ANJUM TEXTILE MILLS PRIVATE LIMITED

Annual Report 2020

INDEPENDENT AUDITOR'S REPORT

To the members of ANJUM TAXTILE MILLS (PRIVATE) LIMITED.
Report on the Audit of the Financial Statements

Opinion

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

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

Information other than the Financial Statements and Auditors' Report thereon

Management is responsible for the other information. The other information comprises the information in the directors' report, but does not include the financial statements of the company and our auditors' 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.

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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 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.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditors' 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.

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- 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 auditors' 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 auditors' 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.

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 the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) Investments made, expenditure incurred, and guarantees extended during the year were for the purpose of the Company's business; and

d) 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 auditors' report is Muhammad Amin (FCA).

Zahid Jamil

Chartered Accountants
Place: Faisalabad
Date: September 28, 2020

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ANJUM TEXTILE MILLS (PVT.) LTD.
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	NOTES	2020 RUPEES	2019 RUPEES (Restated)	2018 RUPEES (Restated)
ASSETS				
NON CURRENT ASSETS				
Property, plant and equipment				
Operating fixed assets	5	870,467,286	938,261,408	1,026,277,080
Right-of-use assets	6	10,634,395	13,292,994	-
Long term deposits	7	6,241,150	6,741,960	6,741,960
		887,342,831	958,296,362	1,033,019,040
CURRENT ASSETS				
Stores and spares	8	46,634,196	44,986,857	46,718,804
Stock in trade	9	419,798,537	262,919,317	223,020,958
Trade debts	10	133,689	12,054,137	3,577,481
Loans and advances	11	14,799,867	22,279,287	12,786,933
Other receivables		-	-	3,392,352
Deposits and prepayments	12	3,539,503	2,210,497	3,194,917
Tax refunds due from the Government	13	14,075,402	35,093,201	25,635,098
Cash and bank balances	14	86,905,107	62,844,260	59,713,182
		585,886,301	442,387,556	378,039,725
		1,473,229,132	1,400,683,918	1,411,058,765
EQUITY & LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital				
Authorised				
2,000,000 (2019: 2,000,000) Ordinary shares of Rs. 100/- each		200,000,000	200,000,000	200,000,000
Issued, subscribed & paid up	15	200,000,000	200,000,000	200,000,000
Capital reserves				
Surplus on revaluation of operating fixed assets	16	334,824,439	357,396,001	378,266,376
Revenue reserves				
Unappropriated profit		169,735,648	198,171,529	167,027,578
		704,560,087	755,567,530	745,293,954
NON CURRENT LIABILITIES				
Long term financings	17	87,533,471	88,697,663	144,716,933
Lease liabilities	18	1,513,260	3,803,320	3,302,937
Deferred liabilities	19	104,523,263	115,543,753	140,154,646
		193,569,994	208,044,736	288,174,516
CURRENT LIABILITIES				
Trade and other payables	20	96,338,629	57,404,375	59,457,680
Mark-up accrued on loans	21	16,505,312	16,653,948	10,100,231
Short term financings	22	440,355,869	300,555,735	258,717,689
Current portion of non current liabilities	23	21,899,241	60,321,875	49,314,695
Provision for taxation		-	2,135,719	-
		575,099,051	437,071,652	377,590,295
CONTINGENCIES & COMMITMENTS	24	-	-	-
		1,473,229,132	1,400,683,918	1,411,058,765

The annexed notes from 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

ANJUM TEXTILE MILLS (PVT.) LTD.
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	NOTE	2020 RUPEES	2019 RUPEES
Sales	25	1,516,838,328	1,893,012,493
Cost of sales	26	1,441,567,818	1,782,475,747
Gross profit		75,270,510	110,536,746
Operating expenses			
Administrative	27	48,971,098	47,110,481
Operating profit		26,299,412	63,426,265
Other income	28	2,380,692	3,640,037
Other charges			
Finance cost	29	78,935,985	61,349,045
Workers' profit participation fund		-	285,863
Workers' welfare fund		61,597	1,038,053
		78,997,582	62,672,961
(Loss) / profit before taxation		(50,317,478)	4,393,341
Taxation	30	(2,737,448)	151,378
Net (loss) / profit for the year		(53,054,926)	4,544,719

The annexed notes from 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

ANJUM TEXTILE MILLS (PVT.) LTD.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	NOTE	2020 RUPEES	2019 RUPEES (Restated)
Net (loss) / profit for the year		(53,054,926)	4,544,719
Other comprehensive income / (loss)			
Items that will not be reclassified to profit & loss:			
Revaluation surplus - rate change effect		-	4,009,745
Remeasurement gain of defined benefit liability-net of tax		2,047,483	1,719,112
Total comprehensive (loss) / income for the year		(51,007,443)	10,273,576

The annexed notes from 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

ANJUM TEXTILE MILLS (PVT.) LTD.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

PARTICULARS	SHARE CAPITAL	CAPITAL RESERVES REVALUATION SURPLUS ON OPERATING FIXED ASSETS	REVENUE RESERVES UNAPPROPRIATED PROFIT	TOTAL
	Rupees			
Balances as on July 01, 2018 - As previously reported	200,000,000	365,399,857	167,027,578	**732,427,435**
Impact of restatement- Note 4	-	12,866,519	-	**12,866,519**
Balances as on July 01, 2018	200,000,000	378,266,376	167,027,578	**745,293,954**
Net profit for the year	-	-	4,544,719	**4,544,719**
Other comprehensive income for the year - net of tax	-	4,009,745	1,719,112	**5,728,857**
Total comprehensive income for the year	-	4,009,745	6,263,831	**10,273,576**
Transfer to unappropriated profit in respect of incremental depreciation for the year - net of tax	-	(24,880,120)	24,880,120	-
	-	(24,880,120)	24,880,120	-
Balances as on June 30, 2019	200,000,000	357,396,001	198,171,529	**755,567,530**
Net loss for the year	-	-	(53,054,926)	**(53,054,926)**
Other comprehensive income for the year - net of tax	-	-	2,047,483	**2,047,483**
Total comprehensive income for the year	-	-	(51,007,443)	**(51,007,443)**
Transfer to unappropriated profit in respect of incremental depreciation for the year - net of tax	-	(22,571,562)	22,571,562	-
	-	(22,571,562)	22,571,562	-
Balances as on June 30, 2020	**200,000,000**	**334,824,439**	**169,735,648**	**704,560,087**

The annexed notes from 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

ANJUM TEXTILE MILLS (PVT.) LTD.
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2020

