

IDREES

TEXTILE MILLS LIMITED

Annual Report 2020





MISSION / VISION STATEMENT

- To concentrate on the changing Yarn/Fabric requirements with higher profitability, both in local as well as in the international market.
- Maximization of profit regardless of the turnover quantum, reducing the cost at all levels.
- Customer satisfaction is our priority and good return to the shareholders is our aim, while maintaining friendly and congenial environment for our employee.



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COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Muhammad Idrees Allawala - Chairman Mr. S. M. Mansoor Allawala - CEO Mr. Naeem Idrees Allawala - Director Mr. Omair Idrees Allawala - Director Mr. Rizwan Idrees Allawala - Director Mr. Muhammad Israil - Director Mr. Muhammad Saeed - Director Mr. Muhammad Iqbal - Director
AUDIT COMMITTEE	Mr. Muhammad Saeed - Chairman Mr. Muhammad Iqbal - Member Mr. Muhammad Israil - Member Syed Shahid Sultan - Secretary
COMPANY SECRETARY	Syed Shahid Sultan
CHIEF FINANCIAL OFFICER	Mr. Muhammad Jawaid
AUDITORS	M/s. Deloitte Yousuf Adil Chartered Accountants
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Muhammad Saeed - Chairman Mr. Muhammad Iqbal - Member Mr. Muhammad Israil - Member
BANKERS	National Bank of Pakistan Bank Alfalah Limited Habib Metropolitan Bank Ltd. Soneri Bank Limited Silk Bank Ltd. Meezan Bank Ltd. Bank of Punjab Ltd. BankIslami Pakistan Ltd. MCB Islamic Bank Ltd. Dubai Islamic Bank Pakistan Ltd. J.S Bank Ltd. Samba Bank Limited
REGISTERED OFFICE	6-C, Ismail Centre, 1st Floor, Central Commercial Area, Bahadurabad, Karachi - 74800.
SHARES REGISTRAR MILLS	M/S. JWAFFS Registrar Service (Pvt) Ltd. Kot Shah Mohammad, Tehsil Nankana, District Nankana, Punjab. www.idreestextile.com



Notice is hereby given that the 31ST Annual General Meeting of the Shareholders of Idrees Textile Mills Ltd. will be held on Wednesday, October 28, 2020 at 11.30 a.m at meeting room Embassy Inn Karachi 100B SMCHS Nursery Main Shahrah-e-Faial Karachi-74400 to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the last Annual General Meeting held on October 28, 2019.
2. To receive, consider and adopt Audited Financial Statements of the Company for the year ended June 30, 2020 together with Reports of Directors and Auditors thereon.
3. To appoint Auditors for the year ending June 30, 2021 and fix their remuneration. The retiring auditors M/s Deloitte Yousuf Adil Chartered Accountants, being eligible, offer themselves for re-appointment.
4. To elect Seven Directors of the Company as fixed by the Board in accordance with the provisions of section 159 (1) of the Companies Act 2017 for the term of three years. The names of the retiring Directors are as under:

- | | |
|---------------------------------|-------------------------------|
| 1. Mr. Muhammad Idrees Allawala | 2. Mr. S. M. Mansoor Allawala |
| 3. Mr. Naeem Idrees Allawala | 4. Mr. Rizwan Idrees Allawala |
| 5. Mr. Omair Idrees Allawala | 6. Mr. Muhammad Israil |
| 7. Mr. Mohammad Saeed | 8. Mr. Muhammad Iqbal |

A Statement of Material Facts as required under Section 166(3) of the Companies Act, 2017 concerning the manner of selection of Independent Directors is annexed to the notice of meeting circulated to the members of the Company.

5. To transact any other business that may be placed before the meeting with the permission of the Chair.

By order of the Board

SYED SHAHID SULTAN
Company Secretary

Karachi
Date: October 03, 2020

Notes:

- (i) Shareholders are advised to promptly notify any change in their addresses.
- (ii) Share Transfer Books of the Company will remain closed from October 26, 2020 to November 01, 2020 (both days inclusive).
- (iii) A member eligible to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend, and vote for him/her. Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of holding the Meeting
- (iv) Any member who seeks to contest the election of Director shall file with the Company at its Registered office, not later than fourteen days before the date of meeting, the following:
 - a) A notice of his/her intention to offer himself/herself for election as a Director together with consent on Form-28 as prescribed by the Act;
 - b) A declaration (copy may be obtained from Registered Office) on the matters required by the Code of Corporate Governance 2019;
 - c) Detailed profile along with office address for placement on Company's website.
 - d) An attested valid copy of Computerized National Identity Card.

- (v) Members can exercise their right to demand a poll subject meeting requirements of Section 143-145 of the Companies Act, 2017 and applicable clauses of Companies (postal Ballot) Regulations 2018.
- (vi) If the company receives consent from the members holding at least 10% shareholding residing in a city, to participate in the meeting through video-link at least 07 days prior to date of the meeting, the Company will arrange facility of video-link in that city subject to availability of such facility in that city.
- (vii) Due to Covid-19 situation, members are encouraged to attend the AGM through Video link or by consolidating their attendance through proxies. The shareholders who wish to attend the AGM through video link are requested to get themselves registered by providing the following information through email at secretary@idreestextile.com on or before October 24, 2020.

Name of Share holder	CNIC #	CDC Account No./Folio No.	Cell Number	Email Address
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Members shall be registered after necessary verification and will be provided a video link and login credentials by the Company on the same email address that they emailed to the Company. The login facility will remain open 11:15 a.m. till the end of the meeting.

- (viii) Members, who have not yet submitted photocopies of their CNIC and NTN certificate to the Company's Registrar, are requested to send the same at the earliest.
- (ix) Members are requested to provide their International Banking Account Number (IBAN) together with a copy of the Computerized National Identity Card (CNIC) to update our records. In case of non-submission all future dividend payments may be withheld.
- (x) In pursuance of the directions given by SECP, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company website (www.idreestextile.com) and send the said form duly signed by the shareholder to the Company's Share Registrar.

STATEMENT OF MATERIAL FACTS UNDER SECTION 166(3) OF THE COMPANIES ACT, 2017

Section 166 of the Companies Act 2017 provides that a statement of material facts is annexed to the notice of the general meeting called for the purpose of election of directors which shall indicate the justification for choosing the appointee for appointment as an independent director. The Company is required to have at least [two] independent directors on its board in accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2019. The Company shall ensure that the Independent Directors will be elected in accordance with the procedures for election of directors laid down in Section 159 of the Companies Act, 2017. Once the contestants will file their consent to offer themselves for elections as independent director, the Company shall ensure that:

- Names of these contestants are included in the data bank maintained by Pakistan Institute of Corporate Governance (PICG) as authorized by SECP and
- These contestants meet the independence criteria as mentioned in Section 166(2) of the Companies Act, 2017.

The Directors are pleased to present the audited financial statements of your Company for the year ended June 30, 2020.

FINANCIAL AND OPERATIONAL OVERVIEW

The principal activity of the Company is manufacturing, processing and sale of yarn and fabric. During the year under review, there has not been any material change in the Company's business activities.

During the financial year under review, the Company's turnover amounted to Rs. 3239.3 million as compared to Rs. 3471.6 million in the previous year. Gross profit amounted to Rs.282.8 million compared to Rs. 395 million for the last year and loss after tax amounted to Rs.(102.6) million against profit of Rs. 32.3 million in the comparable period.

Financial year 2019-20 was a very difficult year for the whole world due to the COVID-19 pandemic. In the wake of resultant lockdowns, we have been facing daunting challenges. The world is fighting on two fronts (a) health and (b) revival of the economy. It has been catastrophic for our already fragile economy. For the first time in almost last seven decades, according to estimates, Pakistan's real GDP contracted by around 0.4 percent in FY20.

The Company's revenue was badly affected in the months of March and April 2020 and to some extent in the month of May 2020. Gross profit also decreased from 11.4% in FY19 to 8.7% in FY20 which has not been sufficient to support the bottom-line. High inflation and rupee devaluation kept the country's Large Scale Manufacturing (LSM) and the economic activity under pressure during the year under review. With people around the globe staying at their homes, the demand for goods fell to the rock bottom and exports came to a halt. The whole situation caused great losses in the entire supply chain. The Government stepped in to provide support to businesses to help them through this period of wide spread economic disruption. SBP's schemes including successive cuts in the Policy Rate are commendable measures that were taken to help maintain the cash flow of borrowers.

LOSS/EARNING PER SHARE

The loss per share for the year under review worked out to Rs (5.17) as compared to profit of Rs. 1.63 for the corresponding year.

DIVIDEND

In view of loss for the year, Board has decided not to recommend any dividend this year.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

- (a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- (b) Proper books of account of the Company have been maintained.
- (c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- (d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.

- (e) The Board understands its responsibility to ensure that adequate and effective internal financial controls are in place. The internal audit department regularly reviews the design and effectiveness of the controls and corrective action is taken to address the weakness, if found. We believe that the system of internal control is sound in design and has been effectively implemented.
- (f) There are no significant doubts upon the Company's ability to continue as a going concern.
- (g) There has been no material departure from the best practices of corporate governance, as detailed in the regulation of PSX rule book.
- (h) The book value of investments made by the Employees' Provident Fund, being operated for head office employees only, as per audited financial statements of the Fund as at June 30, 2019 was Rs. 24,110,907/- (2018 Rs. 21,699,826/-)

Mills employees are entitled to gratuity as per law and appropriate provision has been made in the financial statements.

- (i) As required by the Code, we have included the following information in this report:
- Statement of Pattern of Shareholding.
 - Statement of Shares held by associated undertaking and related parties.
 - Key operating and financial statistics for last six years.
- (j) During the year under review, seven Board of Directors, six Audit Committee and one Human Resource & Remuneration Committee (HR & RC) meetings were held and attended as follows:

Name of Directors	Board of Directors	Audit Committee	HR & RC
Mr. Muhammad Idrees Allawala	07	N/A	N/A
Mr. S.M. Mansoor Allawala	07	N/A	N/A
Mr. Muhammad Iqbal	06	03	01
Mr. Naeem Idrees Allawala	0	N/A	N/A
Mr. Rizwan Idrees Allawala	06	03	N/A
Mr. Omair Idrees Allawala	07	N/A	N/A
Mr. Muhammad Israil	07	06	01
Mr. Muhammad Saeed	07	06	01

- (k) During the year under review, there has been no trading in shares of the Company by CEO, Directors and their Spouses & minor children .
- (l) We have an audit committee the members of which are from the board of directors and the chairman is a non-executive director
- (m) We have prepared and circulated a statement of ethics and business strategy amongst directors and employees.
- (n) The board has adopted a mission statement and a statement of overall corporate strategy.

BOARD OF DIRECTORS

The total number of Directors are eight as per the following:

- | | |
|------------|-----|
| a. Male: | 8 |
| b. Female: | Non |

The Composition of Board as follows:

Category	Names
a) Independent Director	i. Mr. Muhammad Saeed
b) Non-executive Directors	i. Mr. Muhammad Idrees Allawala
	ii) Mr. Naeem Idrees Allawala
	iii) Mr. Muhammad Iqbal
	iv). Mr. Muhammad Israil
c) Executive Directors	i) Mr. S. M. Mansoor Allawala
	ii) Mr. Omair Idrees Allawala
	iii) Mr. Rizwan Idrees Allawala

LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

The company has taken initiatives to implement amendments in the new Code. Number of Directorships and composition of the board which was linked with the restructuring of the Board at the time of next election of Directors, will be complied in election of directors scheduled for October 28, 2020.

BOARD COMMITTEES

The Board of Directors has formed the Audit Committee and Human Resource and Remuneration Committee in line with the requirements of the Code of Corporate Governance.

The members of Audit Committee are as follows:

Mr. Muhammad Saeed	Chairman
Mr. Muhammad Iqbal	Member
Mr. Muhammad Israil	Member

The members of Human Resource and Remuneration Committee are as follows:

Mr. Muhammad Saeed	Chairman
Mr. Muhammad Iqbal	Member
Mr. Muhammad Israil	Member

CAUSAL VACANCY

During the year under review Mr. Muhammad Iqbal has been appointed as director in place of Mr. Kamran Idrees Allawala.

BOARD EVALUATION

As required under the Code of Corporate Governance Regulations 2017, an annual evaluation of performance of the Board, members of the Board and its Committees was carried out to ensure that Board's overall performance and effectiveness is measured against the objectives set for the company. For that purpose, Board has developed a mechanism for evaluation of Board's own performance, members of the Board and its Committees. Based on the evaluation, overall performance of the Board, its members and Committees of the Board for the year under review is satisfactory.

DIRECTORS' REMUNERATION :

The company does not pay remuneration to its non-executive directors including independent directors except for meeting fee. Aggregate amount of remuneration paid to executive and non-executive directors have been disclosed in note 36 of the annexed financial statements.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Idrees Textile Mills Ltd. being a good corporate citizen contributing for the welfare of the people in our society and fulfillment of its corporate social responsibility. During the year under review the Company contributed Rs. 3,870,000 to various organizations serving the mankind in the health and education sectors.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Directors monitors the risks faced by the Company and takes mitigating measures to address / manage such risks.

A number of risks are faced by the Company which include credit risks, liquidity risks, capital risks, price risks, business risks, compliance risks and currency risks (Note: 41).

During the year under review, uncertainty touched new highs due to Covid-19 and the Company's revenue badly suffered due to the resultant lockdowns, Size of Cotton Crop, USD/Rupee parity, interest rate, energy tariff, minimum wages, taxation measures are the areas which remain in focus of management and affect the financial results.

FUTURE OUTLOOK

Due to significant contractionary measures adopted by the Federal Government and the lockdowns due to COVID-19, Pakistan's GDP growth has severely plunged in FY20. Our economy is passing through recession as the GDP growth has dropped for two consecutive years since 2017-18, which is reflected in the severe breakdown of economic activity, less exports and lower tax revenue collections. Uncertainty with respect to the length and gravity of COVID-19 pandemic will keep on bothering the prospects of our economic growth going forward. Ongoing contraction in the Large Scale Manufacturing (LSM) sector and pandemic shocks are depleting Pakistan's fiscal space.

It is feared that the decline seen in exports and remittances will keep the pressure on the parity of Pak Rupee. The economic damages of pandemic could be long lasting and will hinder restoration of supply chain, labor markets, value chains and consumer's confidence in the economy. The effects of COVID-19 have weakened manufacturing, tourism, and services industries. Lockdowns due to COVID-19 caused sharp decline in textile goods exports from Pakistan, particularly in the months of March, April and May 2020. The country's textile exports have dropped by over 6% in FY20. Lifting of lockdowns in Pakistan and around the world is helping to recover the fallen retail sales, a good sign for the textile sector. Textile exports from South

Asian nations are recovering as global retailers have resumed ordering which were put on hold. However, God Forbid, possibility of a second wave of the pandemic cannot be ruled out at present

AUDITORS

The retiring Auditors M/s. Deloitte Yousuf Adil, Chartered Accountants being eligible have offered themselves for re-appointment for the ensuing year 2020-2021. The audit committee in its meeting held on October 1, 2020 has recommended the appointment of the retiring auditors.

ACKNOWLEDGEMENT

The directors are thankful to the bankers, suppliers and customers of the Company for their continued support and appreciate the hard work by the employees of the Company.

For and on behalf of the Board



Muhammad Idrees Allawala
Chairman

Karachi: October 03, 2020



S. M. MANSOOR ALLAWALA
Chief Executive

I am pleased to present before you a review of the Company and the role of its Board of Directors in achieving the Company's objectives for the year ended June 30, 2020.

During the year under review, the Board duly discharged its responsibilities with respect to the overall management of the Company, formulation of significant policies, evaluating its own performance and monitoring the functioning of the Board's Committees. Evaluation of the Board is aimed to measure its overall performance and conduct of the Company's affairs in accordance with the best practices of corporate governance. As Chairman of the Board, it is my responsibility to strengthen the Company's governance by promoting a culture whereby views of all stakeholders are given due consideration.

Despite the challenging macro-economic situation, the Board has played an effective role in devising an appropriate strategy for the Company to attain its objectives, particularly during this unfortunate outbreak of the Coronavirus. The Board has performed its duties and responsibilities diligently, has contributed effectively in guiding the Company in all its strategic affairs and is committed to uphold high standards of corporate governance. COVID-19 pandemic has caused major disruption to Pakistan's already fragile economy. The Country's economic growth in FY20 has been worst in almost past seven decades, showing contraction of around 0.4 percent. Due to the COVID-19 lockdowns, the Company's revenue did get a blow. However, after lifting of lockdowns, economic activity is gaining momentum and I expect that it will gradually revive the demand for goods and services in the country. Given the uncertain timeline for economic recovery from COVID-19, it is imperative for us to focus on cost control and optimization of production.

For the year under review, based on the evaluation, the overall performance and effectiveness of the Board has been assessed as Satisfactory. The Board duly carried out its duty to ensure high standards of corporate governance since a well-defined corporate governance system is vital for enhancing corporate accountability. Through appropriate oversight and vigilance, compliance with the applicable laws and regulations was duly ensured. The Company's management constantly endeavored to safeguard shareholder value. During the year, the board considered and approved, among other things, quarterly and annual financial statements, capital expenditure, borrowings and appointment of external auditors,. The Board's Committees, i.e., Audit Committee and Human Resource & Remuneration Committee duly assisted the Board in performing its duties. These Committees held meetings and reported to the Board as per stipulations of the corporate governance regulations.

