں خود اس جگہ موجود ہوتا / ہوتی۔

دستخط تاریخ \_\_\_\_\_ 2020ء

پانچ روپے کارسیدی ٹکٹ چسپاں کریں۔

کواہ:

نام:

پتہ:

شناختی کارڈ نمبر:

دستخط:

اہم نوٹ: پُر شدہ پراکسی فارم اجلاس کے آغاز سے ۴۸ گھنٹے قبل کمپنی کے رجسٹرڈ آفس واقع اللہ وسایا اسکوائر، ممتاز آباد اینڈسٹریل ایریا، وہاڑی روڈ، ملتان میں پہنچ جانے چاہیے۔





### FORM OF PROXY

I, \_\_\_\_\_ FOLIO NO. \_\_\_\_\_

of \_\_\_\_\_

being a member of ALLAWASAYA TEXTILE AND FINISHING MILLS LIMITED, hereby

appoint \_\_\_\_\_ FOLIO NO. \_\_\_\_\_

of \_\_\_\_\_

as my proxy in my absence to attend and vote for me and on my behalf at the (Ordinary or / and Extraordinary as the case may be) General Meeting of the Company to be held on the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_ and at any adjournment thereof.

As witness my hand this

day of \_\_\_\_\_ 2020

Signed by the said

In presence of

Please affix Revenue Stamp Rs. 5/-

Witness:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC No. \_\_\_\_\_

Signature: \_\_\_\_\_

#### IMPORTANT

This form of proxy, duly completed, must be deposited at the Company's Registered office at Allawasaya Square, Mumtazabad Industrial Area, Vehari Road, Multan not less than 48 hours before the time for holding the meeting.

Brand Name "Gumbad"



[www.allawasaya.com](http://www.allawasaya.com)

**ALLAWASAYA TEXTILE & FINISHING MILLS LIMITED**

ALLAWASAYA Square, Mumtazabad Industrial Area,  
Vehari Road, Multan , Pakistan.

Phone : (061) 4233624-26

Fax : (061) 6525202

Website : [www.allawasaya.com](http://www.allawasaya.com)

E-mail : [atm@allawasaya.com](mailto:atm@allawasaya.com)