	2020 RUPEES	2019 RUPEES
A. CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(50,317,478)	4,393,341
Adjustments of non cash / non operating items		
Depreciation	72,358,411	81,424,984
Depreciation on right of use asset	2,658,599	-
Finance cost	78,935,985	61,349,045
Staff retirement benefits - gratuity	15,845,758	13,002,126
Workers' welfare fund	61,597	1,038,053
Workers' profit participation fund	-	285,863
Gain on sale of operating fixed assets	(264,128)	(1,289,006)
Earned finance income	(1,081,764)	(1,081,764)
	168,514,458	154,729,301
Operating profit before working capital changes	118,196,980	159,122,642
Changes in working capital		
(Increase) / decrease in current assets		
Stores and spares	(1,647,339)	1,731,947
Stock in trade	(156,879,220)	(39,898,359)
Trade debts	11,920,448	(8,476,656)
Loans & advances	7,479,420	(9,492,354)
Trade deposits & short term prepayments	(800,956)	984,420
Tax refunds due from the Government	24,167,467	(8,732,641)
(Decrease) / increase in current liabilities		
Trade and other payables	40,121,596	(2,107,373)
	(75,638,584)	(65,991,016)
Cash generated from operations	42,558,396	93,131,626
Taxes paid	(28,291,422)	(23,375,238)
Workers' profit participation fund paid	(285,863)	(231,795)
Staff retirement benefits - gratuity paid	(4,431,490)	(6,903,578)
Finance cost paid	(79,084,621)	(54,795,328)
	(112,093,396)	(85,305,939)
Net cash (used in) / generated from operating activities	(69,535,000)	7,825,687
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of operating fixed assets	(3,026,415)	(9,088,300)
Capital work in progress	(1,543,746)	-
Proceeds from sale of operating fixed assets	270,000	3,675,000
Investment support (TUF) scheme	-	3,392,352
Long term deposits	(27,240)	-
Net cash used in investing activities	(4,327,401)	(2,020,948)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Short term financings	139,800,134	41,838,046
Lease liabilities	(3,366,509)	852,733
Long term financings	(38,510,377)	(45,364,440)
Net cash generated from / (used in) financing activities	97,923,248	(2,673,661)
Net increase in cash and cash equivalents (A+B+C)	24,060,847	3,131,078
Cash and cash equivalents at the beginning of the year	62,844,260	59,713,182
Cash and cash equivalents at the end of the year	86,905,107	62,844,260

The annexed notes from 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

ANJUM TEXTILE MILLS (PVT.) LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. STATUS AND ACTIVITIES

1.1. Anjum Textile Mills (Private) Limited was incorporated in Punjab, Pakistan as on April 12, 1984 as a private limited company under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). The registered office of the company is situated at west canal road, adjacent Faisal Garden, Faisalabad, in the Province of Punjab. The manufacturing unit of the company is situated at 42 KM Sheikhupura road, Faisalabad, in the Province of Punjab, Pakistan. The principal business of the company is manufacture and sale of yarn.

1.2. Impact Of COVID-19

The Novel Coronavirus (COVID-19) emerged and since then, the condition has continued to deteriorate. On January 30, 2020 the International Health Regulations Emergency Committee of the World Health Organization declared the outbreak "Public Health Emergency of International Concern". Sales and production activities of the Company were suspended during the Lockdowns for a few days, however, the operations started again after the implementation of SOPs issued by the Government. The Company remained up to date in all its financial commitments. As of release date of these financial statements, there has been no specifically material quantifiable impact of Covid-19 on the Company's financial condition or results of operations.

2. BASIS OF PREPERATION

2.1. Basis of measurement

These financial statements have been prepared on the basis of "historical cost" convention except certain property, plant and equipment items carried at revaluation and employee retirement benefits carried at present value. Moreover, these financial statements have been prepared on accrual basis except for cash flow statement.

2.2. Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards.
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and the directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.3. Functional and presentation currency

These financial statements are presented in Pakistan Rupee which is functional and presentational currency of the Company and figures are rounded off to the nearest rupee unless otherwise specified.

2.4. Critical accounting estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In process of applying the Company's accounting policies, the manangement has made following estimates and judgements which are significant to financial statements:

Useful lives, residual values and depreciation method of property, plant and equipment – Note 5

Measurement of defined benefit obligation-Key acturial assumptions - Note 19.2

Recognition and measurement of provisions and contingencies - Note 24

Recognition of deferred tax and estimation of income tax provisions -Note 19.1 and 30.

Provisions for stores and spares -Note 3.16 and 8.

Provisions for stock in trade - Note 3.9 and 9.

Impairment of financial asstes and non financial assets other than inventories - Note 3.2 and 3.19 (iv)

Right of use asset and related lease liability - Note 3.2,3.3, 6 and 18.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

2.5. Standards, interpretations and amendments to published approved accounting standards.

2.5.1. The Company has adopted IFRS 16 'Leases' from 01 July 2019 which is effective from annual periods beginning on or after 01 January 2019 and the key changes to the Company's accounting policies resulting from adoption of IFRS 16 are summarized in Note no. 3.2 & Note no. 3.3.

IFRS 16 has introduced a single, on-balance sheet accounting model for lessees. As a result, the entity, as a lessee has recognized right-of-use asset representing its rights to use the underlined assets and lease liabilities representing its obligation to make lease payments.

The company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of july 01, 2019. The reclassification and adjustment arising from adoption are therefore recognised in the opening statement of financial position as at july 01,2019.

The Company have only vehicles leases arrangement therefore, adoption of IFRS 16 at 1 July 2019 did not have an effect on the financial statements of the Company except the reclassification of leased assets as Right-of-use assets.

The Effect of adoption ifrs 16 as at july 01, 2019 (increase/ (decrease)) is, asfollows :

	-------Rupees-------
Assets	
Right-of-use assets	13,292,994
Property, plant and equipment	(13,292,994)
Liabilities	**-------Rupees-------**
Lease liabilities	8,105,925
Lease assets subject to finance lease	(8,105,925)

3. SUMMARY OF SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

3.1. Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Company

IAS 1 - Presentation of financial statements (Amendments)	01 January 2020
IAS 8 - Accounting policies, changes in accounting estimates and errors (Amendments)	01 January 2020
IAS 16 - Property, Plant and Equipment (Amendments)	01 January 2022
IAS 37- Provisions, Contingent Liabilities and Contingent Assets (Amendments)	01 January 2022
IAS 39- Financial Instruments: Recognition and Measurement (Amendments)	01 January 2020
IAS 41- Agriculture (Amendments)	01 January 2020
IFRS 3 - Business combinations (Amendments)	01 January 2020
IFRS 4 - Insurance contracts (Amendments)	01 January 2023
IFRS 7 - Financial instruments: disclosures (Amendments)	01 January 2020
IFRS 9 - Financial instruments (Amendments)	01 January 2020

The management anticipates that adoption of above amendments in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

3.1.1 Further, the following new standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan;

IFRS 1 - First-time Adoption of International Financial Reporting Standards

IFRS 7 - Insurance contracts

3.1.2. The following interpretation issued by the IASB has been waived of by SECP:

IFRIC 12 - Service concession arrangement

3.2. Property, plant and equipment

Owned

Property, plant and equipment except freehold land and capital work in progress are stated at cost / revaluation less accumulated depreciation and impairment in value, if any. Freehold land is stated at revalued amount less accumulated impairment in value, if any. Capital work-in-progress is stated at cost less accumulated impairment in value, if any.

Subsequent costs are included in the asset's carrying amount or recognized 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 the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss during the period in which they are incurred.

A revaluation surplus is recorded in other comprehensive income (OCI) and presented as a separate part of equity. However, the increase is recorded in the statement of profit or loss to the extent it reverses a revaluation deficit of the same asset previously. A decrease as a result of revaluation is recognized in the statement of profit or loss however, a decrease is recorded in statement of other comprehensive income to the extent of any credit balance in revaluation surplus in respect of same assets. The revaluation reserve is not available for distribution to the Company's shareholders.

Right-of-use assets

Right of use assets are initially measured at cost being the present value of lease payments, initial direct costs, any lease payments made at or before the commencement of the lease as reduced by any incentives received. These are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Capital work in progress

Capital work-in-progress represents expenditure on property, plant and equipment which are in the course of construction and installation. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

Capital work-in-progress is stated at cost less any impairment loss.

Depreciation

Depreciation on property, plant and equipment is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is de-recognized. Depreciation is charged to statement of profit or loss applying the reducing balance method. Depreciation on building , plant & machinary , electric equipment & office equipment is charged to cost of goods manufactured and the rest is charged to administrative depreciation.