With completion of the current three year term of the Company's Board, election of directors shall take place in the forthcoming Annual General Meeting which is scheduled to be held on October 28, 2020. Here, I would like to extend my appreciation to all the directors for their precious contribution to the Company.

I am thankful to the employees of the Company for their valuable services and to the shareholders, customers, suppliers and bankers for their continued trust and support.



Muhammad Idrees Allawala
Chairman of the Board

Karachi
October 03, 2020

COMPARATIVE STATEMENT OF OPERATING RESULTS



	2015	2016	2017	2018	2019	2020
Sales	2,306,871,955	1,586,062,979	2,215,268,509	2,881,059,482	3,471,595,641	3,239,256,236
Cost of goods sold	(2,114,097,785)	(1,463,856,118)	(1,984,882,334)	(2,643,744,807)	(3,076,553,332)	(2,956,416,446)
Gross Profit	192,774,170	122,206,861	230,386,175	237,314,675	395,042,309	282,839,790
Other operating Income/loss	3,590,645	33,176,150	62,665,832	35,358,695	3,528,691	10,250,912
	196,364,815	155,383,011	293,052,007	272,673,370	398,571,000	293,090,702
Distribution Cost	(22,100,541)	(11,538,415)	(8,170,378)	(15,241,548)	(18,679,321)	(26,603,588)
Administration expenses	(64,211,617)	(61,391,867)	(62,913,405)	(68,988,440)	(77,463,297)	(83,287,664)
Other operating expenses	(15,491,593)	(20,355,264)	(16,467,315)	(16,520,530)	(27,268,831)	(21,414,330)
Finance cost	(94,073,566)	(97,348,847)	(96,819,649)	(113,629,274)	(209,034,475)	(240,606,640)
	(195,877,317)	(190,634,393)	(184,370,747)	(214,379,792)	(332,445,924)	(371,912,222)
Profit/(Loss) before taxation	487,498	(35,251,382)	108,681,260	58,293,578	66,125,076	(78,821,520)
Taxation	4,680,745	23,649,372	(21,394,127)	20,111,096	(33,811,567)	(23,759,982)
Profit/(Loss) after taxation	5,168,243	(11,602,010)	87,287,133	78,404,674	32,313,509	(102,581,502)
Other Comprehensive income for the year	485,406	2,967,482	(36,800)	33,776,110	(33,316,294)	45,409,201
Total comprehensive income for the year	5,653,649	8,634,528	87,250,333	112,180,784	(1,002,785)	(57,172,301)
Earning/(Loss) per shares	0.29	(0.64)	4.84	4.34	1.63	(5.17)

Name of Company: IDREES TEXTILE MILLS LIMITED
Year Ended: JUNE 30, 2020

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

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

- a) Male: 8
- b) Female: Nil

2. The composition of board is as follows:

Category	Name
Independent Directors	Mr. Muhammad Saeed
Executive Directors	Mr. S. M. Mansoor Allawala Mr. Rizwan Idrees Allawala Mr. Omair Idrees Allawala
Non-Executive Directors	Mr. Muhammad Idrees Allawala Mr. Naeem Idrees Allawala Mr. Muhammad Iqbal Mr. Muhammad Israel

- 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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 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 Chairman and, in his 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 of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- 9. The Board remained fully compliant with the provision with regard to their director's training program. Out of total eight directors of the Company, four have minimum of 14 years of education and 15 year of experience on the Board of a listed Company and therefore are exempt from director's training program. Two of the directors have completed the Director's Training Program from Institute of Business Administration (IBA) and ICMA. The remaining directors will undertake the Director's Training Program within the stipulated time. Further, the Company is in the process to arrange the orientation course in due course;

10. The Board has approved appointment of chief financial officer, company Secretary and head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.:
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

a. Audit Committee

- | | | |
|------|------------------------|-----------|
| i. | Mr. Muhammad Saeed | Chairman |
| ii. | Mr. Muhammad Iqbal | Member |
| iii. | Mr. Muhammad Israil | Member |
| iv. | Mr. Syed Shahid Sultan | Secretary |

b. Human Resource and Remuneration Committee

- | | | |
|------|------------------------|-----------|
| i. | Mr. Muhammad Saeed | Chairman |
| ii. | Mr. Muhammad Israil | Member |
| iii. | Mr. Muhammad Iqbal | Member |
| iv. | Mr. Syed Shahid Sultan | Secretary |

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 of the committee were as per following:

Committee	Frequency of meetings
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Audit Committee	:	Quarterly – Six Meetings;
HR and Remuneration Committee:		Annually – One Meeting:

15. The board has set up an independent and effective internal audit function and the audit personnel are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
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 (ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP 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 the requirements of regulations 3, 27, 32, 33 and 36 of the Regulations have been complied with;

- 19 With regard to compliance with regulation 6 of the Regulations, the current composition of the Board includes 1 independent director. The number of independent directors will be reviewed for the next election of Directors, which will be made in the forthcoming annual general meeting of the Company.
- 20 With regard to compliance with regulation 7 of the Regulations, the current composition of the Board does not include a female director. The appointment of female director will be reviewed for the next election of Directors, which will be made in the forthcoming annual general meeting of the Company.
- 21 With regard to compliance with regulation 8 of the Regulations, the current composition of the Board includes 3 executive directors. The number of executive directors will be reviewed for the next election of Directors, which will be made in the forthcoming annual general meeting of the Company.
- 22 Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27 32, 33, and 36 are below;

In addition to the mandatory and non-mandatory clauses / regulations stipulated in the Regulations, there are certain regulations / clauses in the Regulations in which word 'may' or 'encouraged' have been used. We understand that these clauses remain recommendatory in nature and therefore, neither fall under mandatory regulations / clauses nor fall into 'comply or explain' approach. However, the Company may voluntarily comply with such regulations / clauses as at June 30, 2020, the Company has complied with certain recommendatory regulations / clauses and the Company may consider compliance with remainder of these in future.

For and on behalf of the Board



S M MANSOOR ALLAWALA

Chief Executive

Dated: October 03, 2020



MUHAMMAD IDREES ALLAWALA

CHAIRMAN

To the members of Idrees Textile Mills Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019.

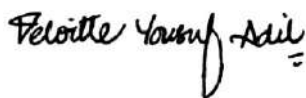
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Idrees Textile Mills Limited** (the Company) for the year ended June 30, 2020 in accordance with the requirements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

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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.



Chartered Accountants
Date: October 05, 2020
Place: Karachi

To the members of Idrees Textile Mills Limited**Report on the Audit of the Financial Statements****Opinion**

We have audited the annexed financial statements of Idrees Textile Mills Limited (the Company), which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss and other 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 and other 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 loss, 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
1. Valuation of stock in trade Stock-in-trade has been valued following an accounting policy as stated in note 3.3 and the related value of stock-in-trade is disclosed in note 7 to the financial statements. Stock-in-trade forms material part of the Company's assets comprising 36% of total assets. The valuation of finished goods within stock-in-trade at cost has different components, which includes judgment in relation to the allocation of overheads costs, which are incurred in bringing the finished goods to its present location and condition. Judgments are also involved in determining the net realizable value (estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale) of stock-in-trade items in line with the accounting policy. Due to the above factors, we have considered the valuation of stock in trade as key audit matter.	Our key audit procedures to address the valuation of stock-in-trade, included the following: • We obtained an understanding of mechanism of recording purchases and valuation of stock-in-trade and evaluated their design and implementation; • We tested on a sample basis purchases with underlying supporting documents; • We verified the calculations of the actual labor and overhead costs and checked allocation of labor and overhead costs to the finished goods; • We obtained an understanding of management's process for determining the net realizable value and checked: • future selling prices by performing a review of sales close to and subsequent to the year-end; and • determination of cost necessary to make the sales. • We checked the calculations of net realizable value of itemized list of stock-in-trade, on a sample basis and compared the net realizable value with the cost to ensure that valuation of stock-in-trade is in line with the accounting policy.

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 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. We have nothing to report in this regard.

Responsibilities of Management and 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 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 the 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 the 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 the 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 the 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.

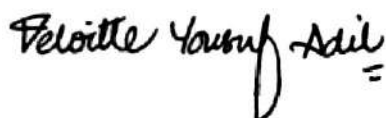
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes 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 and other 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) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadiq.



Chartered Accountants

Place: Karachi

Date: October 05, 2020

STATEMENT OF FINANCIAL POSITION
As at June 30, 2020



	Note	2020 Rupees	2019 Rupees
ASSETS			
Non-current Assets			
Property, plant and equipment	4	1,662,696,972	1,729,414,258
Long-term deposits	5	26,665,335	28,341,906
		<u>1,689,362,307</u>	<u>1,757,756,164</u>
Current Assets			
Stores, spares and loose tools	6	47,580,982	41,034,311
Stock-in-trade	7	1,538,057,914	1,182,882,722
Trade debts	8	782,098,181	829,317,743
Loans and advances	9	67,718,460	66,866,638
Deposits and prepayments	10	7,928,309	4,990,158
Other receivables	11	66,431,692	90,310,941
Other financial assets	12	73,746,320	64,651,035
Sales tax refund bond	13	-	14,700,000
Cash and bank balances	14	18,400,305	21,322,858
		<u>2,601,962,163</u>	<u>2,316,076,406</u>
Total Assets		<u>4,291,324,470</u>	<u>4,073,832,570</u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised capital			
22,000,000 ordinary shares of Rs.10/- each		<u>220,000,000</u>	<u>220,000,000</u>
Issued, subscribed and paid-up capital	15	198,528,000	198,528,000
Capital reserves			
Surplus on revaluation of property, plant and equipment - net of tax	16	633,848,096	636,590,009
Equity portion of loan from related parties		33,586,069	44,580,488
Revenue reserves		<u>731,526,624</u>	<u>775,173,992</u>
Total Equity		<u>1,597,488,789</u>	<u>1,654,872,489</u>
Non-current Liabilities			
Long-term finance	17	153,555,474	147,827,565
Lease liability	18	28,145,710	41,767,501
Deferred tax liability	19	183,503,681	243,928,956
Retirement benefit obligation	20	48,768,743	39,047,141
		<u>413,973,608</u>	<u>472,571,163</u>
Current Liabilities			
Trade and other payables	21	397,347,898	188,769,599
Accrued mark-up	22	68,008,376	49,416,428
Short-term borrowings	23	1,638,057,210	1,607,996,360
Current portion of long-term finance	17	99,356,884	27,390,008
Current portion of lease liability	18	31,498,402	31,169,451
Unclaimed dividend		2,424,885	2,424,885
Provision for taxation		43,168,418	39,222,187
		<u>2,279,862,073</u>	<u>1,946,388,918</u>
Total Liabilities		<u>2,693,835,681</u>	<u>2,418,960,081</u>
Total Equity and Liabilities		<u>4,291,324,470</u>	<u>4,073,832,570</u>
CONTINGENCIES AND COMMITMENTS			

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The annexed notes 1 to 44 form an integral part of these financial statements.

Chairman / Director

Chief Executive

Chief Financial Officer

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Year ended June 30, 2020



	Note	2020 Rupees	2019 Rupees
Sales - net	25	3,239,256,236	3,471,595,641
Cost of sales	26	(2,956,416,446)	(3,076,553,332)
Gross profit		282,839,790	395,042,309
Distribution cost	27	(26,603,588)	(18,679,321)
Administrative expenses	28	(83,287,666)	(77,463,297)
		(109,891,254)	(96,142,618)
		172,948,536	298,899,691
Finance cost	29	(240,606,638)	(209,034,475)
Other operating expenses	30	(21,414,330)	(27,268,831)
		(89,072,432)	62,596,385
Other income	31	10,250,912	3,528,691
(Loss) / profit before taxation		(78,821,520)	66,125,076
Taxation	32	(23,759,982)	(33,811,567)
(Loss) / profit for the year		(102,581,502)	32,313,509

Other comprehensive income

**Items that may be reclassified subsequently
to profit or loss**

**Items that will not be reclassified subsequently
to profit or loss**

Revaluation surplus arising during the year		-	157,370,393
Related tax		-	(36,333,676)
		-	121,036,717
Adjustment of surplus on revaluation of property, plant and equipment due to change in tax rate		43,859,875	(36,231,058)
Remeasurement of retirement benefit obligation	20.5	2,182,150	3,750,915
Related tax		(632,824)	(836,147)
		1,549,326	2,914,768
		45,409,201	87,720,427
Total comprehensive loss for the year		(57,172,301)	120,033,936
(Loss) / earnings per share - basic and diluted	33	(5.17)	1.63

The annexed notes 1 to 44 form an integral part of these financial statements.

Chairman / Director

Chief Executive

Chief Financial Officer

STATEMENT OF CASH FLOWS
For the Year ended June 30, 2020



	Note	2020 Rupees	2019 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(78,821,520)	66,125,076
Adjustments for :			
Depreciation		89,346,347	83,424,436
Provision for retirement benefit obligation		17,531,250	14,795,245
Finance cost		240,606,638	209,034,475
Provision for slow moving stores, spares and loose tools		-	976,014
Realised / unrealized loss on investments		170,748	235,900
Profit on deposits		(5,291,174)	(3,022,514)
Dividend income		-	(238,125)
Gain on disposal of property, plant and equipment		(5,130,486)	(348,952)
Operating cash flows before working capital changes		258,411,803	370,981,555
(Increase) / Decrease in current assets			
Stores, spares and loose tools		(6,546,671)	(4,497,877)
Stock-in-trade		(355,175,192)	(77,626,683)
Trade debts		47,219,562	(35,552,776)
Loans and advances		(7,339,179)	35,090,096
Deposits and prepayments		(2,938,151)	(535,670)
Other receivables		23,177,111	14,612,974
Increase in current liabilities			
Trade and other payables		207,509,669	32,522,408
		(94,092,851)	(35,987,528)
Cash generated from operations		164,318,952	334,994,027
Finance cost paid		(205,458,010)	(173,544,402)
Retirement benefit obligation paid		(4,558,870)	(7,618,750)
Income tax paid		(30,524,618)	(36,191,317)
Long-term deposits - net		1,676,571	(4,224,309)
Net cash (used in) / generated from operating activities		(74,545,975)	113,415,249
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(5,623,545)	(72,204,959)
Proceeds from disposal of property, plant and equipment		10,891,000	1,408,000
Purchase of term deposit receipt - net		(12,468,560)	(18,140,225)
Profit on deposits receipt		5,993,312	2,088,171
Proceeds from disposal of investment		3,202,527	-
Investment in sales tax refund bond		-	(14,700,000)
Dividend income receipt		-	238,125
Proceeds from disposal of sales tax refund bond		14,700,000	-
Net cash generated from / (used in) investing activities		16,694,734	(101,310,888)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term finance repaid to financial institutions		(25,232,022)	(20,704,295)
Long-term finance obtained from financial institutions		52,500,000	34,527,787
Long-term finance repaid to related parties		(5,567,612)	-
Long-term finance obtained from related parties		45,000,000	4,100,000
Lease liabilities repaid during the year		(41,832,528)	(25,982,894)
Net cash generated from financing activities		24,867,838	(8,059,402)
Net (decrease) / increase in cash and cash equivalents (A+B+C)		(32,983,403)	4,044,959
Cash and cash equivalents at the beginning of the year		(1,586,673,502)	(1,590,718,461)
Cash and cash equivalents at the end of the year	34	(1,619,656,905)	(1,586,673,502)

The annexed notes 1 to 44 form an integral part of these financial statements.

Chairman / Director

Chief Executive

Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY
For the Year ended June 30, 2020



	Note	Share capital	Capital reserve		Revenue reserve	Total
			Surplus on revaluation of property, plant and equipment - net of tax	Equity portion of loan from related parties	Unappropriated profit	
			Rupees			
Balance as at July 1, 2018		180,480,000	587,175,174	9,120,910	713,481,981	1,490,258,065
Total comprehensive income for the year						
Profit for the year		-	-	-	32,313,509	32,313,509
Other comprehensive income for the year		-	84,805,659	-	2,914,768	87,720,427
		-	84,805,659		35,228,277	120,033,936
Transfer from surplus on revaluation of property plant and equipment on account of						
- incremental depreciation charged thereon - net of tax	16	-	(35,390,824)	-	35,390,824	-
Transactions with related parties						
Unwinding of discount on long-term loan from related parties		-	-	(9,120,910)	9,120,910	-
Fair value effect of interest free loan provided by related parties	17.2	-	-	44,580,488	-	44,580,488
Transaction with owners recognized directly in equity						
10% bonus shares issued for the year ended June 30, 2018		18,048,000	-	-	(18,048,000)	-
Balance as at June 30, 2019		198,528,000	636,590,009	44,580,488	775,173,992	1,654,872,489
Total comprehensive income for the year						
Loss for the year		-	-	-	(102,581,502)	(102,581,502)
Other comprehensive income for the year		-	43,859,875	-	1,549,326	45,409,201
		-	43,859,875	-	(101,032,176)	(57,172,301)
Transfer to / from surplus on revaluation of property, plant and equipment on account of						
- incremental depreciation charged thereon - net of tax	16	-	(45,086,163)	-	45,086,163	-
- disposals - net of tax		-	(1,515,625)	-	1,515,625	-
Transactions with related parties						
Amortised portion of interest free loan due to change in terms of loan	17.2	-	-	(19,482,503)	-	(19,482,503)
Unwinding of discount on long-term loan from related parties	17.2	-	-	(10,783,020)	10,783,020	-
Fair value effect of interest free loan provided by related parties	17.2	-	-	19,271,104	-	19,271,104
Balance as at June 30, 2020		198,528,000	633,848,096	33,586,069	731,526,624	1,597,488,789

The annexed notes 1 to 44 form an integral part of these financial statements.