Residual value and the useful life of assets are reviewed at each financial year end and if expectations differ from previous estimates the change is accounted for as change in accounting estimate in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in statement of profit or loss in the year the asset is de-recognized.

Impairment

The Company assesses at each statement of financial position date whether there is any indication that assets excluding inventory may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where the carrying value exceeds the recoverable amount, assets are written down to the recoverable amount and the difference is charged to the statement of profit or loss.

3.3. Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. If the implicit rate cannot be readily determined, the Company's incremental borrowing rate is used. Subsequently these are increased by interest, reduced by lease payments and remeasured for lease modifications, if any.

Liabilities in respect of short term and low value leases are not recognized and payments against such leases are recognized as expense in profit or loss.

3.4. Operating leases / Ijarah

Assets held under Ijarah financing are accounted for using the guidelines of Islamic Financial Accounting Standard-2 (IFAS 2), "Ijarah". The assets are not recognized on the Company's statement of financial position and payments made under Ijarah financing are recognized in the statement of profit or loss on a straight line basis over the term of the Ijarah.

3.5. 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 added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to current year income.

3.6. Trade debts

Trade debts are initially measured at their transaction price under IFRS 15 and subsequently measured at amortized cost less any allowance for expected credit losses (ECL).

3.7. Other Recievable

Other receivables are recognized at nominal amount which is fair value of the consideration to be received in the future.

3.8. Allowance for Expected Credit Losses (ECL)

Allowance for expected credit losses (ECLs) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. For trade and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

3.9. Stock in trade

These are valued at lower of cost and net realizable value.
Cost is determined on the following basis :-

Raw and packing material	- on average cost
Goods in transit	- at invoice value plus other charges incurred thereon.
Work in process	- at estimated manufacturing cost including appropriate production overheads
Finished goods	- at average manufacturing cost including appropriate production overheads
Scrap	- at net realizable value

3.10. Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, cash at banks in current, savings and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.11. Trade & Other Payables

Liabilities for trade and other amounts payable are initially recognized at fair value which is normally the transaction cost.

3.12. Staff retirement benefits

Gratuity

The Company operates a defined benefit plan of unfunded gratuity scheme covering all permanent employees. Provision is made annually on the basis of actuarial recommendation to cover the period of service completed by employees using Projected Unit Credit Method. All remeasurement adjustments are recognized in other comprehensive income as they occur.

The amount recognized in the statement of financial position represents the present value of defined benefit obligation as adjusted for remeasurement adjustments.

3.13. Provisions

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

3.14. Taxation

Current

Provision for current taxation is based on taxable income at the current tax rates after taking into account applicable tax credits, rebates and exemptions available under the law. Current year's taxation is charged under section 113 and section 169 read with section 153(1A) & 154 of The Income Tax Ordinance 2001.

Deferred

Deferred tax is accounted for using the liability method for all temporary differences arising between the tax basis of assets and liabilities and their carrying values for the financial reporting purpose. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release 27 of Institute of Chartered Accountants of Pakistan.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

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

The company also recognizes deferred tax liability on surplus on revaluation of assets which is adjusted against the related surplus as per the requirements of revised IAS 12 " Income Taxes".

3.15. Revenue recognition

Revenue from contracts with customers for sale of yarn,waste and scrap:

The Company recognizes revenue from contracts with customers based on a five step model as set out in IFRS 15:

Step-1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step-2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step-3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step-4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step-5: Recognize revenue when (or as) the Company satisfies a performance obligation.

Mentioned below are different revenue streams of the Company and their terms of recognition of revenue after satisfying all the five steps of revenue recognition in accordance with IFRS 15.

a) Sales of goods

The Company's contracts with customers for the sale of goods generally include one performance obligation and recognized at a point of time. Revenue is recognized when goods are dispatched to customers and bill of lading is prepared for local sales and exports sales respectively. It is the time when control (significant risk and rewards) relating to ownership of goods and control over these goods has been transferred to the buyer.

Presentation and disclosure requirements

As required for the financial statements, the Company disaggregated revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

3.16. Store and spares

These are valued at lower of weighted average cost and net realizable value, except items in transit, which are stated at invoice amount plus other charges paid thereon. Provision for slow moving, damaged and obsolete items are charged to statement of profit or loss. Value of items is reviewed at each statement of financial position date to record provision for any slow moving items, damaged and obsolete items.

Net realizable value signifies the selling price in the ordinary course of business less estimated cost necessarily to be incurred in order to make the sale, which is generally equivalent to the estimated replacement cost.

3.17. Related party transactions

Transactions with related parties are priced on arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

3.18. Foreign currency transactions

Transactions in currencies other than Pak Rupee are recorded at the rates of exchange prevailing on the date of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the statement of financial position date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

Exchange differences are included in current income. All non-monetary items are translated into Pak Rupee at exchange rates prevailing on the date of transaction.

3.19. IFRS 9 Financial instruments

Financial instruments: assets

i) Classification & measurement of Financial Instrument

Financial instruments are initially recognized when an entity becomes a party to the contractual provisions of the instrument, and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument.

IFRS 9 classification is based on two aspects; the business model within which the asset is held (the business model test) and the contractual cash flows of the asset which meet the solely payments of principal and interest ('SPPI') test.

IFRS 9 includes three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL). The Company determines the classification at initial recognition.

Financial assets at amortized cost

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

The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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.

Financial assets at FVTOCI

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

The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

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 of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment by investment basis.
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 at fair value through profit or loss

A financial asset is mandatorily classified in this category if it is acquired principally for the purpose of selling in the short term, or if it fails the SPPI test. Derivatives are classified as FVTPL as they do not meet the SPPI criteria.
A financial asset can be classified in this category by choice if so designated by management at inception. This designation is because the relevant assets and liabilities (including derivatives) are managed together and internal reporting is evaluated on a fair value basis.
The Company defines fair value as the price, as at the measurement date, that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

ii) Initial Recognition

At initial recognition, an entity shall measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

iii) Subsequent Measurement

Gains and losses arising from changes in the fair value of assets classified as fair value through profit or loss are included in the statement of profit or loss in the period in which they arise.
Gains and losses arising from changes in the fair value of debt instruments classified as fair value through other comprehensive income are recognized as other comprehensive income until the financial asset is derecognized or impaired, at which time the cumulative gain or loss previously recognized as other comprehensive income is recognized in the statement of profit or loss. Any premium or discount paid on the purchase of securities held at amortized cost is amortized through the statement of profit or loss using the effective interest rate method.
The fair values of quoted investments in active markets are based on current bid prices. In other cases, the Company establishes fair value by using appropriate valuation techniques.
Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Company has either transferred substantially all of the risks and rewards of ownership or the Company deems that it no longer retains control of the risks and rewards of ownership.

iv) Impairment of Financial Assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. IFRS 9 requires impairment assessment on all of the following financial instruments that are not measured at FVTPL:

-financial assets that are debt instruments measured at amortized cost or FVTOCI

-lease receivables; and

-loan commitments and financial guarantee contracts issued.

Under IFRS 9, no impairment loss is recognized on equity investments. IFRS 9 requires a loss allowance to be recognized at an amount equal to either 12-month Expected Credit Loss (ECL) or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.
The term 'expected credit loss' does not imply that losses are anticipated, rather that there is recognition of the potential risk of loss.
The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade debts have been grouped based on days overdue.

Financial instruments: liabilities

i) Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings.

ii) Subsequent Measurement

Financial liabilities are subsequently measured at amortized cost.

iii) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

3.20. Contingent liabilities

Contingent liability is disclosed when:
- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.21. Contingent assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised until their realisation become virtually certain.

4. Change in Accounting policy , Accounting estimate and error

Errors are adjusted retrospectively as per IAS 8 , As our accounts showing error arisen by charging deferred tax on revaluation surplus including land that is not considered during the calculation as well as tax rate change effect not incorporated in deferred tax Closing balance, due to which account should be restated as shown below:

	As at June 30, 2019			As at July 01, 2018		
	As previously reported	As restated	Restatement	As previously reported	As restated	Restatement
	----------Rupees----------					
Effect on statement of financial position						
Surplus on revaluation of operating fixed assets	340,519,737	357,396,001	16,876,264	365,399,857	378,266,376	12,866,519
Deffered tax liability	92,646,327	75,770,063	(16,876,264)	115,842,974	102,976,455	(12,866,519)
Effect on statement of comprehensive income						
Revaluation surplus - rate change effect	-	4,009,745	4,009,745	-	-	-
Effect on statement of changes in equity						
Revaluation surplus on operating fixed asstes	340,519,737	357,396,001	16,876,264	365,399,857	378,266,376	12,866,519

There was no cash flow impact as a result of the retrospective application of change in accounting policy.

	NOTE	2020 RUPEES	2019 RUPEES
5. Property, plant and equipment			
Operating fixed assets	5.1	868,923,540	938,261,408
Capital work in progress	5.2	1,543,746	-
		870,467,286	938,261,408

5.1. Operating fixed assets

2020

Particulars	Cost				Rate (%)	Depreciation				Net book value as at 30 June 2020
	As at 01 July 2019	Additions	Disposals	As at 30 June 2020		As at 01 July 2019	For the year	Disposal	As at 30 June 2020	
	--------------				Rupees	-----------				
Freehold land										
- Cost	109,390,500	-	-	109,390,500		-	-	-	-	109,390,500
Buildings on freehold land	248,604,922	-	-	248,604,922	5	16,324,996	11,613,996	-	27,938,992	220,665,930
Plant and machinery	610,750,000	-	-	610,750,000	10	79,397,500	53,135,250	-	132,532,750	478,217,250
Electric installations and appliances	67,700,000	-	-	67,700,000	10	8,801,000	5,889,900	-	14,690,900	53,009,100
Factory equipment	488,725	-	-	488,725	10	340,573	14,815	-	355,388	133,337
Furniture and fixtures	1,872,231	63,200	-	1,935,431	10	889,112	99,317	-	988,429	947,002
Office equipment	874,559	29,000	-	903,559	10	425,345	47,580	-	472,925	430,634
Computers	1,260,110	84,130	-	1,344,240	30	968,327	100,154		1,068,481	275,759
Vehicles	17,868,020	2,850,085	(79,900)	20,638,205	20	13,400,806	1,457,399	(74,028)	14,784,177	5,854,028
	1,058,809,067	3,026,415	(79,900)	1,061,755,582		120,547,659	72,358,411	(74,028)	192,832,042	868,923,540

2019

Particulars	Cost				Rate (%)	Depreciation				Net book value as at 30 June 2019
	As at 01 July 2018	Addition	Disposal	As at 30 June 2019		As at 01 July 2018	For the year	Addition/Disposal	As at 30 June 2019	
	--------------				Rupees	-----------				
Freehold land										
- Cost	109,390,500	-	-	109,390,500		-	-	-	-	109,390,500
Buildings on freehold land	248,604,922	-	-	248,604,922	5	4,099,737	12,225,259	-	16,324,996	232,279,926
Plant and machinery	610,750,000	-	-	610,750,000	10	20,358,333	59,039,167	-	79,397,500	531,352,500
Electric installations and appliances	67,700,000	-	-	67,700,000	10	2,256,667	6,544,333	-	8,801,000	58,899,000
Factory equipment	488,725	-	-	488,725	10	324,112	16,461	-	340,573	148,152
Furniture and fixtures	1,872,231	-	-	1,872,231	10	779,877	109,235	-	889,112	983,119
Office equipment	874,559	-	-	874,559	10	375,432	49,913	-	425,345	449,214
Computers	1,124,810	135,300	-	1,260,110	30	843,609	124,718	-	968,327	291,783
Vehicles	15,784,397	7,144,413	(5,060,790)	17,868,020	20	11,427,055	1,198,352	3,450,195	13,400,806	4,467,214
	-	-	-	-		-	-	(2,674,796)	-	-
	1,056,590,144	7,279,713	(5,060,790)	1,058,809,067		40,464,822	79,307,438	3,450,195	120,547,659	938,261,408

	NOTE	2020 RUPEES	2019 RUPEES
5.1.1. Depreciation for the year has been allocated as follows;			
Cost of goods manufactured	26.1	70,653,961	77,825,220
Administrative	27	1,704,450	3,599,764
		72,358,411	81,424,984

5.1.2. Forced sales value (FSV) of land and buildings is Rs. 295.385 million, plant and machinery and electric appliances is Rs. 576.682 million as per last revaluation at June 30, 2018.

5.1.4. Had there been no revaluation the related figures of freehold land, building on freehold land, plant & machinery and electric installations and appliances on June 30, 2020 would have been as follows:

Year	2020			2019		
Particulars	Cost	Accumulated depreciation	WDV	Cost	Accumulated depreciation	WDV
Freehold	--			Rupees	--	
Land	11,806,287	-	11,806,287	11,806,287	-	11,806,287
Building	221,515,750	92,093,112	129,422,638	221,515,750	85,281,394	136,234,356
Plant and machinery	650,265,508	426,697,276	223,568,232	650,265,508	401,856,361	248,409,147
Electric installation and appliances	81,047,016	51,250,164	29,796,852	81,047,016	47,939,403	33,107,613
Total	**964,634,561**	**570,040,552**	**394,594,009**	**964,634,561**	**535,077,158**	**429,557,403**

	NOTE	2020 RUPEES	2019 RUPEES
5.2. Capital work in progress			
Opening balance		-	-
Additions during the year		1,543,746	-
Closing Balance		1,543,746	-
6. Right-of-use Assts			
Vehicles:			
Cost			
Opening balance		16,594,000	14,785,413
Impact of initial application of IFRS 16		-	-
As at July 1,2019		16,594,000	14,785,413
Addition during the year		-	8,944,000
Disposal during the year		-	(7,135,413)
Total		16,594,000	16,594,000
Accumulated depreciation			
Opening balance		3,301,006	4,633,655
Charge during the year at the rate of 20%		2,658,599	2,117,546
Disposal adjustment		-	(3,450,195)
Closing balance		5,959,605	3,301,006
Total		10,634,395	13,292,994

6.1 The depreciation is charged to administrative expenses.

	NOTE	2020 RUPEES	2019 RUPEES
7. Long term deposits			
Considered good			
Securities			
Electricity deposit		6,192,510	6,192,510
Telephone and mobiles		21,400	21,400
WASA		27,240	-
Ijarah deposit		-	528,050
		6,241,150	6,741,960
8. Stores and spares			
Stores		18,877,136	18,273,645
Spares		21,915,250	21,313,596
Loose tools		4,062,517	3,539,805
Packing material		1,779,293	1,859,811
		46,634,196	44,986,857

8.1. These may include items that result in fixed capital expenditure but are not distinguishable.

	NOTE	2020 RUPEES	2019 RUPEES
9. Stock in trade			
Raw material		376,186,601	237,797,133
Work in process		12,483,121	10,291,990
Finished goods	9.1	31,128,815	14,830,194
		419,798,537	262,919,317

9.1. Finished goods comprising of fabric amounting to Rs. 2,854,382/- (2019: Rs.3,121,638/-) are at net realizable value.