Chairman / Director

Chief Executive

Chief Financial Officer

1. STATUS AND NATURE OF BUSINESS

- 1.1 Idrees Textile Mills Limited (the Company) was incorporated in Pakistan as an unquoted public limited company on June 5, 1990 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and was listed on Pakistan Stock Exchange Limited on April 28, 1992. The registered office of the Company is situated at 6-C, Ismail Centre, 1st floor, Central Commercial Area, Bahadurabad, Karachi in the Province of Sindh. The principal activity of the Company is manufacturing, processing and sale of all kinds of yarn.

Following are the geographical location and address of all business units of the Company:

Karachi	Purpose
6-C, Ismail Centre, 1st floor, Central Commercial Area, Bahadurabad	Head Office
Nankana Sahib	Purpose
Kot Shah Muhammad, Tehsil & District Nankana Punjab	Regional Office and Production Plant / Factory

2. BASIS OF PREPARATION

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 as applicable in Pakistan comprise of;

- International Financial Reporting Standards (IFRS Standards) 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 with requirements of IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention except that certain categories of property, plant and equipment are stated at revalued amounts, other financial assets at fair value through profit or loss and the Company's liability under defined benefit plan (gratuity) is stated at present value of defined benefit obligation.

2.3 Presentation and functional currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupee.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with the accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of 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 the circumstances, the result of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of the accounting and reporting standards, as applicable in Pakistan, that have a significant effect on the financial statements and estimates with significant risk of material judgment in the next financial year are set forth below:

- assumptions and estimates used in accounting for defined benefit plan (notes 3.10 and 20.1);
- assumptions and estimates used in determining residual values, useful lives and recoverable amount of property, plant and equipment (notes 3.1, 3.6 and 4.1);
- right of use assets and lease liability (notes 2.6, 3.1, 3.13, 3.19 and 4.1.2);
- assumptions and estimates used in determining provision for taxation including deferred taxation (notes 3.11, 19 and 32);
- assumptions and estimates used in determining the provision for slow moving stores and spares (notes 3.2 and 6.1);
- assumptions and estimates used in writing down items of stock-in-trade to their net realizable value (notes 3.3 and 7);
- contingencies and commitments (note 24);
- impairment of financial assets (notes 3.5.4)
- impairment of non financial assets (note 3.1 and note 4).

2.5 Changes in accounting standards and interpretations

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

The following standards, amendments and interpretations are effective for the year ended June 30, 2020, however, these standards, amendments and interpretations are either not relevant to the Company's operations or do not significantly impact the Company's financial statements other than certain additional disclosure, except for adoption of IFRS 16 'Leases' as disclosed in note 2.6.

- IFRS 14 'Regulatory Deferral Accounts'
- Amendments to IAS 19 'Employee Benefits' - Amendments regarding Plan amendment, curtailment or settlement
- Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long term interests in an associates and joint venture
- IFRIC 23 'Uncertainty over Income Tax Treatments'

Certain annual improvements have also been made to a number of IFRS standards.

2.5.2 New accounting standards and amendments that are not yet effective

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 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.

	Effective from accounting period beginning on or after:
- 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' - Amendments regarding the definition of business	January 01, 2020
- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. – amendments regarding clarifying the definition of 'Material' and align the definition used in the Conceptual Framework and the Standards	January 01, 2020
- Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - amendments regarding interest rate benchmark reform	January 01, 2020

Effective from accounting period beginning on or after:

- | | |
|--|------------------|
| - Amendment to IFRS 16 'Leases' - amendments regarding Covid-19 related rent concessions | January 01, 2020 |
| - Amendments to IAS 1 'Presentation of Financial Statements' - amendments regarding classification of liabilities as current or non-current | January 01, 2023 |
| - Amendments to IFRS 3 'Business Combinations' - amendments regarding reference to the conceptual framework | January 01, 2022 |
| - Amendments to IAS 16 'Property, Plant and Equipment' - amendments regarding proceeds before intended use | January 01, 2022 |
| - Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - amendments regarding cost of fulfilling a contract | January 01, 2022 |

Certain annual improvements have also been made to a number of IFRS Standard, which are also not expected to have material impact on financial reporting of the Company.

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 SECP:

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

2.6 IFRS 16 'Leases' - Lease liabilities and right-of-use assets

'IFRS 16 replaces the previous lease standard IAS 17 'Leases'. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases. As allowed by the aforesaid standard, the Company has adopted IFRS 16 by applying the modified retrospective approach according to which the Company is not required to restate the prior year financial statements.

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payments that are either based on an index or a consistent rate or a rate expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected to apply the practical expedient not to recognise right-of-use assets and lease liabilities for short

term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term.

On adoption of IFRS 16, the Company, with effect from July 01, 2019, recognised lease liabilities in relation to leases which had previously been classified as 'finance lease' under the principles of IAS 17 Leases.

The adoption of IFRS 16 - 'Leases' has no impact on the opening equity and prior period financial statements. The 'leased assets' are now classified as 'Right of use assets' under property plant and equipment and the 'Liabilities against assets subject to finance lease' are now classified as 'Lease liabilities' on statement of financial position.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2019 except for the adoption of IFRS 16 'Leases' (refer note 2.6).

3.1 Property, plant and equipment

3.1.1 Owned assets

Property, plant and equipment are stated as follows:

- Land is stated at revalued amount less impairment loss, if any;
- Building, Labour colony, plant and machinery, electric installations and mill equipment are stated at revalued amounts less accumulated depreciation and impairment losses, if any; and
- Office equipment, furniture and fixtures and vehicles are stated at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of an asset including borrowing costs, if any. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. Cost incurred to replace a component of an item of property, plant and equipment is capitalized and the asset so replaced is derecognised. Normal repairs and maintenance are charged to the statement of profit or loss during the period in which they are incurred.

Depreciation is charged to the statement of profit or loss on a straight line basis at the rates specified in note 4.1. Depreciation on additions is charged from the month an asset is available for use upto the month prior to its disposal.

Depreciation methods, useful lives and residual values of each item of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed and adjusted, if appropriate at each reporting date.

Surplus on revaluation of assets is recognised net of tax, in statement of other comprehensive income (OCI) and presented as a separate component of equity as "surplus on revaluation of property, plant and equipment", except that it reverses a revaluation deficit for the same asset previously recognised in the statement of profit or loss, in which case the surplus is credited to the statement of profit or loss to the extent of the deficit charged previously. Deficit on revaluation of assets is recognised in the statement of profit or loss, except that it reverses a revaluation surplus for the same asset previously recognised in statement of other comprehensive income, in which case the deficit is charged to other comprehensive income to the extent of the surplus credited previously. The revaluation reserve is not available for distribution to the Company's shareholders.

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the estimated fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of assets (net of deferred taxation) is transferred directly to retained earnings (unappropriated profit). Further, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings (unappropriated profit).

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised in other income / other expenses in the statement of profit or loss. When revalued assets are sold, any related amount included in the surplus on revaluation is transferred to retained earnings (unappropriated profit).

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment loss, if any, and consists of expenditure incurred and advances made in respect of assets in the course of their acquisition, construction and installation. Transfers are made to relevant asset categories as and when assets are available for intended use.

3.1.2 Leased assets - Transition to IFRS 16' Leases

Accounting policy applied to leased assets prior to July 01, 2019:

Leases which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item are classified as finance leases and are capitalized at the inception of the lease at the fair value of leased assets or, if lower, at the present value of the minimum lease payments. Other leases are classified as operating leases.

Plant and machinery acquired under finance lease is stated at revalued amounts less accumulated depreciation and impairment losses, if any. Vehicles acquired under finance lease are stated at cost less accumulated depreciation and impairment losses, if any. Assets acquired under finance lease are depreciated over the useful life of the assets commencing from the year in which the leased assets are put into operation. Depreciation and other policies are same as for the owned assets described above.

3.2 Stores, spares and loose tools

These are stated at lower of moving average cost and net realizable value, less allowance for obsolete and slow moving items (if any). Items in transit are stated at cost comprising invoice value plus other charges incurred thereon upto the reporting date. Provision for obsolete and slow moving stores, spares and loose tools is determined based on the management's estimate regarding their future usability.

Net realizable value signifies the estimated selling price in the ordinary course of business less the net estimated costs necessary to be incurred to make the sale.

3.3 Stock-in-trade

These are stated at lower of cost and net realizable value applying the following basis:

Cost signifies in relation to:

- Raw material (imported)	Lower of cost (weighted average) and net realisable value (NRV) - specific identification basis
- Raw material (local)	Lower of cost (weighted average) and NRV
- Stock-in-transit	Cost accumulated up to reporting date
- Work-in-process and finished goods	Lower of cost (weighted average) and NRV
- Waste	Net realisable value (NRV)

Cost in relation to work-in-process and finished goods represents annual average manufacturing cost which consists of prime cost and appropriate manufacturing overheads.

Net realizable value (NRV) signifies the estimated selling price in the ordinary course of business less the net estimated costs necessary to be incurred to make the sale.

3.4 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value and subsequently measured at amortized cost less loss allowance, if any. The Company measures the loss allowance for trade debts at an amount equal to lifetime expected credit losses (ECL). The expected credit losses on trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Trade debts and other receivables considered irrecoverable are written off.

3.5 Financial instruments

3.5.1 Classification of financial assets

The Company classifies its financial assets into following three categories:

Measured at amortized cost ("AC"),
Fair value through other comprehensive income ("FVTOCI") and
Fair value through profit or loss ("FVTPL").

Financial assets at amortised cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- 1) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 2) 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.

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 amortisation 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.

Financial assets at FVTOCI

A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as FVTPL:

- 1) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 2) 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.

On initial recognition, for an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI, only dividend income is recognised in income statement. This election is made on an investment-by-investment basis.

FVTOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

Financial assets at FVTPL

All other financial assets are classified at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVTOCI).

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

3.5.2 Recognition and initial measurement of financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of assets and liabilities 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.

3.5.3 Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured at amortised cost. Amortised cost is calculated using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Financial assets at FVTOCI

All financial assets at FVTOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income.

For debt instruments classified as financial assets at FVTOCI, the amounts in other comprehensive income are reclassified to income statement on derecognition of financial assets. This treatment is in contrast to equity instruments classified as financial assets at FVTOCI, where there is no reclassification on derecognition.

Financial assets at FVTPL

All financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the income statement.

3.5.4 Impairment

Impairment of financial assets

Under expected credit loss (ECL) model of IFRS 9, the Company recognises loss allowances for ECLs on financial assets. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

3.5.5 Classification and measurement of financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. 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.

3.5.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the entity has transferred substantially all risks and rewards of ownership.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

3.5.7 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liabilities simultaneously.

3.6 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets and inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

3.7 Foreign currency transactions and translation

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated into reporting currency equivalents using foreign currency rates ruling on the reporting date. Exchange differences on foreign currency transactions and translation are included in the income currently.

3.8 Provisions

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

3.9 Cash and cash equivalents

Cash and cash equivalents used in statement of cash flows include cash in hand balances with banks in current and deposit accounts and short term borrowings. Short-term borrowings availed by the Company, are payable on demand and form an integral part of the Company's cash management.

3.10 Retirement benefit obligation

3.10.1 Defined benefit plan

The Company operates an unfunded gratuity scheme covering all its factory workers who have completed the minimum qualifying period of service as defined under the scheme. The Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses are recognised immediately in other comprehensive income.

The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and current service cost are recognised in the statement of profit or loss.

3.10.2 Defined contribution plan

The Company operates an approved funded contributory provident fund scheme for all head office staff. Equal monthly contributions are made both by the Company and the employees at the rate of 8.33% of basic salary per annum.

3.11 Taxation

3.11.1 Current tax

Provision for current taxation is based on taxable income at the current rates of taxation, after taking into account tax rebates and tax credits available, if any, or turnover at the specified rate or Alternate Corporate Tax as defined in section 113C of the Income Tax Ordinance, 2001, whichever is higher. Charge for current tax also includes adjustments, where necessary, relating to prior years which arise from assessment framed / finalized during the year. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

3.11.2 Deferred tax

Deferred tax is recognised using the liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date.

The Company recognises a deferred tax asset to the extent that it is probable that taxable profits in the foreseeable future will be available against which the assets can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Further, the Company also recognizes a deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

3.12 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

3.13 Lease liabilities - Transition to IFRS 16' Leases

Accounting policy applied to leased assets prior to July 01, 2019:

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as liabilities against assets subject to finance lease. Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to statement of profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's policy on borrowing costs.

3.14 Borrowing costs

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 capitalized as part of the cost of the respective assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in statement of profit or loss in the period in which they are incurred.

3.15 Revenue recognition

The Company manufactures and contracts with customers for the sale of yarn which generally include single performance obligation. Management has assessed that revenue from sale of goods be recognised at the point in time when control of the asset is transferred to the customer, which is when the goods are dispatched to the customer.

Interest income is accrued on time proportionate basis, by reference to the principal outstanding and at the applicable effective interest rate.

3.16 Dividend income

Dividend income is recognised when the Company's right to receive payment have been established and is recognised in statement of profit or loss and included in other income.

3.17 Dividend and appropriation to / from reserves

Dividend distribution to the Company's shareholders and appropriations to / from reserves is recognised in the period in which these are approved.

3.18 Earnings per share

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

3.19 Leases - Lease liabilities and right-of-use assets

The Company recognises leases as a right-of-use asset and corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is subsequently measured (at amortised cost) by increasing the carrying amount to reflect interest on the lease liability using the effective interest method and by reducing the carrying amount to reflect the lease payments made. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

For short term leases and leases of low / immaterial value assets, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the assets economic life. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Owned
Right of use assets / leased assets

2020

4.1.1.1 Owned assets

4.1.2 Right of use assets*

Total June 30, 2020

* The nomenclature of leased assets has been changed to right of use asset on July 01, 2019 as a result of implementation of IFRS 16 'Leases' (refer note 2.6).

Operating fixed assets											
2019											
Particulars	Cost / Revaluation				Accumulated Depreciation				Written Down Value		Dep. Rate
	July 01, 2018	Additions/ (disposal)	Transfers	Revaluation adjustment	June 30, 2019	Depreciation / (disposals) for the year		Transfers	Revaluation adjustment	June 30, 2019	
						July 01, 2018					
-----Rupees-----											
Owned assets											
Land - freehold	90,140,625	-	-	20,031,250	110,171,875	-	-	-	-	-	110,171,875
Mill building on freehold land	178,614,028	256,503	299,890	(35,207,320)	143,963,101	28,814,144	14,411,169	-	(43,225,313)	-	143,963,101
Labour colony on freehold land	25,489,252	-	-	(4,587,752)	20,901,500	4,472,665	2,294,032	-	(6,766,697)	-	20,901,500
Plant and machinery	1,242,351,588	65,845,747	-	(36,107,735)	1,272,089,600	101,171,832	53,877,157	-	(155,048,989)	-	1,272,089,600
Electric installations	36,972,989	-	-	(8,459,389)	28,513,600	5,657,963	2,799,293	-	(8,457,256)	-	28,513,600
Factory equipment	9,930,785	-	-	(3,443,286)	6,487,499	2,044,993	660,071	-	(2,705,064)	-	6,487,499
Office equipment	12,742,984	79,000	-	-	12,821,984	10,248,077	497,665	-	-	10,745,742	2,076,242
Furniture and fixtures	3,725,803	66,658	-	-	3,792,461	3,647,620	16,691	-	-	3,664,311	128,150
Vehicles	96,554,523	10,327,236 (4,937,000)	-	-	101,944,759	62,407,327	4,412,132 (3,877,952)	-	-	62,941,507	39,003,252
											20%
Leased assets											
Plant and machinery	38,219,970	11,500,000	-	5,546,030	55,266,000	2,248,115	1,147,163	-	(3,395,278)	-	55,266,000
Vehicles	26,192,000	29,930,500	-	-	56,122,500	1,999,998	3,309,063	-	-	5,309,061	50,813,439
											20%
	64,411,970	41,430,500	-	5,546,030	111,388,500	4,248,113	4,456,226	-	(3,395,278)	5,309,061	106,079,439
Total June 30, 2019											
	1,760,934,547	118,005,644 (4,937,000)	299,890	(62,228,202)	1,812,074,879	222,712,734	83,424,436 (3,877,952)	-	(219,598,597)	82,660,621	1,729,414,258



4.2 Depreciation for the year has been allocated as under:

	Note	2020 Rupees	2019 Rupees
Cost of sales	26	79,019,505	75,188,884
Administrative expenses	28	10,326,842	8,235,552
		89,346,347	83,424,436

4.3 Details of assets sold, having net book value in excess of Rs. 500,000, where the aggregate book value of class of assets exceeds Rs. 5 million are as follows:

Description	Cost / Revaluation	Accumulated Depreciation	Carrying Value	Sale Proceeds	Gain / (loss)	Relationship of purchaser with Company	Mode of Disposal	Particulars of purchaser
Vehicle	7,650,000	3,780,517	3,869,483	9,000,000	5,130,517	Third party	Negotiation	4 Wheels Automobiles, Karachi

4.4 The Company carries its land, building, labour colony, plant and machinery, electric installations and mill equipment at revalued amounts under IAS 16 'Property, Plant and Equipment'. The latest revaluation of these assets was carried out as at June 30, 2019 by M/s Arif Evaluators (an independent valuer located in Karachi) on the basis of present market values, which resulted in surplus on revaluation amounting to Rs. 157.4 million.