9.2. Stock in trade amounting to Rs. 410.56 million (2019: Rs.258.52 million) at ruling market rates were pledged as security with the banks.

	NOTE	2020 RUPEES	2019 RUPEES
10. Trade debts			
Considered good			
Local - unsecured		133,689	12,054,137

	NOTE	2020 RUPEES	2019 RUPEES
11. Loans & advances			
Considered good			
Advances			
Staff			
Against salary	11.1 & 11.2	6,119,206	4,972,979
Against expenses		5,430,089	4,685,948
Supplies & services		3,243,498	2,321,757
Letter of credit		7,074	7,640,603
Purchase of vehicle		-	2,658,000
		14,799,867	22,279,287

11.1. These represent amounts against salaries and are interest against salaries.

11.2. Maximum amount oustanding in respect of advances to key management personnel in any month was Rs. 6,197,991/- (2019: Rs.5,263,040/-)

	2020	2019
12. Deposits and prepayments		
Considered good		
Prepayments		
Bank guarantee commission	113,519	257,434
Insurance	2,797,364	1,953,063
Subscription	100,570	-
Deposits		
Ijarah	528,050	-
	3,539,503	2,210,497
13. Tax refunds due from the Government		
Income tax	6,808,625	3,658,957
Sales tax	7,266,777	31,434,244
	14,075,402	35,093,201
14. Cash and bank balances		
Cash in hand	57,719,075	58,413,004
Cash with banks		
- in current accounts	29,186,032	4,431,256
	86,905,107	62,844,260

15. Issued, subscribed and paid up share capital

2020	2019		2020	2019
(Number of shares)			Rupees	
1,800,000	1,800,000	Ordinary shares of Rs. 100 each fully paid in cash	180,000,000	180,000,000
200,000	200,000	Ordinary shares of Rs. 100 each issued as fully paid bonus shares	20,000,000	20,000,000
2,000,000	2,000,000		200,000,000	200,000,000

	NOTE	2020 RUPEES	2019 RUPEES (Restated)
16. Surplus on revaluation of operating fixed assets			
Balance as on July 01,		463,516,309	498,558,731
Transferred to unappropriated profit on account of Incremental depreciation for the year		(31,790,932)	(35,042,422)
		(31,790,932)	(35,042,422)
		431,725,377	463,516,309
Less: Related deferred tax liability			
Opening balance		106,120,308	120,292,355
Rate Change Effect		-	(4,009,745)
Transferred to unappropriated profit on account of Incremental depreciation		(9,219,370)	(10,162,302)
		96,900,938	106,120,308
Balance as on June 30,		334,824,439	357,396,001

16.1. It represents surplus on revaluation of freehold land, building thereon, plant & machinery and electric installation & appliances on present market values basis that was carried out by an independent valuer M/S Arch Lattice amounting Rs. 306,259,361/- as at March 09, 2018. Previous valuation was carried out amounting Rs. 310,606,762/- as at March 14, 2012.

16.2 The revaluation surplus on property, plant and equipment is a capital reserve and is not available for distribution to the shareholders of the company in accordance with section 241 of the Companies Act, 2017.

17. Long term financings

Secured - Under mark-up arrangements			
From banking companies			
Bank Alfalah Limited - Term Finance- I & II	17.1, 17.2 & 17.3	87,533,471	88,697,663

17.1 Term finance I carries markup at the rate of 6 month KIBOR + 2% p.a. (2019: 6 month KIBOR + 2% p.a.). It is secured against 1st exclusive charge of Rs. 530 million over the entire fixed assets of the company.

It is payable in 60 monthly installments of Rs.3,551,604/- each that started from February 13, 2015. It was rescheduled and the total tenor was increased by two years with effect from October15, 2016. The resceduled installments started from October15, 2015. It has been deffered as per BPRD circular no. 14 of 2020 due to the impact of Covid-19 and the total tenor has been increased by one year with effect from April 13, 2020. The deffered installment will start from March 15, 2021.

Term finance-II was obtained on September 30, 2016 amounting to Rs. 67 million, under same mark up and same securities as mentioned above for TF-I. it is repayable in 60 monthly installments of Rs. 1,116,667/- each that started from January 11, 2017. It has been deffered as per BPRD circular no. 14 of 2020 due to the impact of Covid-19 and the total tenor has been increased by one year with effect from April 13, 2020. The deffered installment will start from March 31, 2021.

17.2 These loans are further secured by personal guarantees of all the directors.

17.3 Reconciliation of liabilities arising from long term financings is as follows :

Balance as at July 01,	144,716,933	190,081,373
Obtained during the year	-	-
Paid / adjusted during the year	(38,510,377)	(45,364,440)
	106,206,556	144,716,933
Payable within one year	(18,673,085)	(56,019,270)
Balance as at June 30,	**87,533,471**	**88,697,663**

18. Lease Liabilities

Opening balance		8,105,925	7,253,192
Obtained during the year		-	5,130,000
Accrued interest during the year		1,162,091	-
		9,268,016	12,383,192
Paid during the year		(4,528,600)	(4,277,267)
		4,739,416	8,105,925
Over due Amount	18.1	(899,780)	-
Current portion shown under current liabilities		(2,326,376)	(4,302,605)
		1,513,260	3,803,320

18.1 Over due amount represents delayed installments of two months due to Covid-19.

18.2 Reconciliation of minimum lease payments and their present value is given below:

Particluars	2020 (Rupees)			2019 (Rupees)		
	Minimum lease payments	Finance cost of future periods	Present value of minimum lease payments.	Minimum lease payments	Finance cost of future periods	Present value of minimum lease payments.
Payable within one year	3,559,200	333,044	3,226,156	5,322,840	1,020,235	4,302,605
Payable after one year but not more than five years	1,594,845	81,585	1,513,260	4,327,850	524,126	3,803,320
Total	**5,154,045**	**414,629**	**4,739,416**	**9,650,690**	**1,544,361**	**8,105,925**

18.3 It represents finance obtained against vehicle under finance lease liability. The purchase option is available to the company on payment of last installment and surrender of deposit paid under the agreement. The liability represents total minimum lease payments discounted at the rate ranging from 6 months KIBOR + 6 % and 3 month kibor + 5.50% (2019: 6 month KIBOR + 6% and 3 month KIBOR + 5.5%). There is no major restriction imposed by leasing company.