The Company commissioned independent valuations of land, building, labour colony, plant and machinery, electric installations and mill equipment during the years ended June 30, 2006, June 30, 2010, June 30, 2013, June 30, 2016 and June 30, 2019. The resulting revaluation surpluses have been disclosed in notes 16 and 4.1 to the financial statements and have been credited to the revaluation surplus account net of their related tax effect.

The carrying amount of the aforementioned assets as at June 30, 2020, if the said assets had been carried at historical cost, would have been as follows:

	2020		2019			
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	Rupees					
Land - freehold	8,772,600	-	8,772,600	8,772,600	-	8,772,600
Mills building on freehold land	141,275,008	(105,509,172)	35,765,836	140,916,043	(103,637,754)	37,278,289
Labour colony on freehold land	16,533,266	(15,341,070)	1,192,196	16,533,266	(15,296,275)	1,236,991
Plant and machinery	1,444,128,491	(697,816,445)	746,312,046	1,422,634,988	(678,889,540)	743,745,448
Electric installations	43,144,676	(28,145,961)	14,998,715	43,144,676	(26,726,671)	16,418,005
Factory equipment	6,616,044	(4,540,074)	2,075,970	6,616,044	(4,360,399)	2,255,645
	1,660,470,085	(851,352,722)	809,117,363	1,638,617,617	(828,910,639)	809,706,978



4.5 Forced sale values as per the latest revaluation report as of June 30, 2019 as mentioned in note 4.4 are as follows:

Asset Class	Rupees
Land - freehold	93,646,094
Mills building on freehold land	122,368,635
Labour colony on freehold land	17,766,275
Plant and machinery	1,061,884,480
Electric installations	22,810,880
Mill equipment	5,190,000

4.6 Particulars of immovable asset of the Company are as follows:

Location	Addresses	Usage of immovable property	Total Area (Acres)
Nankana Sahib	Kot Shah Muhammad, Tehsil & District Nankana Punjab	Production Plant and facility	20.03

5. LONG-TERM DEPOSITS	Note	2020 Rupees	2019 Rupees
Deposits			
- lease		13,360,250	14,925,850
- others		18,946,686	16,979,757
		32,306,936	31,905,607
Less: current portion	10	(5,641,601)	(3,563,701)
		26,665,335	28,341,906
6. STORES, SPARES AND LOOSE TOOLS			
Stores and spares		47,023,198	46,531,815
Stores and spares in transit		6,868,020	812,732
Loose tools		64,585	64,585
		53,955,803	47,409,132
Less: provision for slow moving items	6.1	(6,374,821)	(6,374,821)
		47,580,982	41,034,311
6.1 Movement in provision for slow moving items			
Balance as at July 1,		6,374,821	5,398,807
Provision made during the year	26	-	976,014
Balance as at June 30,		6,374,821	6,374,821
7. STOCK-IN-TRADE			
Raw material			
- In hand		1,004,724,792	885,317,158
- In transit		349,733,833	159,442,745
Work-in-process		38,283,787	26,053,631
Finished goods			
- In hand	7.1	71,782,264	79,714,773
- In transit	7.1	24,606,640	5,758,911
- Third party	7.1	45,070,336	22,359,778
Waste		3,856,262	4,235,726
		1,538,057,914	1,182,882,722



- 7.1 Stock-in-trade includes goods costing Rs. 61.44 million (2019: 55.91 million) written down by Rs. 5.92 million (2019: Nil) to net realisable value amounting to Rs. 55.51 million (2019: 55.91 million).

8. TRADE DEBTS	Note	2020 Rupees	2019 Rupees
Considered good	8.1	782,098,181	829,317,743
Considered doubtful		12,413,215	12,413,215
		<u>794,511,396</u>	<u>841,730,958</u>
Less: Provision for doubtful debts	8.2	(12,413,215)	(12,413,215)
		<u>782,098,181</u>	<u>829,317,743</u>

- 8.1 Trade debts are non-interest bearing and are generally on 60 to 90 days terms. Trade debts are unsecured other than export related trade debts as mentioned in note 8.4 which are secured against letters of credit.

8.2 Movement in provision for doubtful debts	Note	2020 Rupees	2019 Rupees
Balance as at July 1,		12,413,215	12,413,215
Provision made during the year	28	-	-
Balance as at June 30,		<u>12,413,215</u>	<u>12,413,215</u>

8.3 Ageing of trade debts past due but not impaired

0 - 90 days	210,485,661	617,668,924
91-180 days	161,008,446	202,367,886
181 - 360 days	396,068,353	17,224,617
Above 360 days	26,948,936	4,469,531
	<u>794,511,396</u>	<u>841,730,958</u>

- 8.4 Following are the details for export related trade debts.

Foreign Jurisdiction		Mode of arrangement	Amount in Rupees
June 30, 2020	China	Confirmed LC	1,631,173
June 30, 2019	China	Confirmed LC	22,246,389

9. LOANS AND ADVANCES	Note	2020 Rupees	2019 Rupees
Considered good			
Loans to employees - unsecured	9.1	414,000	195,004
Advance to employees	9.1	2,394,481	924,481
Advances - unsecured			
- to suppliers		15,211,165	10,461,886
- for expenses		1,411,694	510,790
		<u>16,622,859</u>	<u>10,972,676</u>
Advance income tax		48,287,120	54,774,477
		<u>67,718,460</u>	<u>66,866,638</u>

- 9.1 These represents unsecured, interest free, short-term loan and advance given to employees of the Company.



	Note	2020 Rupees	2019 Rupees
10. DEPOSITS AND PREPAYMENTS			
Current portion of long-term deposits	5	5,641,601	3,563,701
Prepayments		2,286,708	1,426,457
		<u>7,928,309</u>	<u>4,990,158</u>
11. OTHER RECEIVABLES			
Sales tax			
- considered good		47,992,564	55,563,200
- considered doubtful		2,630,629	2,630,629
Export rebate - considered doubtful		2,194,344	2,194,344
Duty draw back receivable		5,872,932	19,754,787
Cotton quality and weight claims			
- considered good		8,479,386	11,355,648
Profit on deposits		2,087,871	2,790,009
Others		1,998,939	847,297
		<u>71,256,665</u>	<u>95,135,914</u>
Less: provision for doubtful receivables	11.1	(4,824,973)	(4,824,973)
		<u>66,431,692</u>	<u>90,310,941</u>
11.1 Provision for doubtful receivables			
As at July 01, 2019		4,824,973	4,824,973
Provision recognized during the year		-	-
As at June 30, 2020		<u>4,824,973</u>	<u>4,824,973</u>
12. OTHER FINANCIAL ASSETS			
Investments at fair value through profit or loss		-	3,373,275
Term deposit receipts	12.1	73,746,320	61,277,760
		<u>73,746,320</u>	<u>64,651,035</u>
12.1	These represents term deposit receipts with various banks for a period ranging from six months to one year carrying mark-up at the rates ranging from 5.90% to 10.00% (2019: 4.35% to 7.50%) per annum. The banks have lien on these term deposit receipts on account of guarantees provided by such banks as disclosed in note 24.1.1 to the financial statements. These will mature latest by August 21, 2021 (2019: May 28, 2020).		
13. SALES TAX REFUND BOND			
Sales tax refund bonds were issued by the Federal Board of Revenue (FBR) against sales tax refundable of Rs. 14.7 million. These bonds so issued bore profit @ 10% per annum and have been disposed off during the year.			
14. CASH AND BANK BALANCES			
Cash in hand		987,370	77,002
Cash at banks			
- in current accounts	14.1	17,305,401	21,209,566
- in savings account	14.2	107,534	36,290
		<u>18,400,305</u>	<u>21,322,858</u>

- 14.1** This includes an amount of Rs. 6.68 million (2019: 3.58 million) on which the bank has created lien on account of guarantee provided by such bank as disclosed in note 24.1.1 to the financial statements.
- 14.2** It carries markup of 8.9% (2019: 5.5%) per annum.

15. SHARE CAPITAL

2020 Number of shares	2019 Number of shares	Authorised	2020 Rupees	2019 Rupees
<u>22,000,000</u>	<u>22,000,000</u>	Ordinary shares of Rs. 10/- each	<u>220,000,000</u>	<u>220,000,000</u>
Issued, subscribed and paid-up				
<u>19,852,800</u>	<u>19,852,800</u>	Ordinary shares of Rs. 10/- each fully paid in cash	<u>198,528,000</u>	<u>198,528,000</u>

- 15.1** The Company has one class of ordinary share, which carry equal voting rights but no right to fixed income. Voting rights, board selection etc. are in proportion to their shareholding.

16. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax

Note	2020 Rupees	2019 Rupees
As at July 1,	827,686,199	716,330,503
Surplus arising during the year	-	157,370,393
Less: transferred to unappropriated profit on account of:		
- incremental depreciation - net of tax	(45,086,163)	(35,390,824)
- related deferred tax liability	(11,464,146)	(10,623,873)
- disposals - net of tax	(1,515,625)	-
- related deferred tax liability	(385,163)	-
	<u>(58,451,097)</u>	<u>(46,014,697)</u>
As at June 30	<u>769,235,102</u>	<u>827,686,199</u>
Less: related deferred tax liability on:		
Revaluation surplus as at July 1,	191,096,190	129,155,329
Surplus arising during the year	-	36,333,676
Adjustment due to change in tax rate	(43,859,875)	36,231,058
Incremental depreciation charged during the year	(11,464,146)	(10,623,873)
Assets disposed-off during the year	(385,163)	-
	<u>135,387,006</u>	<u>191,096,190</u>
As at June 30	<u>633,848,096</u>	<u>636,590,009</u>

17. LONG-TERM FINANCE

Financial institutions	17.1	93,400,542	87,978,052
Related parties	17.2	60,154,932	59,849,513
		<u>153,555,474</u>	<u>147,827,565</u>



17.1 Details and movement are as follows:

	Dubai Islamic Bank			The Bank of Punjab			2019 Rupees
	Term Finance 1	Term Finance 2	Term Finance 3	Term Finance 1	Term Finance 2	2020 Rupees	
Balance at July 01	13,656,427	41,469,560	25,714,286	34,527,787	-	115,388,060	101,544,568
Obtained during the year	-	-	-	-	52,500,000	52,500,000	34,527,787
Repaid during the year	13,656,427	41,469,560	25,714,286	34,527,787	52,500,000	167,868,060	136,072,355
Payable within one year	(3,262,191)	(9,067,299)	(6,428,572)	(6,473,960)	-	(25,232,022)	(20,704,295)
Balance at June 30	10,394,236	32,402,261	19,285,714	28,053,827	52,500,000	142,636,038	115,368,060
Mark up rate (per annum)	(3,262,191)	(9,067,301)	(6,428,572)	(10,789,932)	(19,687,500)	(49,235,496)	(27,390,008)
Principal and mark up payment	7,132,045	23,334,960	12,857,142	17,263,895	32,812,500	93,400,542	87,978,052
Sub-note	6 month KIBOR +250 bps	6 month KIBOR +250 bps	6 month KIBOR +225 bps	6 month KIBOR +250 bps	SBP Rate		
	Monthly	Monthly	Monthly	Quarterly	Quarterly (6 months grace period)		
	17.1.1	17.1.1	17.1.1	17.1.2	17.1.3		

17.1.1 The loan is secured by way of first pari passu charge over Compact Spinning, imported Genset and locally purchased carding machines with 0% to 25% margin.

17.1.2 The loan is secured by way of first exclusive and specific hypothecation charge over imported machinery of the Company (Compact Spinning Assembly) with 0% margin.

17.1.3 The loan is for financing salaries and wages under SBP Refinance Scheme. The loan is secured against existing land and building and plant and machinery of the Company with 25% margin.

17.2 Loan from related parties - unsecured

	2020 Rupees	2019 Rupees
Opening as at July 01,	59,849,513	91,209,091
Receipts during the year	45,000,000	4,100,000
Repayments during the year	(5,567,612)	-
Unwinding of discount	10,783,020	9,120,910
Release of equity portion of loan due to change in terms of loan	19,482,503	-
Less: Fair value adjustment	(19,271,104)	(44,580,488)
Payable within one year	110,276,320	59,849,513
Closing as at June 30,	(50,121,388)	-
	60,154,932	59,849,513



17.2.1 On June 04, 2019, the Company renewed the agreements with various related parties (directors / share holders and their closed family members) in their capacity as sponsors, whereby the repayment of the loan obtained in the previous years was deferred for a further period of four years from the date of the renewed agreement. These loans are interest free, unsecured and are expected to be repaid by the end of June 03, 2023 further extendable by mutual agreement. Using the discount rate of 15% per annum, the fair value of the loans was estimated at Rs. 59.85 million as at June 30, 2019. The difference of Rs. 44.58 million between the gross proceeds and the fair value of the loan was recognized in equity through a transfer to capital reserve 'Equity portion of loan from related parties'.

On December 10, 2019 and January 06, 2020, the Company obtained a loan amounting to Rs. 30 million and Rs. 15 million from the director of the Company. These loans are interest free, unsecured and are expected to be repaid by the end of December 09, 2023 and January 05, 2024 respectively. Using the discount rate of 15% per annum, the fair value of the loans is estimated at Rs. 17.15 million as at December 10, 2019 and Rs. 8.58 million as at January 06, 2020 respectively. The difference of Rs. 19.27 million is recognized in equity in this regard.

The interest (i.e., unwinding of the difference between present value on initial recognition and the amount received) is being recognized on the loan in the statement of profit or loss using the effective interest method.

During the year, the Company has repaid a loan amounting to Rs. 5.567 million to one of the directors and their closed family members. Unamortised portion of their respective loan amounting to Rs. 1.49 million was derecognized from capital reserve.

17.2.2 This amount pertains to release of equity portion of loan due to change in terms of loans from Directors / Sponsors amounting to Rs. 50.12 million, which are now expected to be paid in the next 12 months.

18.	LEASE LIABILITY	Note	2020	2019
			Rupees	Rupees
	Present value of minimum lease payments	18.1	59,644,112	72,936,952
	Less: current portion shown under current liabilities		(31,498,402)	(31,169,451)
			<u>28,145,710</u>	<u>41,767,501</u>

18.1 These represent plant and machinery and vehicles acquired under leases (and musharaka arrangement) from leasing companies and financial institutions. Future minimum lease payments under lease together with the present value of the net minimum lease payments are as follows:

	2020		2019	
	Future minimum lease payments	Finance cost	Present value	Future minimum lease payments
				Rupees
Not later than one year	34,618,168	3,119,766	31,498,402	34,484,158
Later than one year but not later than five years	29,400,771	1,255,061	28,145,710	46,163,572
Total future minimum lease payments	<u>64,018,939</u>	<u>4,374,827</u>	<u>59,644,112</u>	<u>80,647,730</u>
				<u>72,936,952</u>

The rates of mark-up ranges from 13.66% to 16.54% (2019: 8.50% to 12.50%) per annum and are used as discounting factor. The lease terms are upto 3 years. The Company intends to exercise its option to purchase the leased assets upon completion of the lease period. Liabilities are secured against leased assets, demand promissory notes and security deposits.