	NOTE	2020 RUPEES	2019 RUPEES (Restated)
19. Deferred liabilities			
Deferred taxation	19.1	56,399,369	75,770,063
Staff retirement benefits - gratuity	19.2	48,123,894	39,593,405
Unearned lease finance income	19.3	-	180,285
		104,523,263	115,543,753
19.1. Deferred taxation			
Deferred tax			
Opening balance		75,770,063	102,976,455
Deferred tax liability reversed during the year related to:			
Profit and loss account		(20,206,990)	(23,898,820)
Statement of comprehensive income			
Staff retirement benefit		836,296	702,173
Revaluation surplus - rate change effect		-	(4,009,745)
Closing balance	19.1.1	**56,399,369**	**75,770,063**
19.1.1. Deferred tax liability			
Accelerated tax depreciation		166,513,173	179,302,077
Deferred tax assets			
Provision for gratuity		(13,955,929)	(11,482,087)
Lease liability		(1,374,431)	(2,350,718)
Rate change effect (Restatement)		-	(4,009,745)
Excess of minimum tax liability over normal tax liabilty		(41,826,637)	(19,866,138)
Carried forward losses		(52,956,807)	(52,956,807)
		(110,113,804)	(90,665,495)
Net deferred tax liability		56,399,369	88,636,582
Deferred tax liability recognized		56,399,369	88,636,582
19.2. Staff retirement benefits - gratuity			
Amount recognized in the balance sheet			
Present value of defined benefit obligation	19.2.1	48,123,894	39,593,405
19.2.1. Present value of defined benefit obligation			
Present value of defined benefit obligation		39,593,405	35,916,142
Current service cost		10,355,944	9,311,294
Past service cost		163,497	769,040
Interest cost on defined benefit obligation		5,326,317	2,921,792
Benefits paid		(4,431,490)	(6,903,578)
Remeasurement gain on obligation	19.2.3	(2,883,779)	(2,421,285)
		48,123,894	39,593,405
19.2.2. Expenses to be charged to P&L			
Current service cost		10,355,944	9,311,294
Past service cost		163,497	769,040
Interest cost on defined benefit obligation		5,326,317	2,921,792
		15,845,758	13,002,126
19.2.3. Total remeasurements chargeable in other comprehensive income			
Remeasurements:			
Actuarial loss from changes in financial assumptions		(148,580)	108,633
Experience adjustments		(2,735,199)	(2,529,918)
		(2,883,779)	(2,421,285)

	NOTE	2020 RUPEES	2019 RUPEES
19.2.4. Changes in net liability			
Statement of finanical position Liability		39,593,405	35,916,142
Expense chargeable to P&L		15,845,758	13,002,126
Remeasurements (gain) chargeable in other comprehensive income		(2,883,779)	(2,421,285)
Benefits paid		(4,431,490)	(6,903,578)
		48,123,894	39,593,405
19.2.5. Significant actuarial assumptions			
Discount rate		8.5% p.a.	14.25% p.a.
Expected rate of increase in salary		N/A	13.25% p.a.
Average expected remaining working life time of employees		4 years	4 years
19.2.6. Year end sensitivity analysis (± 100 bps) on defined benefit obligation			
Discount rate + 100 bps		45,400,968	37,492,491
Discount rate - 100 bps		51,258,073	41,993,844
Salary increase + 100 bps		51,258,073	41,993,844
Salary increase - 100 bps		45,353,306	37,457,471

The average duration of the defined benefit obligation is 6 years.

19.2.7. Expected payment to the obligation for next year is Rs. 14,318,105/-.

	NOTE	2020 RUPEES	2019 RUPEES
19.3. Unearned lease finance income			
Unearned lease finance income		180,285	1,262,049
Current portion shown under trade and other payables		(180,285)	(1,081,764)
		-	180,285
20. Trade and other payables			
Creditors		49,957,986	46,994,868
Advances from customers		21,003,302	346,594
Accrued charges		16,799,023	8,587,562
Income tax payable		790,238	-
Sales tax payable		7,607,795	107,724
Workers' profit participation fund	19.1	-	285,863
Current portion of unearned lease finance income		180,285	1,081,764
		96,338,629	57,404,375
20.1. Workers' profit participation fund			
Payable at the beginning of the year		285,863	231,795
Charge for the year		-	285,863
		285,863	517,658
Paid to workers during the year		(285,863)	(231,795)
Payable at the end of the year		-	285,863
21. Mark-up accrued on loans			
Long term financings		3,656,647	4,753,178
Short term financings		12,848,665	11,900,770
		16,505,312	16,653,948

22. Short term financings

Secured

From banking companies

Under mark-up arrangements	Limit	NOTE	2020 RUPEES	2019 RUPEES
Cash finance (Pledge)	600 M (2019: 450 M)	22.1	370,356,143	230,732,433
Cash finance (Hypo)	70 M (2019: 70 M)	22.2	69,999,726	69,823,302
			440,355,869	300,555,735

22.1 These carry mark-up at the rate of 1 month KIBOR + 1.75% (2019: 1 months KIBOR + 1.75%) for Bank Alfalah Limited and 3 months KIBOR + 1.75% (2019: 3 months KIBOR + 1.75%) for National Bank of Pakistan. These are secured against pledge of raw material and finished goods amounting to Rs. 410.56 million and 1st charge of Rs. 335 million.

22.2 These carry mark-up at the rate of 3 months KIBOR + 2% (2019: 3 months KIBOR + 2%) for National Bank of Pakistan and 1 month KIBOR + 2% (2019: 3 m`onths KIBOR + 2%) for Bank Alfalah Limited. These are secured against hypothecation of Rs. 67 million current assets of the company. Cash finance from National Bank of Pakistan is further secured by personal property of the director.

22.3 Loans are further secured against personal guarantees of all the directors.

22.4 Total unavailed limits as at balance sheet date are Rs. 229.644 million (2019: Rs. 219.444 million).

	NOTE	2020 RUPEES	2019 RUPEES
22.5 Reconciliation of liabilities arising from short term financings is as follows:			
Balance as at July 01,		300,555,735	258,717,688
Obtained during the year		2,129,026,221	1,567,595,570
		2,429,581,956	1,826,313,258
Paid / adjusted during the year		(1,989,226,087)	(1,525,757,523)
Balance as at June 30,		440,355,869	300,555,735
23. Current portion of non current liabilities			
Long term financing		18,673,085	56,019,270
Liabilities against assets subject to finance lease		3,226,156	4,302,605
		21,899,241	60,321,875

24. Contingencies & commitments

24.1. Contingencies

a. Bank guarantee - SNGPL		9,122,600	16,622,600
b. Bank guarantee - FESCO		2,384,000	2,384,000
c. Bank guarantee - SBP		3,500,000	3,500,000

d. The company filed the writ petition in Honorable Lahore High Court, Lahore regarding unlawful levy / recovery of enhanced Gas Infrastructure Development Cess (GIDC) from July 2012 to March 2015 amounting to Rs. 9.034 million along with late payment surcharge. As per the legal opinion, the instant case of the company is on merit as being an industrial consumer, Sui Northern Gas Pipelines Ltd (SNGPL) cannot recover the unpaid Cess under the first proviso of Section 8 of GIDC Act, 2015.

e. The company is in dispute with Sui Northern Gas Pipelines Ltd. (SNGPL) against the alleged demand of arrears of gas bill on three months average basis of Rs. 9,563,011/- for the month of January, 2017 during which the installed gas meter did not record reading as a result of malfunction. The company has challeged the whole demand raised as hypothetically high and without taking consideration of winter gas disruptions and consumption of WAPDA power. The company deposited an amount of Rs. 6,596,193/- under protest against the said demand in the preceeding years. The decision of the review committee of SNGPL was not in the favor of the company, and it filed appeal before OGRA, Lahore. On December 29, 2017, OGRA, Lahore decided in favor of the company on the ground that the demand for arrears by SNGPL was not justified. On March 07, 2018, SNGPL filed an appeal before OGRA, Islamabad against the order issued in favor of the company. The company has filed its reply on March 15, 2018 to the appeal present before OGRA, Islamabad.

24.2. Commitments

Letter of credit		1,679,789	-

24.3. The Company has entered into Ijarah arrangement for vehicle amounting to Rs.712,876 (2019:Rs. 2,834,240/-) as on June 30, 2020 with total tenure of three years.

	NOTE	2020 RUPEES	2019 RUPEES
24.4 At the year end the commitment against Ijarah lease falls due as follows:			
Not later than one year;		712,876	2,125,680
Later than one year but not later than five years;		-	708,560
		712,876	2,834,240

25. Sales

		2020	2019
Local			
-Yarn		1,766,860,938	1,882,660,834
-Waste		13,120,534	15,865,261
Less : Sales Tax		(258,629,786)	-
		1,521,351,686	1,898,526,095
Less : Commission		(4,513,358)	(5,513,602)
		1,516,838,328	1,893,012,493

26. Cost of sales

	NOTE	2020	2019
Cost of goods manufactured	26.1	1,457,866,439	1,764,974,414
Finished goods			
Opening stock		14,830,194	32,331,527
Closing stock	26.1.5	(31,128,815)	(14,830,194)
		(16,298,621)	17,501,333
Cost of sales		1,441,567,818	1,782,475,747

26.1.Cost of goods manufactured

	NOTE	2020	2019
Raw material consumed	26.1.1	999,077,725	1,268,306,448
Fuel and power		192,802,395	218,946,897
Salaries, wages & benefits	26.1.4	144,040,445	139,600,969
Packing & other material	26.1.2	15,995,421	19,803,242
Store & spares consumed	26.1.3	30,135,323	34,412,268
Repair & maintenance		1,645,731	1,147,769
Insurance		4,825,871	4,377,015
Depreciation		70,653,961	77,825,220
Other materials, services & overheads		880,698	959,300
		1,460,057,570	1,765,379,128
Work in process			
Opening stock		10,291,990	9,887,276
Closing stock		(12,483,121)	(10,291,990)
		(2,191,131)	(404,714)
Cost of goods manufactured		1,457,866,439	1,764,974,414

26.1.1. Raw material consumed

		2020	2019
Purchases include direct expenses			
Cotton		738,849,345	773,331,231
Polyester		398,617,848	551,970,195
		1,137,467,193	1,325,301,426
Stock			
Opening		237,797,133	180,802,155
Closing		(376,186,601)	(237,797,133)
		(138,389,468)	(56,994,978)
		999,077,725	1,268,306,448

26.1.2. Packing material consumed

		2020	2019
Purchases include direct expenses		15,914,903	18,651,158
Stock			
Opening		1,859,811	3,011,895
Closing		(1,779,293)	(1,859,811)
		80,518	1,152,084
		15,995,421	19,803,242

	NOTE	2020 RUPEES	2019 RUPEES

26.1.3. Store & spares consumed

Purchases include direct expenses		31,863,180	33,832,405
Stock			
Opening		43,127,046	43,706,909
Closing		(44,854,903)	(43,127,046)
		(1,727,857)	579,863
		30,135,323	34,412,268

26.1.4. It includes provision for staff retirement benefits - gratuity amounting to Rs. 14,261,182/- (2019: Rs. 11,701,913/-)

26.1.5. It includes an amount of Rs. 267,256/- (2019: Rs. 393,412/-) in respect of write down of inventories to net realizable value.

27. Administrative

	NOTE	2020 RUPEES	2019 RUPEES
Directors' remuneration	27.1	13,950,000	11,850,000
Salaries & benefits	27.2	16,289,774	17,418,772
Telephone, mobile and communications		395,182	441,486
Electricity		336,323	357,392
Insurance		1,274,935	1,099,394
Printing and stationery		109,267	127,984
Vehicle running and maintenance		2,999,311	2,954,409
Repair and maintenance		270,930	427,060
Traveling		111,825	323,554
Entertainment		548,906	653,274
Rent, rates & taxes		2,935,370	2,869,730
News paper & periodicals		6,760	7,830
Auditors' remuneration	27.3	550,000	506,250
Legal & professional		625,890	343,500
Charity & donation	27.4	890,000	1,122,000
Depreciation		1,704,450	3,599,764
Depreciation on right of use asset		2,658,599	-
Sales tax written off / recovery		283,617	243,967
Ijarah rentals		2,142,940	2,080,364
Others		887,019	683,751
		48,971,098	47,110,481

27.1. Directors' remuneration

	2020				2019			
	CEO	Director	Executives	Total	CEO	Director	Executives	Total
No. of persons	1	1	5	7	1	1	5	7
				------------- Rupees ------------				
Remuneration for services	9,090,909	3,590,909	8,644,839	21,326,657	6,954,545	3,818,182	12,327,273	23,100,000
Medical allowance	909,091	359,091	864,484	2,132,666	695,455	381,818	1,232,727	2,310,000
	10,000,000	3,950,000	9,509,323	23,459,323	7,650,000	4,200,000	13,560,000	25,410,000

27.1.1. Chief Executive Officer and director of the company are provided with company maintained vehicles.

27.1.2. Executive means an employee basic salary exceeds Rs. 1.2 million (2019: Rs. 1.2 million) during the year.

27.2. It includes provision for staff retirement benefits - gratuity amounting to Rs. 1,584,576/- (2019: Rs. 1,300,213/-).

27.3. Auditor remuneration includes the following:

		2020	2019
Statutory audit fee		550,000	506,250

27.4. No director or his spouse had any interest in the donees' fund.

28. Other Income

	NOTE	2020 RUPEES	2019 RUPEES
Other than financial assets			
Scrap sale	28.1	1,034,800	1,269,267
Gain on sale of operating fixed assets		264,128	1,289,006
Earned lease finance income		1,081,764	1,081,764
		2,380,692	3,640,037

28.1. Scrap sale

		2020	2019
Gross sale		1,210,716	1,485,042
Less: sales tax		(175,916)	(215,775)
		1,034,800	1,269,267

	NOTE	2020 RUPEES	2019 RUPEES
29. Finance cost			
Bank charges & commission		2,444,685	1,271,791
Lease finance charges		1,162,091	889,383
Mark-up on secured loans			
- on long term financings		17,278,693	18,263,608
- on short term financings		58,050,516	40,924,263
		78,935,985	61,349,045
30. Taxation			
Current	30.1	22,835,797	23,747,442
Prior year		108,641	-
Deferred		(20,206,990)	(23,898,820)
		2,737,448	(151,378)

30.1 The relationship between tax expenses and accounting profit has not been presented in these financial statements as the company's current year taxation is based on minimum taxation under the Income Tax Ordinance, 2001.

31. Financial instruments- Fair values and risk management

31.1. Accounting classification

The following table shows the carrying amounts of financial assets and financial liabilities by categories.

	NOTE	2020 RUPEES	2019 RUPEES
Financial assets:			
Financial assets at amortized cost			
Long term deposits		6,241,150	6,213,910
Trade debts		133,689	12,054,137
Loans and advances		6,119,206	4,972,979
Cash and bank balances		86,905,107	62,844,260
		99,399,152	86,085,286
Financial liabilities:			
Financial liabilities at amortized cost			
Long term financings		106,206,556	144,716,933
Lease liabilities		4,739,416	8,105,925
Trade and other payables		75,155,042	55,976,017
Markup accrued on loan		16,505,312	16,653,948
Short term financings		440,355,869	300,555,735
		642,962,195	526,008,558

32. Financial risk management

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

- Credit risk and concentration of credit risk
- Liquidity risk
- Market risk

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

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

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

32.2.1. Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The maximum exposure to credit risk at the reporting date is as follows:

	2020 RUPEES	2019 RUPEES
Long term deposits	6,241,150	6,213,910
Trade debts	133,689	12,054,137
Loans and advances	6,119,206	4,972,979
Bank balances	29,186,032	4,431,256
	41,680,077	27,672,282

Due to the Company's long standing relations with counter parties and after giving due consideration to their financial

standing, the management do not expect non performance by these counter parties on their obligations to the company.