	Note	2020 Rupees	2019 Rupees
19. DEFERRED TAXATION - NET			
Balance as at July 1,		243,928,956	175,938,695
Reversal to profit or loss	32	(17,198,224)	(5,410,620)
Charged to other comprehensive income		632,824	836,147
Adjustment to the related deferred tax liability on revaluation surplus	16	-	36,333,676
Tax rate adjustment on surplus	16	(43,859,875)	36,231,058
Balance as at June 30,		<u>183,503,681</u>	<u>243,928,956</u>
This comprises of the following:			
Taxable temporary differences:			
- accelerated depreciation on property, plant and equipment		127,789,807	141,757,669
- surplus on revaluation of property, plant and equipment	16	135,387,006	191,096,190
		<u>263,176,813</u>	<u>332,853,859</u>
Deductible temporary differences:			
- provision for doubtful trade debts		3,599,832	3,599,832
- provision for stores and spares		1,292,334	1,319,528
- provision for doubtful other receivables		1,399,242	1,399,242
- provision for staff gratuity		9,886,630	11,110,494
- minimum tax		63,495,094	71,495,806
		<u>(79,673,132)</u>	<u>(88,924,903)</u>
		<u>183,503,681</u>	<u>243,928,956</u>
20. RETIREMENT BENEFIT OBLIGATION			
Mill	20.2	48,516,371	38,794,769
Head office	20.10	252,372	252,372
		<u>48,768,743</u>	<u>39,047,141</u>
20.1 Retirement benefit obligation - defined benefit plan			
The Projected Unit Credit Method based on following significant assumptions was used for valuation of the scheme. The basis of recognition together with details as per actuarial valuation conducted as at June 30, 2020 are as under:			
The principal assumptions used are as follows:			
		2020	2019
- Discount rate		8.50%	14.25%
- Expected rate of salary increase		7.50%	13.25%
- Mortality rate		SLIC 2001-2005 set back one year	SLIC 2001-2005 set back one year
20.2 Liability recognized in the statement of financial position			
Present value of retirement benefit obligation (RBO)	20.3	<u>48,516,369</u>	<u>38,794,769</u>



20.3 Movement in Retirement benefit obligation (RBO) during the year	Note	2020 Rupees	2019 Rupees
Balance as at July 1,		38,794,769	37,566,379
Expense recognized in profit or loss	20.4	17,531,250	14,795,245
Total remeasurements recognized in other comprehensive income	20.5	(2,182,150)	(3,750,915)
Benefits paid		(1,146,600)	(5,022,270)
Benefits due but not yet paid	21.4	(4,480,900)	(4,793,670)
		<u>48,516,369</u>	<u>38,794,769</u>
20.4 Expense recognized in profit or loss			
Current service cost		12,403,955	11,855,988
Interest cost		5,127,295	2,939,257
		<u>17,531,250</u>	<u>14,795,245</u>
20.5 Total remeasurements recognized in other comprehensive income			
Actuarial gain on liability arising on			
- financial assumptions		(892,122)	657,737
- experience adjustments		(1,290,028)	(4,408,652)
		<u>(2,182,150)</u>	<u>(3,750,915)</u>
20.6 Sensitivity analysis			

The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

Current year	Change in assumption	Increase / (decrease) in defined benefit obligation due to	
		Increase in assumption	Decrease in assumption
		Rupees	Rupees
Discount rate	1%	(2,681,956)	3,067,112
Salary growth rate	1%	3,202,996	(2,856,027)
Prior year	Change in assumption	Increase / (decrease) in defined benefit obligation due to	
		Increase in assumption	Decrease in assumption
		Rupees	Rupees
Discount rate	1%	(2,048,591)	2,331,458
Salary growth rate	1%	2,439,102	(2,183,594)

20.7 The gratuity scheme exposes the Company to the following risks:

Longevity risks: The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk: The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risk: The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the defined benefit obligation. The movement of the liability can go either way.

- 20.8** The weighted average duration of the defined benefit obligation as at June 30, 2020 is 6 years (2019: 6 years).
- 20.9** Number of employees covered by the scheme are 687 (2019: 648).
- 20.10** This amount relates to the unfunded gratuity scheme for the head office staff which has been freezed since 2002, as per the Company policy.

21. TRADE AND OTHER PAYABLES	Note	2020 Rupees	2019 Rupees
Creditors	21.1	77,391,657	43,935,628
Accrued liabilities		63,415,125	47,354,176
Bills payable		134,654,334	-
Contract liabilities		24,435,947	14,186,315
Workers' profit participation fund	21.2	4,316,249	3,716,099
Workers' welfare fund		14,182,206	14,182,206
Infrastructure cess	21.3	59,795,206	50,107,522
Payable to provident fund		351,014	364,567
Gratuity due but not yet paid	21.4	6,666,400	5,597,770
Withholding tax payable		12,139,760	9,325,316
		397,347,898	188,769,599

21.1 Trade payables are non-interest bearing and are normally settled on 90-days term.

21.2 Workers' profit participation fund

Balance as at July 1,		3,716,099	3,139,851
Allocation during the year	30	-	3,716,099
Interest on funds utilized in Company's business	29	600,150	240,312
		4,316,249	7,096,262
Paid during the year		-	(3,380,163)
Balance as at June 30,		4,316,249	3,716,099

21.3 The Government of Sindh through Sindh Finance Act, 1994 provided for imposition of an infrastructure fee for the development and maintenance of infrastructure on goods entering or leaving the Province through air or sea at prescribed rates. The levy was challenged by the Company along with other companies in the High Court of Sindh through civil suits which were dismissed by the single judge of the High Court of Sindh through its decision in October 2003. On appeal filed there against, the High Court of Sindh has held through an order passed in September 2008 that the levy as imposed through the Sindh Finance Act, 1994 (amended time to time) was not valid till December 28, 2006, however, thereafter on account of an amendment in the Sindh Finance (Amendment) Ordinance, 2006, it had become valid and is payable by the Appellants. The Company, along with other companies, filed an appeal in the Supreme Court of Pakistan against the aforementioned order of the High Court of Sindh. The Supreme Court granted stay by passing an interim order on January 22, 2009. The order passed by the High Court of Sindh was set aside by the Supreme Court vide its order dated May 20, 2011. Consequently, a new petition has been filed in the High Court of Sindh. Through the interim order passed on May 31, 2011, the High Court has ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure fee should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed.

The Management is confident for a favorable outcome. However, as a matter of prudence, the Company has made provision as follows:

	Note	2020 Rupees	2019 Rupees
Balance as at July 1,		50,107,522	35,604,949
Charge for the year		19,760,848	29,024,101
		69,868,370	64,629,050
Payments made during the year		(10,073,164)	(14,521,528)
Balance as at June 30,		59,795,206	50,107,522



		2020 Rupees	2019 Rupees
21.4 Movement in gratuity due but not yet paid	Note		
Balance as at July 1,		5,597,770	3,400,580
Add: transfer from RBO during the year	20.3	4,480,900	4,793,670
Less: payments made during the year		(3,412,270)	(2,596,480)
		<u>6,666,400</u>	<u>5,597,770</u>
22. ACCRUED MARK-UP			
Long-term finance		1,015,920	-
Short-term borrowings		66,992,456	49,416,428
		<u>68,008,376</u>	<u>49,416,428</u>
23. SHORT-TERM BORROWINGS			
Banking companies - secured			
Running finance		518,062,837	618,093,821
Cash finance		291,345,726	218,945,955
Finance against Imported Merchandise (FIM)		828,648,647	770,956,584
	23.1	<u>1,638,057,210</u>	<u>1,607,996,360</u>
23.1	Facilities for running finance, cash finance, FIM and Murabaha are available from various banks up to Rs. 3,300 million (2019: Rs. 3,088 million). These facilities are subject to mark-up at the rates 3 month KIBOR plus 1% to 2.5% (2019: 3 month KIBOR plus 1% to 3%) per annum payable quarterly. These are secured against various assets including first pari passu hypothecation charge over present and future stock-in-trade, pledge of cotton, first hypothecation charge over present and future book debts, ranking charge on the stocks and receivables of the Company, equitable mortgage on various properties and personal guarantees of all directors of the Company.		
	The aggregate unavailed short-term borrowing facilities amounted to Rs. 1,666 million (2019: Rs. 1,481 million).		
24. CONTINGENCIES AND COMMITMENTS			
24.1 Contingencies		2020 Rupees	2019 Rupees
24.1.1	Letters of guarantee issued by banks on behalf of the Company to:		
	- Lahore Electric Supply Company Limited	15,310,568	15,310,568
	- Sui Northern Gas Pipelines Limited	24,314,000	24,314,000
	- Excise and Taxation Office	54,258,500	43,258,600
24.1.2	In August 2013, the Oil and Gas Regulatory Authority (OGRA) vide its S.R.O. # 726(I)/2015 notified the sale price for sale of natural gas at Rs. 573.28/MMBTU for captive power consumption (CPP) with immediate effect. Subsequent to the said S.R.O., the Company received gas bills at Rs. 573.28/MMBTU, being considered as CPP by the utility company. The Company, considering itself as industrial consumer paid gas charges at the rate applicable before August 2013 on the basis of the stay order obtained from the Court.		
	Subsequently, on September 1, 2015, OGRA vide its S.R.O. # 876(I)/2015 notified the price for sale of natural gas at Rs. 600/MMBTU for industrial consumers and on captive power consumption, with effect from September 1, 2015. Aggrieved by the notification, the Company filed a suit in the Lahore High Court contending that the mandatory procedures as laid down in the OGRA Ordinance, 2002 and Rules made thereunder were not fulfilled while issuing the notification. Hence, the Company paid / accrued gas charges at rates applicable before the above S.R.O. # 726(I)/2015 on the basis of stay orders obtained from Lahore high Court, Multan bench, from time to time, until November 2015.		
	From December 2015, the gas company has started supplying imported Liquefied Natural Gas (LNG) resulting in the change in rates over which no dispute has been raised by the Company.		
24.1.3	The Federal Government issued Gas Infrastructure Development Cess (GIDC) Acts in the years 2011, 2014 and 2015. All GIDC Acts have been subject of thorough debate and consideration at honorable High Courts of the Country as well as the Supreme Court of Pakistan (SCP).		



On August 12, 2020, the SCP issued its verdict (Judgement) and held that “the levy imposed under GAS Infrastructure Development Cess Act, 2015 (the Act) is in accordance with the Provisions of the Constitution”. The Supreme Court has also held that “the Provisions of section 8 of the Act, which give retrospective effect to the charge and recovery of GIDC levied from the year 2011 are also declared to be valid being within the legislative competence of the Parliament.” However, Section 8 (2) (1st proviso) of the legislature has explicitly facilitated the industrial sector narrating that the cess shall not be collected from industrial sector as it has not been collected by the Gas companies in terms of GIDC Act 2011 and the GIDC Ordinance 2014. Further, while comparing two categories i.e. industrial and domestic consumers, the Hon’ble Court has specifically stated that GIDC shall be applicable only on those companies which have passed the burden on to its consumers/clients (Clause 37 of Judgement). Management maintains that since the Company has not passed on the burden to its consumers/clients, it is not liable to pay Cess, by whatever name charged.

Subsequently, a writ petition was filed before Honorable High Court at Lahore against imposition of GIDC Act 2015 and the recovery of Cess from December 2011 to May 2015. The recovery of Cess was stayed by the Honorable High Court at Lahore.

24.2	Commitments	Note	2020 Rupees	2019 Rupees
	Letters of credit opened and outstanding for import of:			
	- raw material		56,112,000	154,682,685
	- stores and spares		-	1,447,131
			<u>56,112,000</u>	<u>156,129,816</u>
25	SALES - NET			
	Yarn			
	- Local		2,476,880,982	2,423,805,147
	- Export		733,348,320	709,273,945
			<u>3,210,229,302</u>	<u>3,133,079,092</u>
	Raw material - Local		311,272,116	199,190,480
	Waste - Local		145,020,486	152,181,219
			<u>3,666,521,904</u>	<u>3,484,450,791</u>
	Less:			
	Sales tax		(415,799,852)	-
	Brokerage and commission		(9,465,189)	(12,855,150)
	Discount		(2,000,627)	-
			<u>3,239,256,236</u>	<u>3,471,595,641</u>
26.	COST OF SALES			
	Raw material consumed	26.1	2,024,958,455	2,212,672,212
	Salaries, wages and benefits	26.2	159,119,774	147,050,788
	Fuel and power		327,005,845	326,445,084
	Depreciation	4.2	79,019,505	75,188,884
	Stores, spares and loose tools consumed		40,033,646	39,532,529
	Packing material		39,855,445	45,288,013
	Insurance		9,570,172	10,759,469
	Repairs and maintenance		2,961,799	4,131,867
	Provision on slow moving stores, spares and loose tools	6	-	976,014
	Vehicles running and maintenance		1,495,856	1,593,843
	Other manufacturing overheads		5,366,567	4,384,584
			<u>664,428,609</u>	<u>655,351,075</u>
			<u>2,689,387,064</u>	<u>2,868,023,287</u>
	Work-in-process			
	Opening stock		26,053,631	25,248,274
	Closing stock		(38,283,787)	(26,053,631)
			<u>(12,230,156)</u>	<u>(805,357)</u>
	Cost of goods manufactured		<u>2,677,156,908</u>	<u>2,867,217,930</u>



	Note	2020 Rupees	2019 Rupees
Finished goods			
Opening stock		112,069,188	134,040,039
Yarn purchased		1,720,500	-
Closing stock		(145,315,502)	(112,069,188)
		(31,525,814)	21,970,851
Cost of raw material sold		310,785,352	187,364,551
		2,956,416,446	3,076,553,332
26.1 Raw material consumed			
Opening stock		885,317,158	726,124,754
Purchases - net		2,144,366,089	2,371,864,616
		3,029,683,247	3,097,989,370
Closing stock		(1,004,724,792)	(885,317,158)
		2,024,958,455	2,212,672,212
26.2	Salaries, wages and benefits include Rs. 17.53 million (2019: Rs. 14.79 million) in respect of retirement benefit obligations.		
27. DISTRIBUTION COST			
Freight and octroi		10,863,828	6,630,314
Commission and other charges		2,783,778	2,419,726
Clearing and forwarding		5,386,621	3,723,930
Business promotion expenses		5,733,499	4,072,287
Export development surcharge		1,835,862	1,833,064
		26,603,588	18,679,321
28. ADMINISTRATIVE EXPENSES			
Salaries and benefits	28.1	45,306,675	46,622,849
Fees, subscription and periodicals		2,209,773	1,740,244
Entertainment		1,102,462	918,958
Traveling and conveyance		1,960,747	3,562,981
Postage and telephone		1,317,201	1,383,540
Electricity, gas and water		2,644,363	2,970,685
Vehicles running and maintenance		4,609,606	4,533,334
Depreciation	4.2	10,326,842	8,235,552
Provision for doubtful trade debts	8.2	-	-
Legal and professional		360,264	1,436,509
Auditors' remuneration	28.2	1,070,000	1,078,000
Printing and stationery		406,465	359,738
Computer		155,800	124,450
Rest house		1,382,101	404,850
Advertisement		160,200	80,340
Donation	28.3	3,870,000	1,740,000
Others		6,405,167	2,271,267
		83,287,666	77,463,297
28.1	Salaries and benefits include Rs. 1.36 million (2019: Rs. 1.30 million) in respect of employer's contribution to provident fund.		



28.2 Auditors' remuneration	Note	2020 Rupees	2019 Rupees
Audit Services			
Annual audit fee		800,000	800,000
Half year review fee		130,000	130,000
Review of code of corporate governance		50,000	50,000
Other services		50,000	50,000
Out of pocket expenses		40,000	48,000
		<u>1,070,000</u>	<u>1,078,000</u>
28.3 No director or their spouse had any interest in the donees' fund. Furthermore, no donation exceeding Rs. 1 million has been given to a single party.			
29. FINANCE COST	Note	2020 Rupees	2019 Rupees
Mark-up on long term finance		13,847,168	10,368,489
Mark-up on short-term borrowings		200,906,815	163,956,417
Interest on lease liability		5,773,658	4,370,187
Unwinding of discount on long-term finance from related parties	17.2	10,783,018	9,120,910
Workers' profit participation fund	21.2	600,150	240,312
Bank charges, guarantee commission and other related charges		8,695,829	20,978,160
		<u>240,606,638</u>	<u>209,034,475</u>
30. OTHER OPERATING EXPENSES			
Workers' profit participation fund	21.2	-	3,716,099
Workers' welfare fund		-	1,414,230
Infrastructure cess	21.3	9,687,684	15,840,443
Exchange loss - net		10,771,889	6,298,059
Other		954,757	-
		<u>21,414,330</u>	<u>27,268,831</u>
31. OTHER INCOME			
Profit on deposits		5,291,174	3,022,514
Realised / unrealized loss on other financial assets		(170,748)	(235,900)
Dividend income		-	238,125
Gain on disposal of property, plant and equipment		5,130,486	348,952
Scrap sales		-	155,000
		<u>10,250,912</u>	<u>3,528,691</u>
32. TAXATION			
Current			
- for the year		43,168,418	39,222,187
- prior year		(2,210,212)	-
		<u>40,958,206</u>	39,222,187
Deferred	19	<u>(17,198,224)</u>	<u>(5,410,620)</u>
		<u>23,759,982</u>	<u>33,811,567</u>



32.1 Relationship between tax expense and accounting profit

The numerical reconciliation between the average tax rate and applicable tax rate has not been presented in these financial statements as the total income of the company attracts minimum tax under section 113 of the Income Tax Ordinance, 2001 and its export sales fall under final tax regime.

32.2 Subsequent to the amendment of section 5(A) of the Income tax Ordinance, 2001, tax at the applicable rate shall be imposed on every public company which derives profit for the year. However, this tax shall not apply in case of a company which distributes at least specified percentage of after tax profits within six months of the end of the tax year in the form of cash dividend. In 2019, the Company had obtained stay order from Sindh High Court in respect of application of such clause.

33. LOSS / EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic loss / earnings per share of the Company which is based on:

		2020	2019
(Loss) / profit for the year	Rupees	(102,581,502)	32,313,509
Weighted average number of ordinary shares outstanding during the year		19,852,800	19,852,800
(Loss) / earnings per share	Rupees / Share	(5.17)	1.63

34. CASH AND CASH EQUIVALENTS

	Note	2020 Rupees	2019 Rupees
Cash and bank balances	14	18,400,305	21,322,858
Short-term borrowings	23	(1,638,057,210)	(1,607,996,360)
		(1,619,656,905)	(1,586,673,502)

35. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, directors, key management personnel and post employment contribution plan. Shareholding of related parties, long-term loans obtained from directors and associated undertakings (and unwinding of discount thereon) and remuneration of Chief Executive Officer, directors and executives are disclosed in note 35.1, note 28 and note 36 respectively. Other significant transaction with a related party is as follows:

Relationship with the Company	Nature of transaction	Note	2020 Rupees	2019 Rupees
Key Management Personnel	Remuneration paid		8,013,344	8,647,704
	Post employment benefits		242,464	161,172
Post employment contribution plan	Contribution to employees' provident fund	28.1	1,362,781	1,300,492

35.1 Details of related parties of the Company

Name of related party	Basis of relationship and percentage holding
Muhammad Idrees Allawala	Chairman holds 0.003% shares
S.M. Mansoor Allawala	Chief Executive Officer holds 12.816% shares
Muhammad Iqbal	Director holds 0.003% shares
Naeem Idrees Allawala	Director holds 22.376% shares
Rizwan Idrees Allawala	Director holds 4.883% shares
Omair Idrees Allawala	Director holds 25.031% shares
Muhammad Saeed	Director holds 0.443% shares
Muhammad Israil	Director holds 0.011% shares
Ambreen Mansoor	Spouse of S.M. Mansoor Allawala holds 2.022% shares
Muhammad Jawaid	Chief Financial Officer
Muhammad Anis	Key Management Personnel
Syed Shahid Sultan	Company secretary
Ayyaz Khan	Key Management Personnel



36. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2020				2019			
	Chief Executive	Directors		Non-executive	Chief Executive	Directors		Non-executive
		Executive	Executive			Executive	Executive	
Remuneration	2,000,000	1,600,000	-	4,413,344	1,820,000	2,640,000	-	4,187,704
House rent allowance	600,000	480,000	-	1,695,615	546,000	792,000	-	1,256,311
Utilities	200,000	160,000	-	441,334	182,000	264,000	-	418,770
Medical	200,000	160,000	-	441,334	182,000	264,000	-	418,770
	3,000,000	2,400,000	-	6,991,627	2,730,000	3,960,000	-	6,281,555
Number of persons	1	1	1	3	1	2	1	3

The Chief Executive, directors and some executives are provided with free use of Company maintained cars.

As per revised requirement of the Act, executive means an employee, other than chief executive and directors, whose basic salary exceeds Rs. 1.2 million in a financial year. Therefore, comparative figures have been changed in light of change in the definition of executive as per the Act.

37. PLANT CAPACITY AND ACTUAL PRODUCTION

Installed production capacity 20/s count - yarn in kgs.

Actual production during the year at 20/s count - yarn in Kgs.

2020

14,795,745

10,073,547

2019

14,795,745

17,371,599

It is difficult to precisely describe the production capacity and compare it with actual production in the textile industry since it fluctuates widely depending upon various factors such as count of yarn spun, spindles speeds, twists per inch, raw material used, etc.



38. NUMBER OF EMPLOYEES

The total and average number of employees during the year and as at June 30, 2020 and 2019 respectively are as follows:

	2020	2019
Total number of employees of the Company as at reporting date	728	690
Average number of employees of the Company during the year	709	651
Employee's working in Company's factory as at reporting date	687	648
Average number of employees working in Company's factory during the year	668	609

39. PROVIDENT FUND

The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified thereunder.

40. FINANCIAL INSTRUMENTS BY CATEGORY

	2020 Rupees	2019 Rupees
Financial assets as per statement of financial position		
At fair value through profit or loss		
Other financial assets	-	3,373,275
At amortised cost		
Security deposits	32,306,936	31,905,607
Trade debts	782,098,181	829,317,743
Loans and advances	2,808,481	1,119,485
Other receivables	12,566,196	14,992,954
Other financial assets	73,746,320	61,277,760
Sales tax refund bond	-	14,700,000
Cash and bank balances	18,400,305	21,322,858
	921,926,419	978,009,682
Financial liabilities as per statement of financial position		
At amortized cost		
Long-term finance		
- from banking companies	142,636,038	115,368,060
- from related parties	112,199,071	59,849,513
Lease liability	59,644,112	72,936,952
Trade and other payables	282,478,530	95,914,271
Unclaimed dividend	2,424,885	2,424,885
Mark-up accrued	68,008,376	49,416,428
Short-term borrowings	1,638,057,210	1,607,996,360
	2,305,448,222	2,003,906,469

41. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

41.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk of the Company arises principally from the trade debts, security deposits, loans and advances, other financial assets, other receivables 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:

	Note	2020 Rupees	2019 Rupees
Security deposits	41.1.1	32,306,936	31,905,607
Trade debts	41.1.2	782,098,181	829,317,743
Loans and advances	41.1.3	2,808,481	1,119,485
Other receivables		12,566,196	14,992,954
Other financial assets	41.1.4	73,746,320	61,277,760
Bank balances	41.1.4	17,412,935	21,245,856
		920,939,049	959,859,405

41.1.1 Deposits

Deposits primarily include deposits given to leasing companies / financial institutions for lease of plant and machinery and vehicles. These deposits are usually adjusted at the end of lease term against the purchase of leased asset.

41.1.2 Trade debts

The trade debts at year end are primarily due from local customers against local sales. Management assesses the credit quality of customers, taking into account their financial position, past experience and other factors. The Company's exposure to credit risk arising from trade debtors is mainly influenced by the individual characteristics of each customer. The Company has no major concentration of credit risk with any single customer. The Company establishes an allowance for impairment that represents lifetime expected credit losses (ECL) based on analysis of recovery pattern.

41.1.3 Loans and advances

These include loans and advances given primarily to employees against salaries, which will be adjusted against their future salaries or in case of resignation against their post retirement benefit balances.

41.1.4 Other financial assets and balances with banks

The Company deposits its funds and invests in term deposit receipts (other financial assets) with banks carrying good credit standings assessed by reputable credit agencies. These banks are credit rated as follows:

Bank Name	Date of Rating	Rating Agency	Short term	Long term
Bank Al-Falah Limited	26-Jun-20	PACRA	A1+	AA+
Samba Bank Limited	30-Jun-20	VIS	A1+	AA
Dubai Islamic Bank Pakistan Limited	30-Jun-20	VIS	A1+	AA
Habib Metropolitan Bank Limited	26-Jun-20	PACRA	A1+	AA+
The Bank of Punjab	30-Jun-20	PACRA	A1+	AA
MCB Islamic Bank Limited	25-Jun-20	PACRA	A1	A
National Bank of Pakistan	26-Jun-20	PACRA	A1+	AAA
Silk bank Limited	30-Jun-20	VIS	A2	A
Bank Islami Pakistan Limited	30-Jun-20	PACRA	A1	A+
Sindh Bank Limited	30-Jun-20	VIS	A1	A+
Meezan Bank Limited	30-Jun-20	VIS	A1+	AA+
J.S Bank Limited	29-Jun-20	PACRA	A1+	AA-
Habib Bank Limited	30-Jun-20	VIS	A1+	AAA
Bank Al-Habib Limited	29-Jun-20	PACRA	A1+	AA+
Soneri Bank Limited	25-Jun-20	PACRA	A1+	AA-

41.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining sufficient cash and bank balances and availability of financing through banking arrangements. The following are the contractual maturities of financial liabilities, including interest payments, excluding the impact of netting agreements:

	2020			
	Carrying amount	Contractual maturities	Maturity upto one year	Maturity after one year
	Rupees			
Long-term financing				
- from related parties	110,276,320	143,862,388	50,121,388	93,741,000
- from banking company	142,636,038	157,775,815	49,235,496	93,400,542
Lease liability	59,644,112	64,018,939	34,618,168	29,400,771
Trade and other payables	282,478,530	282,478,530	282,478,530	-
Unclaimed dividend	2,424,885	2,424,885	2,424,885	-
Markup accrued	68,008,376	68,008,376	68,008,376	-
Short-term borrowings	1,638,057,210	1,638,057,210	1,638,057,210	-
	2,305,448,222	2,356,626,143	2,124,944,053	216,542,313

	2019			
	Carrying amount	Contractual maturities	Maturity upto one year	Maturity after one year
	Rupees			
Long-term financing				
- from related parties	59,849,513	104,430,001	-	104,430,001
- from banking company	115,368,060	144,381,874	27,390,008	87,978,052
Liabilities against assets subject to finance lease	72,936,952	80,647,730	34,484,158	46,163,572
Trade and other payables	95,914,271	95,914,271	95,914,271	-
Unclaimed dividend	2,424,885	2,424,885	2,424,885	-
Markup accrued	49,416,428	49,416,428	49,416,428	-
Short-term borrowings	1,607,996,360	1,607,996,360	1,607,996,360	-
	2,003,906,469	2,085,211,549	1,817,626,110	238,571,625

41.3 Market risk

Market risk is the risk that changes in market prices, such as share price, foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The Company is primarily exposed to interest rate risk and currency risk.

41.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term borrowings, liabilities against assets subject to finance lease, other financial assets and bank balances in saving account.

At the reporting date the interest rate risk profile of the Company's interest-bearing financial instruments is:

	Carrying Amount	
	2020 Rupees	2019 Rupees
Fixed rate instruments		
Financial assets - at amortised cost	73,746,320	61,277,760
Financial liabilities - at amortised cost	52,500,000	-
Variable rate instruments		
Financial assets - at amortised cost	107,534	36,290
Financial liabilities - at amortised cost	1,791,101,864	1,796,301,372

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in KIBOR based financial liabilities at the reporting date would have increased / (decreased) equity and profit before tax by Rs. 9.18 million (2019: Rs. 8.98 million). This analysis assumes that all other variables remain constant.

41.3.2 Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and bank balances in foreign currency. The Company's exposure to foreign currency risk is as follows:

	June 30, 2020		
	USD	EURO	Total
	Rupees		
Trade debts	1,631,173	-	1,631,173
Bills payable	128,276,328	6,378,016	134,654,344
Net exposure	(126,645,155)	(6,378,016)	(133,023,171)
	June 30, 2019		
Trade debts	22,246,389	-	22,246,389
Net exposure	22,246,389	-	22,246,389

	Average rate		Reporting date rate	
	2020	2019	2020	2019
	Rupees			
USD	168.75	137.82	167.60 / 168.10	158.17 / 158.55
Euro	188.46	155.95	188.19 / 188.72	178.56 / 178.99

At June 30, 2020, if the Pakistani Rupee had weakened / strengthened by 5% against the US Dollar and Euro with all other variables held constant, profit before tax for the year would have been lower / higher by Rs.6.65 million (2019: Rs. 1.11 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar and Euro - denominated trade debts and trade payables.

41.4 Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can

continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend to the shareholders or issue bonus / new shares.

The Company is not subject to externally imposed capital requirements.

42. FAIR VALUE OF FINANCIAL INSTRUMENTS

- (a) 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.
- (b) Fair value estimation

The Company discloses the financial instruments measured in the balance sheet at fair value in accordance with the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets 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., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's investments in shares of a listed company amounting to Rs. Nil (2019: Rs. 3.37 million) was valued at fair value and was classified as Level 1 in the fair value hierarchy.

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

There are no transfers between the levels during the year.

- 42.1 There are no other assets or liabilities to classify under above levels except the Company's land, mill building, labour colony, plant and machinery, electric installations and factory equipments are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of these assets carried out as at June 30, 2019, were performed by M/s Arif Evaluators (an independent valuer), an independent valuer not related to the Company. The valuer is listed on panel of Pakistan Banks Association and they have appropriate qualification and experience in the fair value measurement of properties, plant and machinery. Value determined by independent valuer is classified as Level 2 in the fair value hierarchy.

43. GENERAL

- 43.1 Corresponding figures have been reclassified / rearranged, wherever necessary.

- 43.2 As in the rest of the world, COVID-19 adversely affected lifestyles and business operations in Pakistan. The Company complied with the SOPs prescribed by Federal and Provincial Governments. Sales and production activities were affected during lockdowns, however, the factory reopened after necessary permissions to produce orders for exports and essential services. The Company remained up to date in all its financial commitments. The Management believes that the going concern assumption of the Company remains valid.

The Company availed employee refinance facility for payment of salaries and wages under SBP's infrastructure, Housing & SME Finance department (IH&SMEFD) Circular No. 6 of 2020 dated April 10, 2020.

44. Date of authorization for issue

These financial statements were authorized for issue on October 3, 2020 by the Board of Directors of the Company.



Chairman / Director



Chief Executive



Chief Financial Officer

NUMBER OF SHARE HOLDERS	SHARE HOLDINGS			TOTAL SHARES HELD
130	1	-	100	1,769
423	101	-	500	86,713
658	501	-	1000	365,895
168	1001	-	5000	308,769
14	5001	-	10000	95,090
11	10001	-	15000	130,245
5	15001	-	20000	87,920
14	20001	-	25000	306,790
4	25001	-	30000	110,753
2	30001	-	35000	64,900
1	35001	-	40000	36,850
2	55001	-	60000	118,301
2	60001	-	65000	126,450
1	70001	-	75000	71,500
1	80001	-	85000	82,500
3	85001	-	90000	264,000
2	90001	-	95000	186,400
2	95001	-	100000	200,000
1	105001	-	110000	110,000
1	130001	-	135000	130,350
1	135001	-	140000	137,550
2	180001	-	185000	366,030
1	190001	-	195000	191,290
1	325001	-	330000	330,000
1	400001	-	405000	401,478
1	490001	-	495000	495,000
1	505001	-	510000	507,507
1	670001	-	675000	672,870
1	940001	-	945000	940,561
1	965001	-	970000	969,362
1	2265001	-	2270000	2,544,329
1	4290001	-	4295000	4,442,266
1	4720001	-	4725000	4,969,362
1,459				19,852,800

Categories of Shareholders	No. of Shareholders	Shares held	Percentage
Associated Companies, Undertaking and Related Parties	-	-	-
Directors, CFO & their Spouse and Minor Children	08		
Mr. S. M. Idrees Allawala		550	0.003
Mr. S. M. Mansoor Allawala		2,544,329	12.816
Mr. Naeem Idrees Allawala		4,442,266	22.376
Mr. Rizwan Idrees Allawala		969,362	4.883
Mr. Omair Idrees Allawala		4,969,362	25.031
Mr. Muhammad Israil		2,200	0.011
Mr. Muhammad Saeed		88,000	0.443
Mrs. Ambreen Mansoor W/o S. M. Mansoor Allawala		401,478	2.022
Executive	-	-	-
Joint Stock Companies	8	3,031	0.015
NIT & ICP	-	-	-
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas & Mutual Funds	5	186,890	0.941
Shareholders holding 5% or more voting interest			
Mr. S. M. Mansoor Allawala		2,544,329	12.816
Mr. Naeem Idrees Allawala		4,442,266	22.376
Mr. Omair Idrees Allawala		4,969,362	25.031

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	PERCENTAGE
Associated Companies, Undertaking, and Related Parties	-	-	-
Directors, CFO & their Spouse & Minor Children	8	13,417,547	67.585
Joint Stock Companies	8	3,031	0.015
Bank, Development Finance Institutions Insurance Companies, Modarabas	5	186,890	0.941
Individuals	1,438	6,245,332	31.458
	1,459	19,852,800	100.00

مجھے خوشی ہے کہ 30 جون 2020 کو ختم ہونے والے سال کے لئے کمپنی اور اسکے بورڈ آف ڈائریکٹرز کا ایک جائزہ آپکے سامنے پیش کروں۔

زیر غور سال کے دوران بورڈ کے کمپنی کی مجموعی نظم و نسق اہم پالیسیاں تشکیل دینے اپنے کارکردگی اور بورڈ کی کمیٹیوں کی نگرانی کے سلسلے میں اپنی ذمہ داریاں پوری طرح سے نبھائیں بورڈ کی کارکردگی کے جائزہ کا مقصد کارپوریٹ گورننس کے بہترین طریقہ کار کے مطابق اپنی مجموعی کارکردگی اور کمپنی کے امور کے طرز عمل کی پیمائش کرنا ہے بورڈ کے چیئرمین کی حیثیت سے یہ میری ذمہ داری ہے کہ کمپنی کی گورننس کو مستحکم بنایا جائے جس کے تحت تمام اسٹیک ہولڈرز کے خیالات کو مد نظر رکھا جائے مشکل معاشی صورتحال کے باوجود بورڈ نے کمپنی کو اپنے مقاصد کے حصول کے لئے ایک مناسب حکمت عملی تیار کرنے میں ایک موثر کردار ادا کیا ہے خاص طور پر کرونا وائرس کے بدقسمتی سے پھیلنے کے دوران بورڈ کے اپنے فرائض اور ذمہ داریوں کو پوری تندی سے ادا کیا۔ کمپنی کو اپنے اسٹریٹجک امور میں رہنمائی کرنے میں موثر کردار ادا کیا اور کارپوریٹ گورننس کے اعلیٰ معیار کو برقرار رکھنے کے لئے پرعزم ہے کوڈ 19 وبائی مرض پاکستان کی پہلے ہی سے نازک معیشت میں بڑی رکاوٹ کا باعث بنا ہے مالی سال 2020 میں ملک کی معاشی نمو تقریباً گزشتہ سات دہائیوں میں سب سے خراب رہی ہے جس میں تقریباً 0.4 فیصد کمی ہوئی ہے۔ کوڈ 19 لاک ڈاؤن کے سبب کمپنی کی فروختگی کو دھچکے لگا ہے۔ تاہم لاک ڈاؤن ختم ہونے کے بعد معاشی سرگرمیاں زور پکڑ رہی ہے اور میں توقع کرتا ہوں کہ اس سے ملک میں اشیاء اور خدمات کی مانگ آہستہ آہستہ بحال ہو جائے گی۔ کوڈ 19 کی وجہ سے غیر یقینی معاشی صورتحال دیکھتے ہوئے لازمی ہے کہ ہم لاگ پر قابو پانے اور پیداوار کی اصلاح پر توجہ دیں۔

زیر جائزہ سال میں جانچ کی بنیاد پر، بورڈ کی مجموعی کارکردگی اور موثر اور اطمینان بخش رہی کارپوریٹ گورننس کے اعلیٰ معیار کو یقینی بنانے کے لئے بورڈ کے اپنا فرض ادا کیا کیونکہ کارپوریٹ احتساب بڑھاوا دینے کے لئے کارپوریٹ گورننس کا ایک بہتر نظام نہایت اہم ہے۔ مناسب نگرانی کے ذریعہ قابل اطلاق قوانین اور ضوابط کی تعمیل کو یقینی بنایا گیا ہے کمپنی کی انتظامیہ حصص یافتگان کے مفاد کو مقدم رکھنے کے لئے مستقل کوشاں رہی۔ سال کے دوران بورڈ نے دیگر امور کے ساتھ سہ ماہی اور سالانہ مالیاتی گوشوارے، کمپیٹل اخراجات، قرضہ جات اور بیرونی آڈیٹر کی تقریری پر غور کیا اور اسکی منظوری دی بورڈ کی کمیٹیوں یعنی آڈٹ کمیٹی اور انسانی وسائل اور معاوضہ کمیٹی نے اپنے فرائض کی انجام دہی میں بورڈ کی مدد کی ان کمیٹیوں نے کارپوریٹ گورننس کے ضوابط کے مطابق اجلاس منعقد کئے اور بورڈ کو رپورٹ کیا۔ کمپنی کے بورڈ کی موجودہ تین سالہ معیاد کی تکمیل کے بعد آئندہ سالانہ جنرل میٹنگ میں ڈائریکٹرز کا انتخاب عمل میں آئے گا جو 28 اکتوبر 2020 کو ہونا ہے۔ یہاں میں تمام ڈائریکٹرز کو ان کی کمپنی کے گرانقدر خدمت کے لئے سراہنا چاہتا ہوں۔

میں کمپنی کے ملازمین کی قابل قدر خدمات کے لئے اور شیئر ہولڈرز، صارفین، سپلائرز اور بینکروں کا ان کے مستقل اعتماد اور تعاون کے لئے شکریہ ادا کرتا ہوں۔



محمد ادریس اللہ والا
چیئرمین

کراچی: 03 اکتوبر 2020

اظہار تشکر

ڈائریکٹران مالیاتی اداروں سپلائرز اور گانگوں کے تعاون کے مشکور ہیں اور ملازمین کی کاوشوں کی قدر کر رہے ہیں۔

منجانب بورڈ



ایس ایم منصور اللہ والا
چیف ایگزیکٹو



محمد ادریس اللہ والا
چیرمین / ڈائریکٹر

03 اکتوبر 2020ء
کراچی

بنیادی خدشات اور غیر یقینی صورت حال

بورڈ آف ڈائریکٹرز کمپنی کو درپیش خطرات کی نگرانی کرتا ہے اور اس طرح کے خطرات سے نمٹنے اور ان کو کم کرنے والے اقدامات کرتا ہے۔ کمپنی کو بہت سارے خطرات کا سامنا کرنا پڑتا ہے جس میں کریڈٹ رسک، لیگویڈیٹی رسک، سرمائے کا رسک قیمت کے خطرات، کاروباری خطرات، ریگیو لیٹری اداروں کے مقرر کردہ قواعد کی تعمیل کے خطرات اور کرنسی کے خطرات شامل ہیں (نوٹ: 41)۔

زیر جائزہ سال کے دوران کوڈ 19 کی وجہ سے غیر یقینی صورت حال میں نئی بلندیوں کو چھو لیا تھا اور اسکے نتیجے میں ہونے والے لاک ڈان سے کمپنی کی فروخت کی خاصی متاثر ہوئی کیپاس کی فصل کا سائز امریکی ڈالر / روپے کی قدر، شرح سود، توانائی کی نرخ، کم از کم اجرت، ٹیکس کے اقدامات انتظامیہ کی توجہ کا مرکز رہتے ہیں اور مالی نتائج کو متاثر کرتے ہیں۔

مستقبل پر نظر

وفاقی حکومت کی جانب سے تجارتی توازن کے لئے اٹھائے گئے اقدامات اور کوڈ 19 کی وجہ سے لاک ڈان کے سبب پاکستان کی جی ڈی پی نمو مالی سال 2020 میں شدید طور پر متاثر ہوئی ہے ہماری معیشت کساد بازی سے گزر رہی ہے کیونکہ 2017-18 سے مسلسل 2 سال جی ڈی پی کی نمو میں کمی واقع ہوئی ہے جو معاشی سرگرمیوں میں شدید خرابی، کم برآمد اور کم ٹیکس محصولات کی وصولی میں بھی چھلکتی ہے۔ وبائی مرض کوڈ 19 کی شدت اور طوالت کے سلسلے میں عدم اعتماد ہماری معاشی ترقی کے امکانات میں رکاوٹ کا باعث ہو سکتا ہے مینوفیکچرنگ (ایل ایس ایم) کے شعبے میں گراؤ اور وباء کے اثرات پاکستان کی مالی گنجائش کو ختم کر رہے ہیں خدشہ ہے کہ برآمد اور ترسیلات زر میں جو کمی دیکھی گئی ہے اس سے روپے کی قدر پر دباؤ برقرار رہے گا وباء کے معاشی نقصانات دیر پا ہو سکتے ہیں اور اس سے سپلائی چین مزدور منڈیوں ویلیو چینز اور معیشت پر صارفین کے اعتماد کی بحالی میں رکاوٹ ہوگی کوڈ 19 کے اثرات نے مینوفیکچرنگ، سیاحت اور خدمات کی صنعتوں کو کمزور کر دیا ہے کوڈ 19 کی وجہ سے ہونے والا لاک ڈاؤن سے پاکستان سے ٹیکسٹائل سامان کی برآمدات میں تیزی سے کمی واقع ہوئی خاص طور مارچ، اپریل اور مئی 2020 کے مہینوں میں ملک کی ٹیکسٹائل برآمدات میں مالی سال 2019-20 میں 6 فیصد کی کمی دیکھی گئی پاکستان سمیت پوری دنیا میں لاک ڈاؤن کا خاتمہ خوردہ فروخت کی بحالی میں مدد دے رہا ہے یہ ٹیکسٹائل کے شعبے کے لئے ایک اچھی علامت ہے جنوبی ایشیائی ممالک سے ٹیکسٹائل کی برآمدات بہتر ہو رہی ہیں کیونکہ عالمی خوردہ فروشوں دوبارہ خریداری شروع کر دی ہے جو کہ روک دی گئی تھی وبائی مرض کی دوسری لہر کے امکانات کو فی الحال مسترد نہیں جاسکتا ہے (خدا نخواستہ)۔

آڈیٹرز:

موجودہ ریٹائر ہونے والے آڈیٹر میسرز ڈیلاٹ یوسف عادل چارٹرڈ اکاؤنٹینٹس نے اہلیت کی بنیاد پر مالی سال 2020-21 کی بابت دوبارہ تقرری کے لئے اپنی خدمات پیش کی ہیں آڈٹ کمیٹی کی میٹنگ میں جو اکتوبر 2020، کو منعقد ہوئی تھی انکی دوبارہ تقرری کرنے کی تجویز دی گئی ہے۔

بورڈ کی کمیٹیاں

بورڈ آف ڈائریکٹرز نے کارپوریٹ کے کوڈ کے تقاضوں کے مطابق آرڈٹ کمیٹی اور ہیومن ریسورسز اور ریمونزیشن کمیٹی تشکیل دی ہے۔
آڈٹ کمیٹی کے ممبران درج ذیل ہیں

جناب محمد سعید چیئر مین

جناب محمد اقبال ممبر

جناب اسرائیل ممبر

ہیومن ریسورسز اور ریمونزیشن کمیٹی کے ممبران درج ہیں

جناب محمد سعید چیئر مین

جناب محمد اقبال ممبر

جناب محمد اسرائیل ممبر

عارضی آسامی

زیر نظر سال کے دوران جناب کامران ادیس اللہ کی جگہ جناب محمد اقبال کو ڈائریکٹر مقرر کیا گیا۔

بورڈ کا جائزہ

کوڈ آف کارپوریٹ گورنس ریکولیشن 2019 کے مطابق بورڈ، بورڈ کے ممبران اور اسکی کمیٹیوں کا جائزہ کیا گیا ہے تاکہ یہ یقینی بنایا جاسکے کہ بورڈ کی مجموعی کارکردگی اور افادیت کمپنی کے طے شدہ مقاصد سے ہم آہنگ ہے اس مقصد کے لئے بورڈ نے ایک طریقہ کار طے کیا ہے جسکی بنیاد پر بورڈ اس کے ممبروں اور بورڈ کی کمیٹیوں کی زیر جائزہ سال کے لئے مجموعی کارکردگی تسلی بخش پائی گئی۔

ڈائریکٹران کے لئے معاوضہ کی پالیسی کے نکات

نان ایگزیکٹو اور انڈیپنڈنٹ ڈائریکٹر صرف کمپنی اجلاسوں میں شرکت کی فیس کے حقدار ہیں۔ ڈائریکٹر کو ادا کی جانے والی مجموعی رقم منسلک مالیاتی گوشواروں کے نوٹ 36 میں ظاہر کی گئی ہے

ادارے کی سماجی ذمہ داری (CSR)

ادریس ٹیکسٹائل ملز لمیٹڈ کے اچھے کارپوریٹ شہری ہونے کے ناطے معاشرے میں لوگوں کی فلاح و بہبود اور اسکی کارپوریٹ معاشرتی ذمہ داری کی تکمیل میں کردار ادا کر رہا ہے زیر جائزہ سال کے دوران کمپنی نے صحت اور تعلیم کے شعبوں میں انسانیت کی خدمت کرنے والی مختلف تنظیموں کو 38.7 لاکھ روپے کی ادائیگی کی ہے۔

01	03	06	محمد اقبال
-	-	-	نعیم ادریس اللہ والا
-	03	06	رضوان ادریس اللہ والا
-	-	07	عمیر ادریس اللہ والا
01	06	07	محمد اسرار نیل
01	06	07	محمد سعید

- ۱۱۔ اس سال کمپنی سی ای، ڈائریکٹر ز اور ان کی ازواج اور نابالغ بچوں حصص نے کی کوئی تجارت نہیں کی
- ۱۲۔ کمپنی کی آڈٹ کمیٹی ممبران بورڈ آف ڈائریکٹر ز میں سے ہیں۔ جس کا چیئر مین انڈیپنڈنٹ اینڈ ڈائریکٹر ہے۔
- ۱۳۔ ہم نے ایک کاروباری حکمت عملی اور اخلاقیات سے متعلق ایک بیانیہ تمام ڈائریکٹر ز اور ملازمین میں تقسیم کیا ہے۔
- ۱۴۔ بورڈ مکمل کارپوریٹ حکمت عملی اور حصول مقاصد کے بیانیہ پر کاربند ہے۔

بورڈ آف ڈائریکٹر ز

مندرجہ ذیل تفصیل کے مطابق ڈائریکٹر ان کی تعداد 8 ہے

08	(ا) مرد
--	(ب) عورت

ساخت

انڈیپنڈنٹ ڈائریکٹر	محمد سعید
نان ایگزیکٹو ڈائریکٹر	محمد ادریس اللہ، نعیم ادریس اللہ، محمد اقبال، محمد اسرار نیل
ایگزیکٹو ڈائریکٹر	ایس ایم منصور اللہ والا، عمیر ادریس اللہ والا، رضوان ادریس اللہ والا

لسڈ یڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ضابطہ 2019

کمپنی نے نئے ضابطہ اخلاق کو نافذ کرنے کے لئے اقدامات اٹھائے ہیں۔ بورڈ کے ڈائریکٹر شپ کی تعداد اور تشکیل جو بورڈ کے آئندہ آنے والے انتخاب کے وقت بورڈ کی تنظیم نو سے منسلک ہے۔ 28 اکتوبر 2020 کو شیڈول ڈائریکٹر ان کے انتخاب میں عمل کیا جائے گا۔

کارپوریٹ اور مالیاتی رپورٹنگ پر گزارشات

- ۱۔ مالیاتی گوشوارے جیسا کہ کمپنی کی انتظامیہ نے بنائے کمپنی کے معاملات اس کے نتائج زری معاملات اور انکیویٹی میں تبدیلی کو راست انداز میں پیش کرتے ہیں۔
- ۲۔ کمپنی کے کھاتوں کے درست حسابات رکھے گئے ہیں۔
- ۳۔ مالیاتی گوشواروں کی تیاری میں مستقل مناسب اکاؤنٹنگ پالیسیز کا اطلاق کیا گیا ہے اور حسابات کے گوشوارے مناسب عاقلانہ فیصلوں پر مبنی ہیں۔
- ۴۔ مالیاتی حسابات کی تیاری میں، پاکستان میں مستعمل بین الاقوامی مالیاتی رپورٹنگ کے معیارات (آئی ایف آر ایس) کا خیال رکھا گیا ہے اور ان سے کسی بھی قسم کے انحراف کو مناسب انداز میں ظاہر کیا گیا ہے۔
- ۵۔ بورڈ نے اپنی ذمہ داری نبھاتے ہوئے انٹرئل فنانشل کنٹرول مناسب اور موثر بنایا ہے۔ انٹرئل آڈٹ ڈیپارٹمنٹ باقاعدگی سے ساخت اور موثر ہونے کا جائزہ لیتا ہے اور کسی بھی کمزوری پر اصلاحاتی کارروائی عمل میں لائی جاتی ہے۔ ہمیں یقین ہے کہ انٹرئل کنٹرول کا نظام ساخت کے اعتبار سے مستحکم ہے اور اس پر موثر انداز سے عمل درآمد کیا گیا ہے۔
- ۶۔ کمپنی کے فعال انداز سے کارگزار ہونے کی صلاحیت پر کسی قسم کے کوئی شکوت و شبہات موجود نہیں ہیں۔
- ۷۔ کارپوریٹ گورننس کے بہترین طریقہ عمل سے کسی قسم کا قابل ذکر انحراف نہیں ہوا ہے، جیسا کہ پی ایس ایکس کی رول بک میں بیان کیا گیا ہے۔

۸۔ ہیڈ آفس اسٹاف کے ایمپلائز پرووڈینٹ فنڈ میں سرمایہ کاری کی مالیت آڈٹ شدہ گوشوارے 2019 کے مطابق صرف 24,110,907 روپے ہے (سال 2018 میں 21,699,826 روپے) مل اسٹاف قانونی طور پر گریجویٹ کے حقدار ہیں اور اخراجات مناسب طور پر مالیاتی گوشواروں میں مختص کر لئے گئے ہیں۔

۹۔ کوڈ کے مطابق درج ذیل معلومات اس رپورٹ کے ساتھ منسلک ہیں:

شیئر ہولڈنگ کی ترتیب کا متن

ایسوسی ایٹس ادارے اور متعلقہ پارٹیوں کے شیئر ہولڈنگ کا بیانیہ

چھ سالوں کی کلیدی، مالیاتی و کارگزاری کی شماریات۔

۱۰۔ زیر جائزہ سال میں 7 بورڈ آف ڈائریکٹرز، چھ آڈٹ کمیٹی، اور ایک ہیومن ریسورس اینڈ ریمونریشن کمیٹی (HR & RC) کی میٹنگز ہوئی ہیں جن کی حاضری اور تفصیل درج ذیل ہے۔

ڈائریکٹر کا نام	بورڈ آف ڈائریکٹرز	آڈٹ کمیٹی	ایچ آر آر سی
ایس ایم اور لیس اللہ والا	07	-	-
ایس ایم منصور اللہ والا	07	-	-

آپ کی کمپنی کے ڈائریکٹران 30 جون 2020 کے ختم ہونے والے سال کے آڈٹ شدہ مالیاتی گوشوارے پیش کرنے میں مسرت محسوس کرتے ہیں۔

عملی اور مالیاتی کارکردگی کا جائزہ:

کمپنی کی بنیادی سرگرمی دھاگے اور کپڑے کی پیداوار اور فروخت کی ہے۔ زیر جائزہ سال میں کاروباری سرگرمیوں کوئی اہم تبدیلی نہیں ہے۔ زیر جائزہ مدت کے دوران خالص فروخت کی مالیت 3239.3 ملین روپے رہی جبکہ تقابلی مدت میں 3471.6 ملین روپے تھی براہ راست منافع 282.8 ملین روپے رہا جبکہ تقابلی مدت میں 395 ملین روپے تھا بعد از ٹیکس نقصان (102.6) ملین روپے رہا جبکہ پچھلے سال اسی مدت میں منافع 32.3 ملین روپے تھا۔

کوویڈ 19 کی وبا کی وجہ سے مالی سال 2019-20 پوری دنیا کے لئے ایک بہت مشکل سال تھا اس کے نتیجے میں ہونے والے لاک ڈاؤن کی وجہ سے ہمیں مشکل چیلنجز کا سامنا ہے۔ دنیا دو محاذوں پر لڑ رہی ہے ایک صحت اور دوسرے معیشت کی بحالی یہ ہماری پہلے ہی نازک معیشت کے لئے تباہ کن رہا ہے۔ تخمینوں کے مطابق تقریباً گزشتہ سات دہائیوں میں پہلی بار مالی سال 20 میں پاکستان کا حقیقی جی ڈی پی 0.4 فیصد کے قریب گراوٹ کا شکار ہوا۔ مارچ اور اپریل 2020 کے مہینوں میں اور کسی حد تک مئی 2020 کے مہینے میں کمپنی کی فروخت کی بری طرح متاثر ہوئی۔ مجموعی منافع بھی جو مالی سال 19 میں 11.4 فیصد تھا کم ہو کر مالی سال 20 میں 8.7 فیصد رہ گیا جو کہ کمیٹی کے لئے منافع بخش نہیں رہا افراد زر کی اونچی شرح اور روپے کی قدر میں کمی نے زیر غور سال کے دوران ملک کی بڑے مینوفیکچر کو بڑے پیمانے پر متاثر کیا ہے اور معاشی سرگرمیوں کو دباؤ میں رکھا۔ جب دنیا بھر کے لوگ اپنے گھروں میں ٹھہرے ہوئے تھے تو سامان کی طلب اپنی آخری حد تک گر گئی اور برآمدات رک گئی پوری سپلائی چین نے اس ساری صورتحال میں بڑے نقصانات اٹھائے ہیں حکومت نے کاروباری اداروں کو وسیع پیمانے پر پائے جانے والے معاشی رکاوٹ کے اس دور میں ان کو مدد فراہم کی۔ اسٹیٹ بینک کی اسکیمیں بشمول پولیسی شرح میں مسلسل کٹوتی قابل ستائش اقدامات ہیں جو قرض لینے والوں کے کیش فلو کو برقرار رکھنے میں مدد کے لئے اٹھائے گئے ہیں۔

فی حصص نقصان / آمدنی

اس سال فی حصص نقصان 5 روپے 17 پیسے رہا جبکہ تقابلی مدت میں آمدنی 1 روپے 63 پیسے تھی۔

ڈیویڈنڈ

کمپنی کے ڈائریکٹران نے اس سال ہونے والے نقصان کو مد نظر رکھتے ہوئے کسی بھی منافع کی سفارش نہ کرنے کا فیصلہ کیا ہے۔

ادریس ٹیکسٹائل ملز لمیٹڈ

سالانہ عام اجلاس کا نوٹس

ادریس ٹیکسٹائل ملز لمیٹڈ کے حصص یافتگان کو بذریعہ نوٹس اطلاع دی جاتی ہے کہ 31 واں سالانہ اجلاس عام بروز بدھ 28 اکتوبر 2020 صبح 11:30 بجے بمقام ایجنسی ان کراچی، 100B، ایس ایم سی ایچ ایس، نرسری مین شاہراہ فیصل، کراچی میں درج ذیل کاروباری امور سے متعلق ہوگا:

عمومی امور

- (1) 28 اکتوبر 2019 کو منعقدہ سالانہ اجلاس عام کی کارروائی کی توثیق۔
- (2) 30 جون 2020 کو ختم شدہ سال کے کمپنی کے آڈٹ شدہ حسابات مع ان پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری۔
- (3) 30 جون 2021 کو ختم ہونے والے سال کے آڈیٹرز کا تقرر اور ان کے مشاہرے کا تعین کرنا۔ سیکڈوش ہونے والے آڈیٹرز میسرز Deloitte پوسٹ عادل، چارٹرڈ اکاؤنٹنٹس نے خود کو اہل ہونے کی بناء پر دوبارہ تقرری کیلئے پیش کیا ہے۔
- (4) کمپنیز ایکٹ 2017 کی سیکشن (1) 159 کے مطابق تین سال کی مدت کیلئے جیسا کہ کمپنی کے بورڈ کے متعین کردہ 7 ڈائریکٹران کا انتخاب۔ ریٹائر ہونے والے ڈائریکٹرز کے نام درج ذیل ہیں۔
- (1) جناب محمد ادریس اللہ والا (2) جناب ایس ایم منصور اللہ والا (3) جناب نعیم ادریس اللہ والا (4) جناب رضوان ادریس اللہ والا (5) جناب عمیر ادریس اللہ والا (6) جناب محمد اسرار بیل (7) جناب محمد سعید (8) جناب محمد اقبال
- کمپنیز ایکٹ 2017 کے سیکشن (3) 166 کے تحت اہم حقائق کا بیان آزاد ڈائریکٹران کو منتخب کرنے کیلئے اس نوٹس سے منسلک ہے
- (5) صدر اجلاس کی اجازت سے کسی دیگر کارروائی کی انجام دہی۔

بحکم بورڈ
(سید شاہد سلطان)
کمپنی سیکریٹری

کراچی
تاریخ: 3 اکتوبر 2020

نوٹس

- (1) حصص یافتگان کو مشورہ دیا جاتا ہے کہ وہ اپنے پیش میں کسی تبدیلی کو فوری طور پر مطلع کریں۔
- (2) کمپنی کی شیئر ٹرانسفر کے کھاتے 26 اکتوبر 2020 سے 01 نومبر 2020 (بشمول دونوں دن) بند رہیں گے۔
- (3) ایک ممبر جو کہ سالانہ اجلاس عام میں حاضر ہونے اور ووٹ دینے کا حق رکھتا ہے/ہو وہ اپنی طرف سے کسی دوسرے ممبر کو اجلاس میں حاضر ہونے اور ووٹ دینے کے لیے پراکسی مقرر کر سکتا ہے۔ پراکسی اجلاس ہذا سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں داخل کرنے ہوں گے۔
- (4) کوئی ممبر جو ڈائریکٹر انکیشن میں حصہ لینے کا خواہش مند ہو وہ اجلاس کی تاریخ سے 14 دن قبل کمپنی کے رجسٹرڈ آفس کو درج ذیل دستاویزات فراہم کرے:
- (i) کمپنی کو اپنے ارادے سے باخبر کرے کہ وہ ڈائریکٹر انکیشن میں حصہ لینا چاہتا ہے اور یہ کہ فارم 28 کو مکمل طور پر ایکٹ کے مطابق پُر کرے۔
- (ii) کوڈ آف کارپوریٹ گورننس 2019 کے ذریعے درکار امور کے بارے میں اعلامیہ (کا پی رجسٹرڈ آفس سے حاصل کی جاسکتی ہے)
- (iii) کمپنی کی ویب سائٹ پر آویزاں کرنے کیلئے دفتر کے پتے کے ساتھ اپنی پروفائل مفصل تفصیلات فراہم کرے۔
- (iv) کمپیوٹرائزڈ شناختی کارڈ کی تصدیق شدہ کارڈ مڈکاپنی
- (v) ممبران کمپنیز ایکٹ 2017 کی سیکشن 143-145 کی شرائط اور کمپنیز (پوشل بیلٹ) ریگولیشنز 2018 کی قابل اطلاق شقوں کی رائے شاری سے متعلق مطالبات کے لئے اپنے حق کا استعمال کر سکتے ہیں۔
- (vi) اگر کمپنی کسی شہر میں مقیم کم سے کم 10 فیصد شیئر ہولڈنگ رکھنے والے ممبران سے اس میٹنگ کی تاریخ سے کم سے کم 7 دن قبل ویڈیو لنک کے ذریعے میٹنگ میں شریک ہونے کی رضامندی حاصل کرتی ہے تو، کمپنی شہر میں ویڈیو لنک کی سہولت کا بندوبست کرے گی جو کہ اس شہر میں اس سہولت کی دستیابی سے مشروط ہے۔
- (vii) کوڈ-19 کی صورتحال کی وجہ سے ممبران کو ویڈیو لنک یا پراکسی کے ذریعے حاضری کی ترغیب دی جاتی ہے۔ ویڈیو لنک کے ذریعے سالانہ میٹنگ میں شرکت کے خواہشمند شیئر ہولڈرز سے گزارش ہے کہ وہ 24 اکتوبر 2020 کو یا اس سے پہلے ای میل secretary@idreestextile.com کے ذریعہ درج ذیل معلومات فراہم کر کے اپنا اندراج کروائیں۔

شیئر ہولڈر کا نام	CNIC نمبر	ICDC اکاؤنٹ نمبر/فولیو نمبر	موبائل نمبر	ای میل ایڈریس
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- (viii) ممبران کو ضروری تصدیق کے بعد رجسٹرڈ کیا جائے گا اور کمپنی اسی ای میل ایڈریس پر ایک ویڈیو لنک اور لاگ ان کی اسناد فراہم کرے گی، جس پر انہوں نے کمپنی کو ای میل کیا تھا۔ لاگ ان کی سہولت میٹنگ کے اختتام تک صبح 11:15 بجے سے کھلی رہے گی۔
- (ix) ممبران، جنہوں نے ابھی تک کمپنی کے رجسٹرڈ اکاؤنٹ اپنی CNIC اور NTN سرٹیفکیٹ کی فوٹو کاپیاں جمع نہیں کروائی ہیں، ان سے جلد از جلد بھیجے کی درخواست کی جاتی ہے۔
- (x) ممبران سے گزارش ہے کہ وہ اپنے انٹرنیشنل بینکنگ اکاؤنٹ نمبر (IBAN) کے ساتھ CNIC کی ایک کاپی ہمارے ریکارڈ کو اپ ڈیٹ رکھنے کیلئے فراہم کریں۔ جمع نہ کرانے کی صورت میں مستقبل کے تمام منافع کی ادائیگی روکی جاسکتی ہے۔
- (xi) ایس۔ ای۔ سی۔ پی کے ذریعہ دی گئی ہدایات کی روشنی میں، جو شیئر ہولڈرز مستقبل میں سالانہ فنانشل رپورٹ بذریعہ ای میل وصول کرنا چاہتے ہیں، انہیں کمپنی کے منظور شدہ درخواست فارم پر اپنے درست ای میل ایڈریس کے ساتھ اپنی باضابطہ رضامندی دینے کا مشورہ دیا جاتا ہے جو کمپنی کی ویب سائٹ (www.idreestextile.com) پر دستیاب ہے اور شیئر ہولڈرز کے دستخط شدہ مذکورہ فارم کو کمپنی کے شیئر رجسٹرار کو بھیجیں۔

کمپنیز ایکٹ 2017 کے سیکشن (3) 166 کے تحت اہم حقائق کا بیان

کمپنیز ایکٹ 2017 سیکشن 166 کے تحت اہم حقائق کا یہ بیان عام اجلاس کے نوٹس کے ساتھ منسلک کیا گیا ہے جس کا مقصد ان ڈائریکٹرز کا انتخاب ہے جو آزاد ڈائریکٹر کی تقرری کیلئے انتخاب کرنے کے جواز کی نشاندہی کرے گا۔ لہذا کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے مطابق کمپنی کو کم از کم (دو) آزاد ڈائریکٹرز رکھنے کی ضرورت ہے۔ کمپنی اس بات کو یقینی بنائے گی کہ آزاد ڈائریکٹرز کا انتخاب کمپنیز ایکٹ 2017 کے سیکشن 159 میں درج کردہ ڈائریکٹرز کے انتخاب کے طریقہ کار کے مطابق کیا جائے گا۔ ایک بار جب امیدوار آزاد ڈائریکٹر کی حیثیت سے انتخابات کیلئے خود کو پیش کرنے کیلئے رضامندی ظاہر کر دیں گے تو، کمپنی اس بات کو یقینی بنائے گی کہ

☆ ان مد مقابلوں کے نام پاکستان انشٹیٹیوٹ آف کارپوریٹ گورننس (PICG) کے زیر انتظام ڈیٹا بینک میں شامل ہوں، جو کہ سیکورٹیز اینڈ ایکسچینج کے تحت مستند و مجاز ہے اور

☆ یہ کہ امیدواران آزادی کے معیار پر پورا اترتے ہیں جیسا کہ کمپنیز ایکٹ 2017 کے سیکشن (2) 166 میں بتایا گیا ہے۔

سیکرٹری

ادریس ٹیکسٹائل ملز لمیٹڈ

اسٹیل سینٹر، پہلی منزل

6-C، سینٹرل کمرشل ایریا

بہادر آباد، کراچی - 74800

میں / ہم

کا / کے

بحیثیت رکن ادریس ٹیکسٹائل ملز لمیٹڈ اور حامل حصص، بمطابق شیئر رجسٹر فولیو نمبر

اور / یا سی ڈی سی پارٹنر شپ (شرکت آئی ڈی نمبر)

اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر

محترم / محترمہ

بوقت 11:30 صبح

28 اکتوبر 2020 بروز بدھ

کو اپنے / ہمارے ایما پر مورخہ 28 اکتوبر 2020 کو منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں حق رائے وہی استعمال کرنے یا کسی بھی التواء کی صورت اپنا / ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

آج بروز _____ بتاریخ _____ 2020 کو دستخط کئے گئے۔

گواہان:

دستخط:

نام:

پتہ:

کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر:

دستخط:

نام:

پتہ:

کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر:

نوٹ:

ایک ممبر (رکن) جو اجلاس میں شرکت نہیں کر سکتا / وہ اس فارم کو مکمل اور دستخط کرنے کے بعد اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل کمپنی کے پتے پر ارسال کر دے۔

سی ڈی سی شیئر ہولڈر یا کارپوریٹ ادارہ، ہونے کی صورت میں درج بالا کے علاوہ ذیل میں درج ہدایت پر بھی عمل کرنے ہوگا۔

(الف) مختار نامے پر بطور گواہان دو افراد کے دستخط ہونے چاہیں اور ان کے نام و پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم پر درج ہوں

(ب) بینیفیشل اونرز (مستفید ہونے والے فرد) کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول منسلک کوئی ہوگی جسے نائب مختار نامہ کے ہمراہ پیش کرے گا۔

(ج) اجلاس کے وقت نائب کو اپنا اصل کمپیوٹرائزڈ قومی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔

(د) کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر (رکن)، بورڈ آف ڈائریکٹرز قرارداد / مع نامزد کردہ شخص / انٹرنی کے نمونہ دستخط اور پاور آف اٹارنی

(اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامے) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔

پانچ روپے مالیت کے

رسیڈنٹ پر دستخط

دستخط کمپنی کے نمونہ دستخط سے

نمایش ہونے چاہیں

دستخط:

FORM OF PROXY



The Secretary
IDREES TEXTILE MILLS LTD.
Ismail Centre, 1st Floor,
6-C, Central Commercial Area,
Bahadurabad, Karachi - 74800

I/We _____
of _____
being a member of Idrees Textile Mills Ltd. holder of _____
ordinary Shares as per Registrar Folio / CDC Account No. _____
hereby appoint Mr./Miss/Mrs. _____ Folio/CDC Account No. _____
of _____ or failing whom _____ Folio/CDC Account No. _____ of
_____ who is also member of the Company as my / our proxy to attend and vote for
me/us and on my / our behalf at the ANNUAL GENERAL MEETING of the Company to be held on
Wednesday, October 28, 2020 at 11:30 a.m and at any adjournment thereof.

Signed this _____ day of _____ 2020

Rs. 5/-
Revenue
Stamp

(Signature should agree with
the specimen signature register
with the company)

Signature _____

1. Witness:

Signature _____

Name: _____

Address _____

CNIC No. or _____

Passport No. _____

2. Witness:

Signature _____

Name: _____

Address _____

CNIC No. or _____

Passport No. _____

Important:

1. This form of Proxy, duly completed and signed, must be submitted at the Company's Registered Officer not latter than 48 hours before the time for holding the meeting.

For CDC Account Holder / Corporate Entities:

In addition of the above following requirements have to be met:

- I The proxy form shall be witnessed by two persons whose names, address and CNIC Number shall be mentioned on the form..
- II Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- III The proxy shall produce his / her original CNIC or passport at the time of the meeting.
- IV In case of corporate entity, the Board of Directors resolution / power attorney with specimen signature shall be submitted (uslees it has been provided earlier) along with proxy form to the Company.



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