For trade debts, credit quality of customers is assessed taking into consideration their financial position and previous dealings and on its basis, individual credit limits are set. The management regularly monitors and reviews customers' credit exposure. The credit risk exposure is limited in respect of bank balances as these are placed with the banks having good credit from international and local credit rating agencies.

The Company's most significant customers are industrial users of yarn. Aging analysis of trade debtors as at balance sheet date is as under:

	2020 (Rupees)		2019 (Rupees)	
The age of trade debts	**Gross debts**	**Impairment**	**Gross debts**	**Impairment**
Not past due	-	-	-	-
Past due 0 - 365 days	133,689	-	12,054,137	-
More than 365 days	-	-	-	-
	133,689	-	**12,054,137**	-

The credit quality of company's bank balances can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate.

Banks	Rating		Rating agency	2020	2019
	Short term	Long term		--------- Rupees --------	
Bank Al Falah Ltd.	A-1+	AA+	PACRA	375,486	100,027
National Bank of Pakistan	A-1+	AAA	PACRA	25,202,103	15,836
Habib Metropolitan Bank Ltd.	A-1+	AA+	PACRA	2,751,124	4,161,771
Meezan Bank Limited.	A-1+	AA+	JCR-VIS	841,783	60,129
Habib Bank Ltd.	A-1+	AAA	JCR-VIS	15,537	93,493
		Total		**29,186,032**	**4,431,256**

32.2.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. 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, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table analyzes the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the undiscounted cash flows.

Particulars	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
	-------------------- (Rupees) --------------------				
June 30, 2020					
Trade and other payables	75,155,042	75,155,042	75,155,042	-	-
Markup accrued on loans	16,505,312	16,505,312	16,505,312	-	-
Short term financings	440,355,869	440,355,869	440,355,869	-	-
Long term financings	106,206,556	106,206,556	18,673,085	87,533,471	-
Lease liabilities	4,739,416	4,739,416	3,226,156	1,513,260	-
Total	**642,962,195**	**642,962,195**	**553,915,464**	**89,046,731**	-

Particulars	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
	-------------------- (Rupees) --------------------				
June 30, 2019					
Trade and other payables	55,976,017	55,976,017	55,976,017	-	-
Markup accrued on loans	16,653,948	16,653,948	16,653,948	-	-
Short term financings	300,555,735	300,555,735	300,555,735	-	-
Long term financings	144,716,933	144,716,933	56,019,270	88,697,663	-
Lease liabilities	8,105,925	8,105,925	4,302,605	3,803,320	-
Total	**526,008,558**	**526,008,558**	**433,507,575**	**92,500,983**	-

32.2.3 Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company's market risk comprises of two types of risk: foreign currency risk and interest rate risk. The market risks associated with the Company's business activities are discussed as under:

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. The Company is not exposed to any significant interest rate except as disclosed in the respective notes. The rate of financing and their maturities are disclosed in the respective notes.

	2020	2019
	----(RUPEES)----	
Floating rate instruments		
Financial liabilities		
Long term financings	106,206,556	144,716,933
Short term financings	440,355,869	300,555,735
Lease liabilities	4,739,416	8,105,925
	551,301,841	453,378,593

Cash flow sensitivity analysis for floating rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been changed as following:

		Changes Interest Rate	Effects on Profit after Tax
Variable-rate instruments	2020	+1%	2,623,520
		-1%	(2,623,520)
Variable-rate instruments	2019	+1%	2,152,137
		-1%	(2,152,137)

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The Company is exposed to currency risk on foreign creditors. The total foreign currency risk exposure on reporting date in respect of LC commitment amounted to Rs. 1.679 million . (2019: Nil).

At June 30, 2020, had the currency been weakened / strengthened by 5% against the foreign currency with all other variables held constant, profit for the year and equity would have been Rs. 0.0596 million (2019: Nil) higher / lower, mainly as a result of foreign exchange gains / losses on translation of foreign currency denominated trade creditors.

(iii) Equity price risk

Trading and investing in equity securities give rise to equity price risk. The Company is not exposed to any equity price risk.

(iv) Other price risk

Other price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The effects of changes in fair value of such investments made by Company, on the future profits are not considered to be material in the overall context of these financial statements.

32.3. Determination of fair value

32.3.1 Fair values of financial instrument

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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

32.3.2 Fair values of non financial instrument

Fair value hierarchy

The different levels have been defined as follows.

Level 1	Quoted prices (unadjusted) in active markets for individual assets or liabilities
Level 2	Inputs other than quoted prices included within level 1 that are observable for assets or liabilities, either directly (i.e as prices) or indirectly (i.e derived from prices)
Level 3	Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

Details of the Company's revalued assets and information about fair value hierarchy as at June 30, 2020 are as follows:

Particulars	Level 1		Level 2		Level 3	
	2020	2019	2020	2019	2020	2019
	------------------------------Rupees------------------------------					
Operating fixed assets						
Freehold						
Land	-	-	109,390,500	109,390,500	-	-
Building	-	-	220,665,930	232,279,926	-	-
Plant and Machinery	-	-	478,217,250	531,352,500	-	-
Electric installation and appliances	-	-	53,009,100	58,899,000	-	-
Total	-	-	**861,282,780**	**931,921,926**	-	-

32.4. Capital management

The Company's objective when managing capital is to safeguard the Company's 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 Comapny manages its capital structure by monitoring return on net assets and makes adjustments to economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. The Company also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings thereon, less cash and bank balances. Capital signifies equity as shown in statement of finacial position plus net debt. The gearing ratio as at June 30, is as follows:

	2020 RUPEES	2019 RUPEES
Long term financing	106,206,556	144,716,933
Short term financing	440,355,869	300,555,735
Lease liabilities	4,739,416	8,105,925
Total debt	551,301,841	453,378,593
Less: Cash and bank balances	86,905,107	62,844,260
Net debt	464,396,734	390,534,333
Equity	704,560,087	738,691,266
Capital employed	1,168,956,821	1,129,225,599
Gearing ratio	39.73%	34.58%

33. Plant capacity and actual production

	2020	2019
Number of spindles installed	24,888	24,888
Annual Installed capacity (31/s count)	138,700	138,700
Annual Actual production (31/s count)	127,750	133,590
No. of shifts per day	3	3

33.1. Reason for shortfall

Under utilization of available capacity is due to temporary closure of production operations during COVID-19.Actual production was sufficient to meet the market demand.

34. Number of employees

	2020	2019
Total number of employees as at June 30,		
-Staff	90	90
-Unit employees	420	417
	510	507

	2020	2019
Average number of employees (Staff) for the year	87	87
Average number of employees (Factory) for the year	415	411

35.Related parties transaction

The related parties comprise directors of the company and key management personnel. The company in the normal course of business carries out transaction with related parties. The transactions with related parties other than those disclosed in relevant notes are as follows;

Relationship with the Company	Nature of transactions	2020 RUPEES	2019 RUPEES
Key management personnel	Rent expense	2,350,000	1,800,000
	Remuneration due to Directors	1,200,000	1,000,000

36. Events after the reporting period

There are no significant activities since June 30, 2020 causing any adjustment or disclosure in the financial statements.

37. General

37.1. Nomenclature of following account head changed for better presentation.

Previous nomenclature	Current nomenclature
Short term prepayments	Deposits and prepayments

37.2. Date of authorization for issue

These financial statements have been authorized for issue by the Board of Directors as on September 28, 2020.

37.3. Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR