بسم الله الرحمن الرحيم

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Company Information

Board of Directors	Muhammad Ismail (Chief Executive) Sheikh Umar Farooq Mr. Hussain Ahmad Fazal Mr. Mushtaq Ahmad Mst. Ghazala Nasreen Mr. Shafiq Ahmed Mohammad Asif Mr. Nadeem Ahmed
Chief Financial Officer	Mr. Mushtaq Ahmad
Auditors	Naveed Mukhtar & Co. Chartered Accountants
Bankers	Allied Bank Limited Askari Bank Limited Faysal Bank Limited Habib Bank Limited MCB Bank Limited National Bank of Pakistan Soneri Bank Limited The Bank of Khyber
Offices:	
Karachi (Registered Office)	Room No.809, 8th Floor, Saima Trade Tower-B, I.I.Chundrigar Road, Karachi Web Site:www.hussaingroup.com
Multan (Unit No.1&3)	Fazalabad Vehari Road, Multan Ph. 92-61-6527238,6528245,6760524 Fax. 92-61-6526487,6526572
Multan (Unit No.2)	35-KM Bahawalpur Road,Adda Muhammad Pur, Multan Ph. 92-61-4250577,4250603 Fax. 92-61-4250578
Multan (Unit No.4)	Qadirpur Rawan Bypass, Khanewal Road, Multan Ph. 92-61-4423183, Fax. 92-61-4423184
Kabirwala (Unit No.5)	17-KM Mauza Kohiwala, Kabirwala, Khanewal Ph. 92-65-2450308 Fax. 92-65-2450309

DIRECTORS' REPORT

The Directors of your Company are pleased to present their 42nd Annual Report on audited financial statements, setting out the detailed financial results of the company for the financial year ended on 30th June, 2020.

Our Performance:

The key business results of the company achieved in financial year 2020 are spelled out below intending to have a quick review of the performance of the Company:

	2020 Rupees	2019 Rupees
Sales	9,467,277,298	12,451,489,396
Gross Profit	(445,956,983)	23,530,663
Operating Profit/(Loss)	(1,147,844,637)	(461,976,101)
Finance Cost	(734,534,328)	(595,452,074)
Profit/(Loss) before Tax	(1,837,343,998)	(550,826,836)
Profit/(Loss) after Tax	(1,913,921,482)	(699,024,124)
Earnings/(Loss) per Share	(101.75)	(37.16)

The spiraling costs of input have squeezed our profits but the major setback caused by ominous virus COVID-19. The country's economy was on a downward spiral after outbreak of said virus all over the world. It strangled the global economy pulling it into recession and sharp decline of overall economic growth. The flagging rise in the economic activities forced a number of units either of textile or other sectors closure while existing into critical situation. The financial year under review was again the most struggling one for the company owing to a colossal amount of impediments mainly COVID-19 which grinded to halt all business activities for a longer period of time inflicting heavy and irreparable financial loss to the company. In the aftermath of COVID-19 our shut down of our production units for months and sweeping back out in contracts created major financial set back to us. As evinces from the figures our sales plummeted by 23.97 % in financial year under review as compare to financial year 2019. Our gross margin steeply narrowed because of increase in cost of raw material, increase in power tariffs and other overheads against a slight increase in sale price.

Working capital constraints like the preceding financial year kept continue inflicting the company purchase raw material i.e. cotton at higher rates. Similarly a surge in other costs like transportation, wage rate, power tariff also shared in yielding loss to company. Undoubtedly the good numbers eluded the company in the financial year under review, yet the company is relentless in getting itself rejuvenated. Who knows that how long the incumbent COVID-19 would haunt the economy but like every cloud has a silver lining we are determined in getting best out of this pandemic for the company through revamping our business activities.

Future outlook:

Your company is optimistic about the bright future as the government is emphatic in introducing astute and cogent policies enticing the business fraternity take advantage of them. State Bank of Pakistan has also been confirming improved position of the economy that would herald good results in day end. Interest rate reduction from banks as a relief and deferment of long term and mark up for a reasonable time along with conversion of short term loan into long term at comparatively low pricing would help in attracting good future.

Auditors:

The present auditors M/s Naveed Mukhtar and Co., Chartered Accountants retire and being eligible, have offered themselves for reappointment. The board recommended their re-appointment as external auditors until the conclusion of the next annual general meeting.

Management/Labour Relations;

The management/labour relations remained meritorious during the year under review. We have a competitive workforce both for admin and production and we believe our staff is a valuable asset for the company. We invest in the professional development and improvement of skills of our staff hoping to yield better results in future. Human Resource policy of the company believes in fairness, merit, equal opportunities and social responsibilities.

Acknowledgement:

Your directors extend appreciation to the company's bankers, valued customers, suppliers, shareholders and government authorities for their valuable contribution and cooperation to the company during the financial year under review.

Multan
November 4, 2020

For and on behalf of the Board

Sd/-

Hussain Ahmad Fazal
(Director)

ڈائریکٹرز رپورٹ

آپکی کمپنی کے ڈائریکٹرز کمپنی کی بیالیسویں سالانہ رپورٹ برائے سال 30 جون 2020 پیش کررہے ہیں۔

کمپنی کا مالیاتی جائزہ:

کمپنی نے مالیاتی سال 2020 میں جو اہداف حاصل کیے وہ درج ذیل ہیں جس سے کمپنی کی کارکردگی ایک نظر سمجھنے میں مدد ملے گی۔

2019 Rupees	2020 Rupees	
12,451,489,396	9,467,277,298	فروختگی
23,530,663	(445,956,983)	مجموعی منافع
(461,976,101)	(1,147,844,637)	فرسودگی اور مالیاتی اخراجات سے پہلے کا منافع
(595,452,074)	(734,534,328)	مالیاتی خرچہ
(550,826,836)	(1,837,343,998)	منافع قبل از ٹیکس
(699,024,124)	(1,913,921,482)	منافع بعداز ٹیکس
(37.16)	(101.75)	فی حصص کمائی

خام مال کی تیزی سے بڑھتی ہوئی قیمتوں نے ہمارے منافع کو بہت نقصان پہنچایا مگر اس میں COVID-19 کا حصہ سب سے نمایاں تھا۔ملکی معیشت مذکورہ وباء پھیلنے سے اپنے گھٹنوں پر آ گئی۔اس نے پوری دنیا کی معیشت کو جکڑ لیا اور تباہی کی طرف لے گئی۔معاشی سرگرمیوں میں مندی کا نتیجہ یہ نکلا کہ بہت سے صنعتی یونٹس خواہ وہ ٹیکسائل سے وابستہ ہوں یا کسی اور صنعت سے بند ہوگئے اور جو بچ گئے ان کی حالت دگرگوں ہوگئی۔

زیر مشاہدہ معاشی سال بہت سی رکاوٹوں خاص طور پر COVID-19 کی وجہ سے بہت سے مسائل سے بھرا ہوا تھا کیونکہ COVID-19 کی وجہ سے معاشی سرگرمیاں رک گئی تھیں۔جیسا کہ اعداد و شمار سے واضح ہے ہماری فروخت پچھلے مالی سال کی نسبت 23.97% فی صد کم ہوئی۔

خام مال کی قیمت میں اضافہ، بجلی گیس کے نرخوں میں اضافہ اور دیگر اشیائے ضروریہ کی قیمتوں میں اضافہ کی وجہ سے ہمارے مجموعی منافع میں نمایاں کمی واقع ہوئی۔

گزشتہ مالی سال کی طرح اس سال بھی کمپنی کو پیداواری سرمایہ میں کمی کا سامنا رہا جسکی وجہ سے کمپنی کو خام مال جیسا کہ کپاس مہنگے داموں خریدنا پڑی۔اسی طرح نقل وحمل کے کرایوں میں اضافہ کی وجہ سے بھی کمپنی کو نقصان کا سامنا کرنا پڑا۔اس میں کوئی شک نہیں کہ کمپنی اپنے اہداف حاصل کرنے میں ناکام رہی، لیکن کمپنی پرعزم ہے کہ وہ اپنی ساکھ بحال کرے گی۔کون جانتا ہے کہ موجودہ وباء COVID-19 کب تک معیشت کا پیچھا کرے گی لیکن جیسے ہر اندھیرے کے بعد اجالا ہوتا ہے ویسے ہی کمپنی بھی پرعزم ہے کہ وہ اس وباء سے اچھی طرح نمٹے گی اور اپنی کاروباری سرگرمیاں بہتر کرتے ہوئے اچھے نتائج حاصل کرے گی۔

مستقبل کا جائزہ:

کمپنی اچھے مستقبل کیلئے بہت مثبت خیال رکھتی ہے کیوں کہ حکومت کاروباری حلقوں کے لیے اچھی اور معیاری پالیسیاں متعارف کروارہی ہے اسٹیٹ بنک آف پاکستان بھی معیشت کی سنبھلتی ہوئی حالت کی نشان دہی کررہی ہے جس سے آنے والے دنوں میں فائدہ ہوگا۔

بنکوں کی جانب سے شرح سود میں کمی، طویل المدتی قرضوں اور مارک اپ کی ادائیگیوں میں مناسب مدت تک التواء اور قلیل المدتی قرضوں کا طویل المدتی قرضوں میں تبدیلی اور وہ بھی آسان شرائط پر، اچھے مستقبل کی نشان دہی ہے۔

آڈیٹرز:

موجودہ آڈیٹر نوید مختار اینڈ کمپنی اپنی تقرری کی مدت پوری کر چکی ہے اور دوبارہ تقرری کیلئے اہل ہے۔ بورڈ اس کمپنی کو آنے والے سالانہ جنرل میٹنگ (AGM) میں فیصلہ ہونے تک دوبارہ مقرر کرتا ہے۔

انتظامیہ اور مزدور تعلقات:

رواں مالی سال کے دوران انتظامیہ اور مزدوروں کے درمیان تعلقات بہت بہتر رہے آپکی کمپنی کے پاس ایک نہایت قابل (انتظامی، پیداواری) عملہ موجود ہے جو کمپنی کے لیے ایک گراں قدر اثاثے کی مانند ہے۔ ہم اپنے عملے کی کاروباری مہارت بڑھانے کیلئے کوشاں رہتے ہیں جس سے مستقبل میں اچھے نتائج برآمد ہونے کی توقع ہے۔ کمپنی کی ہیومن ریسورس پالیسی مساوی مواقع انصاف، اور پسندیدہ سماجی ذمہ داریوں پر مبنی ہے۔

اظہارِ تشکر:

آپ کے ڈائریکٹرز، بنکرز کی خدمات اور اسی طرح کسٹمرز، سپلائرز، کھاتے دار اور حکومتی اداروں کی خدمات کے معترف ہیں جنکی کاوشیں اور خدمات رواں سال بھی کمپنی کے ساتھ رہیں۔

بورڈ کی جانب سے

حسین احمد فضل

(ڈائریکٹر)

ملتان

نومبر 04، 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HUSSAIN MILLS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified Opinion

We have audited the annexed financial statements of **Hussain Mills Limited** ("the Company"), which comprise of the statement of financial position as at **30th June 2020** and the statement of profit or loss account 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, because of the significance of the matters discussed in the Basis for Qualified Opinion section of our report, the statement of financial position, the statement of profit or loss account 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 state of the Company's affairs as at **30th June 2020** and of the after tax loss, total comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

a) The Company has rented out some of its godowns (note 4.5 in the financial statements). However, in these financial statements, the related property has neither been classified as 'Investment Property' nor has been disclosed and stated as required under International Accounting Standard (IAS) 40 'Investment Property'. In the absence of relevant information we have not been able to determine the impact of aforesaid non-compliance on these financial statements.

b) The trading of the shares of the listed companies, wherein the Company has made its long term investments (note 6 in the financial statements), has been suspended by the Pakistan Stock Exchange owing to various defaults on the part of the these Companies. Therefore market quoted prices of shares of these Companies on 30th June, 2020 has not been available. Further, current audited financial statements of Fatima Enterprises Limited are also not available. The Company neither arranged to determine nor has recognized impairment, if any, in respect of aforesaid investments. Consequently, in these financial statements, these investments are not appearing at fair value as of 30th June, 2020, as required under International Financial Reporting Standards (IFRS Standards) 13 'Fair Value Measurement'. In the absence of relevant information, we have not been able to determine the impact of aforesaid non-compliance, on these financial statements.

c) IAS-19 "Employee Benefits" of the International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB), as notified under the Companies Act, 2017. Consequently, neither the selected accounting policy of the Company in respect of "Employees Retirement Benefits" (note 3.11) is consistent with the applicable reporting framework nor the Company has carried out actuarial valuation, as required under the aforesaid IAS, of staff gratuity (employee benefit obligations) amounting to Rs. 47,197,061/-, payable on 30th June, 2020 (note 22.4). In the absence of related information, we have not been able to determine the impact of such valuation, on these Financial Statements.

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 Qualified opinion.

Emphasis of Matters

Without qualifying our opinion we draw your attention to:

(a) Note 2.2 in the financial statements, which indicates that during the year ended 30th June, 2020, the Company incurred gross loss amounting to Rs. 445.957 million, after tax loss amounting to Rs.1,913.921 million and, as of that date, Company's current liabilities exceeded its current assets by Rs. 443.631 million. As stated in aforesaid note 2.2, theses events or conditions indicate that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern. However, these financial statements have been prepared on a going concern basis for the reasons, as more fully explained in note 2.2 in the financial statements.

(b) Note 16.2 of the financial statements which describes that the Company is defendant in a lawsuit preferred by the aggrieved share holders, holding 41.28% equity shares in the Company. The pray of aforesaid lawsuit includes the winding up of the Company. Preliminary hearings and case proceeding are in progress. The management of the Company and its legal counsel are confident to defeat the petition being baseless and without merit. However, the Honourable Sindh High Court, Karachi, vide its interim order dated 1st February, 2013, restrained the management of the Company from changing the composition of the shareholding of the Company.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) except for the effects of the matters discussed in the Basis for Qualified Opinion section of our report, proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of

b) except for the effects of the matters discussed in the Basis for Qualified Opinion section of our report, the statement of financial position, the statement of profit or loss account 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 the same are in agreement with the books of account and returns;

c) except for the effects of the matters discussed in the Basis for Qualified Opinion section of our report, 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 Naveed Mukhtar Rana.

Sd/-

Chartered Accountants
Lahore,
4th November, 2020

HUSSAIN MILLS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2020

	NOTE	2020 RUPEES	2019 RUPEES
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	4	6,255,248,283	6,497,362,356
Right-of-use Assets	5	31,030,913	-
Long Term Investments	6	12,002,214	12,815,994
Long Term Advance	7	-	1,459,200
Long Term Deposits and Prepayment	8	44,111,737	45,573,334
		6,342,393,147	6,557,210,884
CURRENT ASSETS			
Stores, Spares and Loose Tools	9	117,250,172	143,834,783
Stock in Trade	10	1,016,712,512	2,632,442,290
Trade and Other Receivables	11	1,083,517,304	2,330,111,619
Prepayments and Advances	12	60,205,820	118,854,828
Interest Accrued	13	46,235	46,377
Short Term Investments	14	697,675	350,200
Income Tax Refundable		28,499,539	49,602,770
Cash and Bank Balances	15	356,129,020	350,568,064
		2,663,058,277	5,625,810,931
		9,005,451,424	12,183,021,815
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital:			
40,000,000 (2019: 40,000,000) Ordinary Shares of Rs. 10/- each		400,000,000	400,000,000
Issued, Subscribed and Paid-up Capital	16	188,102,570	188,102,570
Capital Reserves:			
Premium on Shares Issued		3,352,334	3,352,334
Merger Reserve		126,385,889	126,385,889
Fair Value Reserve		5,282,942	6,096,722
Surplus on Revaluation of Operating Fixed Assets	17	3,099,687,304	3,185,814,544
		3,234,708,469	3,321,649,489
Revenue Reserve (Accumulated Loss)		(1,260,031,960)	567,762,282
		2,162,779,079	4,077,514,341
Long Term Loan from Directors	18	168,047,276	202,502,511
Total Equity		2,330,826,355	4,280,016,852
NON-CURRENT LIABILITIES			
Long Term Financing	19	3,187,530,741	2,324,598,087
Long Term Loan from Director	20	51,652,562	51,652,562
Lease Liabilities	21	11,139,163	13,605,265
Deferred Liabilities	22	254,767,868	286,863,951
Due to Government Authority		62,845,336	-
		3,567,935,670	2,676,719,865
CURRENT LIABILITIES			
Trade and Other Payables	23	997,496,518	1,530,062,059
Short Term Borrowings	24	1,927,173,367	3,547,705,599
Unclaimed Dividend		124,939	124,939
Current Portion of Long Term Liabilities	25	181,894,575	148,392,501
		3,106,689,399	5,226,285,098
		9,005,451,424	12,183,021,815
CONTINGENCIES AND COMMITMENTS	26	-	-

The annexed Notes from 1 to 43 form an integral part of these Financial Statements

Sd/-	Sd/-
DIRECTOR	CHIEF EXECUTIVE

HUSSAIN MILLS LIMITED

STATEMENT OF PROFIT OR LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30TH JUNE, 2020

	NOTE	2020 RUPEES	2019 RUPEES
SALES	27	9,467,277,298	12,451,489,396
COST OF SALES	28	(9,913,234,281)	(12,427,958,733)
GROSS (LOSS) / PROFIT		(445,956,983)	23,530,663
MARKETING AND DISTRIBUTION COST	29	(223,600,375)	(207,917,188)
ADMINISTRATIVE AND GENERAL EXPENSES	30	(288,309,712)	(277,464,976)
OTHER OPERATING EXPENSES	31	(189,977,567)	(124,600)
		(701,887,654)	(485,506,764)
OPERATING LOSS before Other Income		(1,147,844,637)	(461,976,101)
OTHER INCOME	32	45,034,967	506,601,339
OPERATING LOSS after Other Income		(1,102,809,670)	44,625,238
FINANCE COST	33	(734,534,328)	(595,452,074)
LOSS FOR THE YEAR before Taxation		(1,837,343,998)	(550,826,836)
INCOME TAX EXPENSE	34	(76,577,484)	(148,197,288)
LOSS FOR THE YEAR after Taxation		(1,913,921,482)	(699,024,124)
OTHER COMPREHENSIVE INCOME:			
Gain on Re-measurement of Defined Benefit Obligation		-	943,490
Related Deferred Tax		-	(125,300)
		-	818,190
Un-realized (Loss) / Gain on Re-measurement of Fair Value of Investment through other Comprehensive Income		(813,780)	147,840
TOTAL COMPREHENSIVE LOSS		(1,914,735,262)	(698,058,094)
LOSS PER SHARE - Basic and Diluted	35	(101.75)	(37.16)

The annexed Notes from 1 to 43 form an integral part of these Financial Statements

Sd/-
DIRECTOR

Sd/-
CHIEF EXECUTIVE

HUSSAIN MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE, 2020

	NOTE	2020 RUPEES	2019 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before Taxation		(1,837,343,998)	(550,826,836)
Adjustment for:			
Provision for Staff Gratuity		48,200,898	43,496,814
Provision for Expected Credit Loss on Trade Receivables		23,527,999	-
Provision for Expected Credit Loss on Advance to Suppliers		9,559,843	-
Depreciation on Operating Fixed Assets		254,039,629	274,196,810
Depreciation on Right-of-use Assets		9,177,827	-
Loss on Re-Measurement on Fair Value of Investment through Profit or Loss		413,622	124,600
Unrealised Exchange Gain on Foreign Debtors		(19,287,824)	(169,671,289)
Gain on Sale of Investments through Profit or Loss		(190,928)	-
Gain on Disposal of Operating Fixed Assets		(3,596,198)	(3,623,839)
Interest Income		(57,938)	(136,526)
Return on Financial Assets		(20,050,425)	(9,150,314)
Finance Cost		734,534,328	595,452,074
		1,036,270,833	730,688,330
Cash (Used in) / Generated from Operations before Working Capital Changes		(801,073,165)	179,861,494
EFFECT ON CASH FLOW OF WORKING CAPITAL CHANGES			
(Increase)/Decrease in Current Assets			
Stores, Spares and Loose Tools		26,584,611	(16,781,573)
Stock in Trade		1,615,729,778	(548,304,580)
Trade and Other Receivable		1,242,354,140	290,465,935
Prepayments and Advances		49,089,165	130,906,456
Increase/(Decrease) in Current Liabilities			
Trade and Other Payables		(495,999,341)	258,568,176
		2,437,758,353	114,854,414
		1,636,685,188	294,715,908
Income Tax Paid		(105,027,530)	(96,264,026)
Income Tax Refund Received		11,142,531	-
Finance Cost Paid		(552,671,077)	(526,901,944)
Staff Gratuity Paid		(41,886,235)	(49,420,429)
Workers' (Profit) Participation Fund Paid		(13,026,160)	
Due to Government Authority		62,845,336	-
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES		998,062,053	(377,870,491)
CASH FLOW FROM INVESTING ACTIVITIES			
Interest Income		58,080	181,823
Return on Bank Deposits		20,050,425	9,150,314
Fixed Capital Expenditure		(45,828,228)	(52,756,799)
Addition to Right-of-use Assets		(7,584,870)	-
Proceeds from Disposal of Operating Fixed Assets		4,875,000	17,772,730
Short Term Investments		(570,169)	-
Long Term Advance Recovered		1,459,200	5,331,200
Long Term Deposits and Prepayments		1,461,597	(2,403,708)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(26,078,965)	(22,724,440)
CASH FLOW FROM FINANCING ACTIVITIES			
Disbursement of Long Term Loan from Directors		115,137,838	97,911,040
Repayment of Long Term Loan from Directors		(149,593,073)	(91,358,760)
Repayment of Long Term Finances		(111,770,884)	(75,697,420)
(Repayment) / Disbursement of Lease Liabilities - net		(6,553,781)	8,154,762
Short Term Borrowings - net		(813,642,232)	582,954,809
NET CASH (OUTFLOW) / INFLOW FROM FINANCING ACTIVITIES		(966,422,132)	521,964,431
NET INCREASE IN CASH AND CASH EQUIVALENTS		5,560,956	121,369,500
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		350,568,064	229,198,564
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	15	356,129,020	350,568,064

The annexed Notes from 1 to 43 form an integral part of these Financial Statements

Sd/- **DIRECTOR** | **Sd/-** **CHIEF EXECUTIVE**

HUSSAIN MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH JUNE, 2020

PARTICULARS	PAID-UP SHARE CAPITAL	CAPITAL RESERVES: PREMIUM ON SHARES ISSUED	CAPITAL RESERVES: MERGER RESERVE	CAPITAL RESERVES: FAIR VALUE RESERVE	CAPITAL RESERVES: SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS	CAPITAL RESERVES: TOTAL	REVENUE RESERVES (ACCUMULATED LOSS)	LONG TERM LOAN FROM DIRECTORS	TOTAL
	RUPEES								
Balance as at 30th June, 2018	**188,102,570**	**3,352,334**	**126,385,889**	**5,948,882**	**3,275,384,817**	**3,411,071,922**	**1,176,397,943**	**195,950,231**	**4,971,522,666**
Received during the Year	-	-	-	-	-	-	-	97,911,040	97,911,040
Payment during the Year	-	-	-	-	-	-	-	(91,358,760)	(91,358,760)
TOTAL COMPREHENSIVE LOSS									
Loss for the Year after Taxation	-	-	-	-	-	-	(699,024,124)	-	(699,024,124)
Other Comprehensive income for the Year	-	-	-	147,840	-	147,840	818,190	-	966,030
	-	-	-	147,840	-	147,840	(698,205,934)	-	(698,058,094)
Incremental Depreciation on Revaluation of Operating Assets (net of deferred tax)	-	-	-		(89,570,273)	(89,570,273)	89,570,273	-	-
Balance as at 30th June, 2019	**188,102,570**	**3,352,334**	**126,385,889**	**6,096,722**	**3,185,814,544**	**3,321,649,489**	**567,762,282**	**202,502,511**	**4,280,016,852**
Received during the Year	-	-	-	-	-	-	-	115,137,838	115,137,838
Payment during the Year	-	-	-	-	-	-	-	(149,593,073)	(149,593,073)
TOTAL COMPREHENSIVE LOSS									
Loss for the Year after Taxation	-	-	-	-	-	-	(1,913,921,482)	-	(1,913,921,482)
Other Comprehensive loss for the Year	-	-	-	(813,780)	-	(813,780)	-	-	(813,780)
	-	-	-	(813,780)	-	(813,780)	(1,913,921,482)	-	(1,914,735,262)
Incremental Depreciation on Revaluation of Operating Assets (net of deferred tax)	-	-	-		(86,127,240)	(86,127,240)	86,127,240	-	-
Balance as at 30th June, 2020	**188,102,570**	**3,352,334**	**126,385,889**	**5,282,942**	**3,099,687,304**	**3,234,708,469**	**(1,260,031,960)**	**168,047,276**	**2,330,826,355**

The annexed Notes from 1 to 43 form an integral part of these Financial Statements

Sd/-
DIRECTOR

Sd/-
CHIEF EXECUTIVE

HUSSAIN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE, 2020

1 CORPORATE AND GENERAL INFORMATION

1.1 THE COMPANY AND ITS OPERATIONS

(a) Hussain Mills Limited ("the Company") was incorporated in Pakistan on 31st March, 1980 as a Public Limited Company under the Companies Act 1913 (Now Companies Act, 2017).

This is an unquoted Company which is principally engaged in manufacturing/purchase and sale of cotton Yarn and Fabric.

(b) In terms of classification for the companies under clause (a) of serial No. 2 of table of the third schedule, to the Companies Act, 2017, the Company is a 'large sized' (LSC) Company.

(c) The geographical locations and addresses of the Company'sbusiness units, including mills/plant are as follows:

(i) Registered office of the Company is situated at Saima Trade Tower-B, I.I. Chundrigar Road, Karachi

OWNED MANUFACTURING UNITS

(ii) Spinning Unit is situated at Fazalabad Vehari Road, Opp. Timber Market, Multan
(iii) Spinning Unit is situated at 35-KM, Bahawalpur Road, Near Adda Muhammad Pur, Multan
(iv) Weaving Unit is situated at Qadir Pur Rawan Bypass, Khanewal Road, Multan
(v) Spinning Unit is situated at 17-KM, Mauza Kohiwala, Kabirwala, Khanewal

LEASED MANUFACTURING UNITS (Retained up to 18-12-2019)

(vi) Spinning Unit is 49-KM, Multan Road, Phool Nagar, Tehsil Pattoki, Dist. Kasur
(vii) Weaving Unit is 3.5-KM, Raiwind Manga Road, Raiwind

1.2 IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 which rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On 24th March, 2020, Punjab Government announced a temporary lockdown as a measure to reduce the spread of COVID-19. Complying with the lockdown, the company temporarily suspended its operations for couple of months. The lockdown caused disruptions in supply chain including supply of goods to the customers resulting a decline in sales. The suspension of operations during lockdown along with its effects on orders subsequent to lockdown resulted in significantly substantial decrease in revenue of the Company in comparison to last year which along with its impact on orders subsequent to lockdown period, resulted in gross loss amounting to Rs. 445.957 million. Subsequent to the year ended 30th June, 2020, due to reduction in outbreak, demand for the Company's goods is fastly reverting back to normal levels. Moreover, at the start of outbreaks, State Bank of Pakistan vide its circular No. ERD/M&PRD/PR/01/2020-32 dated 26th March, 2020 allowed deferment of principal repayments of loan obligations due to banks. The Company availed this opportunity and the repayments of long term financing and leases appearing in note 19 and note 21 in the financial statements, have been deferred for a period from six month to twelve month. The Company has also assessed going concern assumption for preparation of these financial statements (note 2.2), expected credit losses on receivable balances due to the pandemic situation resulting recognition of a suitable allowance for expected credit losses as appearing in note 11.4. Moreover certain stock in trade was valued at net realizable value as mentioned in note 10.2 in the financial statements. Apart from these, according to the assessment of the management of the Company, there is no other significant impact of the effects of COVID-19 in these financial statements.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 BASIS OF MEASUREMENT

During the year ended on 30th June, 2020, the Company incurred gross loss amounting to Rs. 445.957 million, after tax loss amounting to Rs. 1,913.921 million (2019: Rs. 699.024 million), and as of that date Company's accumulated loss amounts to Rs. 1,260.032 million, and its current liabilities exceeded its current assets by Rs. 443.631 million. These conditions or events indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, these financial statements have been prepared on going concern basis on the grounds that the Company will be able to achieve satisfactory levels of profitability in the future based on a plan made by the management enabling the Company to continue its business in a profitable manner and discharge its liabilities in the ordinary course of its business.

Financial Projections

The management of the Company has prepared financial projections for five years to analyze the Company's sustainability in the future periods with a particular focus on the twelve months period ending 30th June, 2021. The financial projections are based on various assumptions such as possible reduction in cost of production to improve margin/liquidity, change in products mix which is expected to be able to generate improved cash flows and margins.

These financial projections have been approved by the Board of Directors of the Company and have been subjected to stressed scenarios which the Board considered to be reasonable and appropriate.

Additionally:

(a) In order to utilize the surplus production capacity available with the Company, in July, 2020 the Company has entered in to an agreement with a third party, for conversion of their material in to yarn against processing charges, which will significantly contribute towards the cash generation and improvement in the liquidity of the Company.

(b) From May-2020, the surplus godowns available with the Company have been rented out for ware housing purposed (Note 4.5 & 32).

(c) After discussion with and upon principal agreement of the management of the Allied Bank Limited, the Company, vide its letter No. 2710/2020 Dated 27th October, 2020 has submitted its request for formal approval which is expected shortly, for re-scheduling of entire loan amounting to Rs. 138.500 million (note 19.5) and deferment of payment of markup during pendency of principal amount.

(d) In view of long outstanding creditability and trust of the market, management avail the continued support of its suppliers.

(e) In post Covid-19 scenario, there is a significant demand of the products of the Company particularly from its old local as well as international customers.

(f) The prices of the stocks, particularly raw cotton, held by the Company on 30th June, 2020 have substantially increased which will materially contribute towards adequate cash generation in subsequent year.

Financial Commitment from Sponsors

Although, during the year the Company generated 'Cash Inflow' from its operating activities to the tune at Rs. 998.062 million and anticipate adequate cash generation in next year, as well, however, the sponsors of the Company explicitly provide a commitment to provide necessary financial support to the Company, if need arises, to address any liquidity and solvency issues to enable the Company to continue its business.

The assessment of appropriateness of using the going concern basis of accounting has been subject to a due governance process involving the Board of Directors of the Company. In making such assessments, the Directors have taken into account all facts and circumstances as referred to in the above paragraphs. After considering the financial projections, in particular those for the period up to 30th June, 2021, the Directors have reasonable expectation that the Company will have adequate resources to continue its business over this period.

Therefore, in view of above, these financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

2.3 USE OF ESTIMATES AND JUDGMENTS

The preparation of Financial Statements in conformity with approved accounting standards as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting 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 results 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision effects only that period, or in the period of the revision and future periods if the revision effects both current and future periods.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan that have significant effect on the financial statements, and estimates that have a significant risk of resulting in a material adjustments in the subsequent years involve following areas of these financial statements.

- Depreciation rates for useful life of the operating assets	(Note 4.2)
- Revaluation of Property, Plant and Equipment	(Note 17)
- Provision for defined benefit obligation	(Note 22.4)
- Estimate of contingent liabilities	(Note 26)
- Revenue Recognition	(Note 27)
- Taxation	(Note 34)

2.4 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE EFFECTIVE IN CURRENT YEAR AND ARE RELEVANT TO THE COMPANY

Following standard, interpretation and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2019:

- IFRS 16 'Leases'
- IFRS 9 (Amendments) 'Financial Instruments'
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- IASB's Annual Improvements to IFRSs: 2015 – 2017 Cycle

The Company had to change its accounting policies and make certain amendments without restating prior year results following the adoption of IFRS 16. These are stated in note 3.1 to these financial statements. However, the other amendments and interpretation listed above do not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.5 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE EFFECTIVE IN CURRENT YEAR BUT NOT RELEVANT TO THE COMPANY

There are other standard and amendments to published standards that are mandatory for accounting period beginning on or after 01 July 2019 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.6 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE BUT RELEVANT TO THE COMPANY

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2020 or later periods:

- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing general purpose financial statements in accordance with IFRS.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits–this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 1 January 2020 for preparers that develop an accounting policy based on the Framework.

- Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

- Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 1 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

The above amendments and improvements do not have a material impact on the financial statements.

2.7 STANDARDS AND AMENDMENTS TO APPROVED PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE AND NOT CONSIDERED RELEVANT TO THE COMPANY

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2020 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.8 FUNCTIONAL AND PRESENTATION CURRENCY

These Financial Statements are presented in Pakistani Rupees which is the Company's functional and presentation currency.

2.9 FIGURES

Amounts presented in the financial statements have been rounded off to the nearest of Rupee, unless otherwise stated. Figures of the previous year, are rearranged and reclassified, wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below have been consistently applied to all periods presented in these financial statements, except as disclosed in note 3.1.

3.1 CHANGES IN ACCOUNTING POLICIES

The Company has adopted IFRS 16 from 01 July 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognized in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognized lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17, as the operating expense is now replaced by interest expense and depreciation in the statement of profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Company has adopted IFRS 16 without restating prior period results. Key changes in accounting policies resulting from adoption of IFRSS 16 are as follows:

Right-of-use Assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

Lease Liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

Impact on adoption of IFRS 16 on these financial statements as on 1st July, 2019

IFRS 16 has been adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption as at 1st July, 2019 are as follows:

PARTICULARS	AMOUNT RUPEES
Property, Plant and Equipment decreased by	52,597,429
Right-of-use Assets increased by	52,597,429

3.2 PROPERTY AND EQUIPMENT

(a) Operating Assets:

Initial recognition

All items of property, plant and equipment are initially recorded at cost.

Subsequent Measurement

Items of property, plant and equipment, other than land, are measured at cost less accumulated depreciation and impairment loss (if any). Land, Buildings and Plant and Machinery are stated at re-valued amount less accumulated Depreciation thereon.

Land is stated at Re-Valued amount.

Subsequent Costs:

These are included in the asset's carrying amount or recognised as separate asset, as appropriate, only when its probable that future economic benefits associated with the items will flow to the entity and its cost can be reliably measured. Cost incurred to replace a component of an item of property, plant and equipment is capitalized and asset so replaced is retired from use. Normal repairs and maintenance are charged to current year's income.

Depreciation:

Depreciation on all items of property, plant and equipment (except land), is charged to income applying the reducing balance method so as to write off the depreciable amount of an asset over its useful life. Depreciation is being charged at the rates specified in Note 4.2. Depreciation and useful lives are reviewed at each reporting date.

Depreciation on additions to an item of property, plant and equipment is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which an asset is disposed off.

Disposal:

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised as other income in the statement of profit or loss.

Judgment and Estimates:

The useful lives and depreciation rates are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

(b) Capital Work in Progress:

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when assets are available for use.

3.3 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

Revaluation of items of property, plant and equipment measured at revalued amount is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Any revaluation increase arising on the revaluation is recognized, by restating gross carrying amounts of respective assets being revalued according to the change in their carrying amounts due to revaluation, in other comprehensive income and presented as a separate component of equity as 'Revaluation surplus on property, plant and equipment', except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to statement of profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation is charged to statement of profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The revaluation surplus on item of property, plant and equipment measured at revalued amount, except land, is transferred to unappropriated profit to the extent of incremental depreciation charged (net of deferred tax).

3.4 STORES AND SPARES

These are stated at lower of moving average cost and estimated net realizable value. Provision is made for obsolete items, if any, and is based on their condition as at the financial position date depending upon the management's judgment. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Net realisable value specifies the estimated selling price in the ordinary course of business less the estimated cost of completion and cost necessarily to be incurred to make the sale.

3.5 STOCKS IN TRADE

These are valued at the lower of cost and net realizable value except waste, which is valued at net realizable value determined on the basis of contract price. Cost is determined as under:

Raw materials	- Weighted average
Work-in-progress and finished goods	- At average manufacturing cost including a proportion of production overheads

Stock in transit is valued at cost comprising invoice value plus other charges incurred thereon.

Average manufacturing cost in relation to work-in-process and finished goods consist of the direct materials

costs and labour costs and an appropriate proportion of manufacturing overheads based on normal capacity.

Net Realizable Value signifies the Selling Price in the ordinary course of business less cost necessary to be incurred to effect such Sale.

3.6 TRADE AND OTHER RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

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 receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

3.7 LONG TERM DEPOSITS

These are stated at cost which represents the fair value of consideration given.

3.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and bank balances, cheques in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

3.9 METHOD OF PREPARATION OF CASH FLOW STATEMENT

The cash flow statement is prepared using indirect method.

3.10 INVESTMENTS AND OTHER FINANCIAL INSTRUMENTS

(i) Recognition and Initial Measurement

All financial assets or financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial Assets

A financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows;

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in statement of profit or loss.

Financial assets measured at amortized cost comprise of cash and bank balances, long term deposits, loan and advances, mark up accrued, trade debts and other receivables.

Debt Instrument - FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss. However, the Company has no such instrument at the reporting date.

Equity Instrument - FVOCI

The Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to statement of profit or loss.

Financial assets measured at FVOCI comprise of long term investments in equity securities as detailed in note 6 of these financial statements.

Fair value through profit or loss (FVTPL)
All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

The Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in statement of profit or loss

Financial asset measured at FVTPL comprise of short term investments in equity securities as detailed in note 14 of these financial statements.

Financial assets – Business model Assessment:
For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial Liabilities
Financial liabilities are classified as measured at amortized cost or FVTPL.A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on derecognition is also recognized in statement of profit or loss.

Financial liabilities comprise trade and other payables, long term and short term financing, dividend payable and accrued markup.

(iii) Derecognition
Financial Assets
The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial Liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in statement of profit or loss.

(iv) Trade Debts, Deposits and other Receivables

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

(v) Impairment

Financial Assets

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The Company measured its long term advances and related markup to subsidiary and associated companies under the General approach.

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.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets.

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Non-Financial Assets
The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in statement of profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

(vi) Off-setting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.11 EMPLOYEES' RETIREMENT BENEFITS
The Company operates an unfunded Gratuity Scheme covering all the employees of the Company with minimum qualifying period of service as defined under the respective scheme. Provision is made annually on the basis of actuarial valuation. The most recent actuarial valuation was carried out as at June 30, 2019 using the Projected Unit Credit Method. Actuarial gains and losses are recognized in accordance with the recommendations of the actuary. Further, the management of the company could not determine the expected payments in next period reasonably.

Principal Actuarial Assumptions	2019
Discount Rate	12.50%
Expected rate of eligible salary increase in future years	11.50%

3.12 TRADE AND OTHER PAYABLES
These are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

3.13 BORROWINGS
Financing and Borrowings are initially recognized at fair value of the consideration received, net of transaction costs. They are subsequently measured are amortized cost using the effective interest method.

3.14 BORROWING COSTS
Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

3.15 PROVISIONS
Provisions are recognized 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 obligation can be made. However, provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.

3.16 CONTINGENCIES AND COMMITMENTS

Contingent Liabilities are 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

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.

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.

3.17 DIVIDEND AND OTHER APPROPRIATIONS

Dividend is recognised as a liability in the period in which it is declared. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

3.18 REVENUE FROM CONTRACTS WITH CUSTOMERS

(i) Revenue Recognition

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company identifies the contract with a customer, identifies the performance obligations in the contract, determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial

Rental Income

Rent revenue is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Dividend

Dividend on equity investments is recognized when right to receive the dividend is established.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(ii) Contract Assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

(iii) Contract Liabilities

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract. It also includes refund liabilities arising out of customers' right to claim amounts from the Company on account of contractual delays in delivery of performance obligations and

(iv) Right of Return Assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

3.19 TAXATION

Income tax expense comprises current tax and deferred tax. It is recognized in statement of profit or loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in equity.

Current:

Provision for current taxation is the amount computed on taxable income at the current rates of taxation or alternative corporate tax computed on accounting income or minimum tax on turnover, whichever is higher, and taxes paid / payable on final tax basis, after taking into account tax credit available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from the assessments made / finalised during the year.

Deferred:

Deferred tax is recognised using the statement of financial position liability method on all temporary differences between the carrying amount of the assets and liabilities and their tax bases.

Deferred tax liabilities are recognised for all major taxable temporary differences.

Deferred tax assets are recognised for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The carrying amount of the deferred tax asset is reviewed at each date of statement of financial position and is recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each date of statement of financial position and are recognised to the extent that it becomes probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the financial position date.

3.20 FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are translated in Pakistan rupees (functional and presentation currency) at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistan rupees at the rates of exchange approximating those prevalent at the date of statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

3.21 RELATED PARTY TRANSACTIONS

Transactions and contracts with the related parties are based on the policy that all transactions between the Company and related parties are carried out at an arm's length except for the transactions as disclosed in the relevant notes.

3.22 EARNINGS PER SHARE ('EPS')

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 calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit and loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

			2020 RUPEES	2019 RUPEES
4	**PROPERTY, PLANT AND EQUIPMENT**			
4.1	These Comprise of:			
	Operating Assets	(Note 4.2)	6,249,998,283	6,497,362,356
	Capital Work in Progress	(Note 4.7)	5,250,000	-
			6,255,248,283	6,497,362,356

Notes to the Financial Statements
for the Year ended 30th June, 2020

4.2 These represent operating assets and are made up as follows:

PARTICULARS	COST / REVALUATION						DEPRECIATION							WRITTEN DOWN
	AT BEGINNING OF THE YEAR	TRANSFERS TO RIGHT-OF-USE ASSETS	ADDITIONS	TRANSFERS FROM RIGHT-OF-USE ASSETS	DELETIONS	AT END OF THE YEAR	RATE %	TO BEGINNING OF THE YEAR	ON TRANSFERS TO RIGHT-OF-USE ASSETS	ON TRANSFERS FROM RIGHT-OF-USE ASSETS	ON DELETIONS	PROVIDED FOR THE YEAR	TO END OF THE YEAR	WRITTEN DOWN AT END OF THE YEAR
30TH JUNE, 2020														
OWNED ASSETS														
LAND - Freehold														
Cost	64,473,316	-	-	-	-	64,473,316	-	-		-	-	-	-	64,473,316
Revaluation Surplus	1,524,750,184	-	-	-	-	1,524,750,184	-	-		-	-	-	-	1,524,750,184
	1,589,223,500	-	-	-	-	1,589,223,500		-	-	-	-	-	-	1,589,223,500
BUILDINGS - on Freehold Land														
Cost -Factory	505,560,527	-	-	-	-	505,560,527	5	249,804,311		-	-	12,787,811	262,592,122	242,968,405
Cost -Non Factory	324,464,560	-	-	-	-	324,464,560	5	147,467,799		-	-	8,849,838	156,317,637	168,146,923
Revaluation Surplus	1,383,484,741	-	-	-	-	1,383,484,741	5	248,088,216		-	-	56,769,826	304,858,042	1,078,626,699
	2,213,509,828	-	-	-	-	2,213,509,828		645,360,326	-	-	-	78,407,475	723,767,801	1,489,742,027
PLANT AND MACHINERY														
Cost	3,713,695,790	-	35,937,791	-	-	3,749,633,581	5	1,750,567,092		-	-	98,879,021	1,849,446,113	1,900,187,468
Revaluation Surplus	1,362,797,471	-	-	-	-	1,362,797,471	5	535,736,002		-	-	41,353,073	577,089,075	785,708,396
	5,076,493,261	-	35,937,791	-	-	5,112,431,052		2,286,303,094	-	-	-	140,232,094	2,426,535,188	2,685,895,864
POWER HOUSE	512,845,021	-	-	6,273,000	-	519,118,021	5	196,170,183		1,871,685	-	15,833,742	213,875,610	305,242,411
WEIGHING BRIDGE AND SCALE	2,325,374	-	-	-	-	2,325,374	10	1,910,017		-	-	41,535	1,951,552	373,822
LABORATORY EQUIPMENT	73,722,397	-	-	-	-	73,722,397	10	52,963,132		-	-	2,075,927	55,039,059	18,683,338
ELECTRIC INSTALLATION	181,860,107	-	3,016,500	-	-	184,876,607	5	93,357,318		-	-	4,538,190	97,895,508	86,981,099
TARPULINE	739,107	-	-	-	-	739,107	10	604,793		-	-	13,432	618,225	120,882
TUBE WELL	8,873,559	-	-	-	-	8,873,559	10	6,548,966		-	-	232,459	6,781,425	2,092,134
FURNITURE AND FIXTURE	38,628,895	-	-	-	-	38,628,895	10	24,838,405		-	-	1,379,049	26,217,454	12,411,441
COMPUTER	1,540,772	-	-	-	-	1,540,772	30	1,523,992	-	-	-	5,034	1,529,026	11,746
OFFICE EQUIPMENT	23,206,222	-	223,500	-	-	23,429,722	10	13,330,188		-	-	1,002,150	14,332,338	9,097,384
VEHICLES	73,253,191	-	1,217,065	49,671,577	7,234,018	116,907,815	20	36,004,856		34,099,332	5,955,216	9,519,887	73,668,859	43,238,956
FIRE FIGHTING EQUIPMENT	8,022,969	-	-	-	-	8,022,969	10	5,541,533		-	-	248,143	5,789,676	2,233,293
TELEPHONE	6,822,493	-	-	-	-	6,822,493	10	4,947,094		-	-	187,540	5,134,634	1,687,859
ARMS AND AMMUNITION	717,750	-	-	-	-	717,750	10	314,402		-	-	40,335	354,737	363,013
AIR CONDITIONERS AND REFRIGERATORS	1,943,290	-	183,372	-	-	2,126,662	10	636,196		-	-	143,468	779,664	1,346,998
TOOLS AND EQUIPMENTS	5,206,611	-	-	-	-	5,206,611	10	3,814,926		-	-	139,169	3,954,095	1,252,516
	9,818,934,347	-	40,578,228	55,944,577	7,234,018	9,908,223,134		3,374,169,421	-	35,971,017	5,955,216	254,039,629	3,658,224,851	6,249,998,283
LEASED ASSETS														
POWER HOUSE	6,273,000	(6,273,000)	-	-	-	-	5	1,871,685	(1,871,685)	-	-	-	-	-
VEHICLES	83,928,217	(83,928,217)	-	-	-	-	20	35,732,103	(35,732,103)	-	-	-	-	-
	90,201,217	(90,201,217)	-	-	-	-		37,603,788	(37,603,788)	-	-	-	-	-
	9,909,135,564	(90,201,217)	40,578,228	55,944,577	7,234,018	9,908,223,134		3,411,773,209	(37,603,788)	35,971,017	5,955,216	254,039,629	3,658,224,851	6,249,998,283

Notes to the Financial Statements
for the Year ended 30th June, 2020

PARTICULARS	COST / REVALUATION: AT BEGINNING OF THE YEAR	ADDITIONS	TRANSFERS TO/(FROM)	DELETIONS	AT END OF THE YEAR	RATE %	DEPRECIATION: TO BEGINNING OF THE YEAR	ON TRANSFERS	ON DELETIONS	PROVIDED FOR THE YEAR	TO END OF THE YEAR	WRITTEN DOWN AT END OF THE YEAR
					30TH JUNE, 2019							
OWNED ASSETS												
LAND - Freehold												
Cost	64,473,316	-	-	-	64,473,316	-	-	-	-	-	-	64,473,316
Revaluation Surplus	1,524,750,184	-	-	-	1,524,750,184	-	-	-	-	-	-	1,524,750,184
	1,589,223,500	-	-	-	1,589,223,500		-	-	-	-	-	1,589,223,500
BUILDINGS - on Freehold Land												
Cost -Factory	505,560,527	-	-	-	505,560,527	5	236,343,458	-	-	13,460,853	249,804,311	255,756,216
Cost -Non Factory	324,464,560	-	-	-	324,464,560	5	138,152,180	-	-	9,315,619	147,467,799	176,996,761
Revaluation Surplus	1,383,484,741	-	-	-	1,383,484,741	5	188,330,504	-	-	59,757,712	248,088,216	1,135,396,525
	2,213,509,828	-	-	-	2,213,509,828		562,826,142	-	-	82,534,184	645,360,326	1,568,149,502
PLANT AND MACHINERY												
Cost	3,704,007,137	9,688,653	-	-	3,713,695,790	5	1,647,557,457	-	-	103,009,635	1,750,567,092	1,963,128,698
Revaluation Surplus	1,362,797,471	-	-	-	1,362,797,471	5	492,206,451	-	-	43,529,551	535,736,002	827,061,469
	5,066,804,608	9,688,653	-	-	5,076,493,261		2,139,763,908	-	-	146,539,186	2,286,303,094	2,790,190,167
POWER HOUSE	512,845,021	-	-	-	512,845,021	5	179,503,086	-	-	16,667,097	196,170,183	316,674,838
WEIGHING BRIDGE AND SCALE	2,325,374	-	-	-	2,325,374	10	1,863,866	-	-	46,151	1,910,017	415,357
LABORATORY EQUIPMENT	73,722,397	-	-	-	73,722,397	10	50,656,547	-	-	2,306,585	52,963,132	20,759,265
ELECTRIC INSTALLATION	181,805,907	54,200	-	-	181,860,107	5	88,700,767	-	-	4,656,551	93,357,318	88,502,789
TARPULINE	739,107	-	-	-	739,107	10	589,869	-	-	14,924	604,793	134,314
TUBE WELL	8,873,559	-	-	-	8,873,559	10	6,290,678	-	-	258,288	6,548,966	2,324,593
FURNITURE AND FIXTURE	38,628,895	-	-	-	38,628,895	10	23,306,129	-	-	1,532,276	24,838,405	13,790,490
COMPUTER	1,540,772	-	-	-	1,540,772	30	1,516,800	-	-	7,192	1,523,992	16,780
OFFICE EQUIPMENT	22,054,998	1,151,224	-	-	23,206,222	10	12,339,136	-	-	991,052	13,330,188	9,876,034
VEHICLES	34,845,394	8,745,464	36,286,536	6,624,203	73,253,191	20	17,673,535	18,367,607	5,356,101	5,319,815	36,004,856	37,248,335
FIRE FIGHTING EQUIPMENT	8,022,969	-	-	-	8,022,969	10	5,265,818	-	-	275,715	5,541,533	2,481,436
TELEPHONE	6,411,941	410,552	-	-	6,822,493	10	4,753,921	-	-	193,173	4,947,094	1,875,399
ARMS AND AMMUNITION	717,750	-	-	-	717,750	10	269,586	-	-	44,816	314,402	403,348
AIR CONDITIONERS AND REFRIGERATORS	804,414	1,138,876	-	-	1,943,290	10	588,050	-		48,146	636,196	1,307,094
TOOLS AND EQUIPMENTS	5,206,611	-	-	-	5,206,611	10	3,660,294	-	-	154,632	3,814,926	1,391,685
	9,768,083,045	21,188,969	36,286,536	6,624,203	9,818,934,347		3,099,568,132	18,367,607	5,356,101	261,589,783	3,374,169,421	6,444,764,926
LEASED ASSETS												
POWER HOUSE	6,273,000	-	-	-	6,273,000	5	1,640,037	-	-	231,648	1,871,685	4,401,315
VEHICLES	103,996,423	31,567,830	(36,286,536)	15,349,500	83,928,217	20	44,193,041	(18,367,607)	2,468,711	12,375,380	35,732,103	48,196,114
	110,269,423	31,567,830	(36,286,536)	15,349,500	90,201,217		45,833,078	(18,367,607)	2,468,711	12,607,028	37,603,788	52,597,429
	9,878,352,468	52,756,799	-	21,973,703	9,909,135,564		3,145,401,210	-	7,824,812	274,196,810	3,411,773,208	6,497,362,356

4.3 **DISPOSAL OF OPERATING FIXED ASSETS** comprises of:

	COST	ACCUMULATED DEPRECIATION	BOOK VALUE	SALE PROCEEDS	GAIN / (LOSS)	MODE OF DISPOSAL	PARTICULARS OF PURCHASER	RELATIONSHIP
					30TH JUNE, 2020			
VEHICLES								
Honda CD 70 MNP - 7051	65,129	58,704	6,425	40,000	33,575	Insurance Claim	EFU General Insurance Limited, Multan	Insurance Company
YAMAHA MNN 2495	49,677	42,551	7,126	30,000	22,874	Insurance Claim	EFU General Insurance Limited, Multan	Insurance Company
YAMAHA MNM - 6296	81,586	72,388	9,198	40,000	30,802	Insurance Claim	EFU General Insurance Limited, Multan	Insurance Company
Honda CG 125 MNK - 7750	96,030	79,717	16,313	65,000	48,687	Insurance Claim	EFU General Insurance Limited, Multan	Insurance Company
Honda CG 125 MNP - 7337	102,790	54,438	48,352	65,000	16,648	Insurance Claim	EFU General Insurance Limited, Multan	Insurance Company
Honda CD 70 MNQ - 5761	72,885	58,555	14,330	40,000	25,670	Insurance Claim	EFU General Insurance Limited, Multan	Insurance Company
Honda CD 70 MNO - 609	73,299	54,725	18,574	40,000	21,426	Insurance Claim	EFU General Insurance Limited, Multan	Insurance Company
Suzuki Cultus MNB-13-5007	1,071,244	880,286	190,958	770,000	579,042	Negotiation	Sheikh Sheraz Amjad, Khuwaja Colony, Multan.	Third Party
SUZUKI CULTUS MN-11-2574	958,387	828,549	129,838	650,000	520,162	Negotiation	Rizwan Ahmed Garden Town ,Multan Cantt.	Third Party
SUZUKI Swift MN-14-478	1,348,390	1,103,316	245,074	1,125,000	879,926	Negotiation	Muhammad Ajmad Rangeelpur Samorana,Multan	Third Party
MNK-12-7753L-2599 (CG-125)	95,361	78,862	16,499	65,000	48,501	Insurance Claim	EFU General Insurance Limited, Multan	Insurance Company
MN-13-1306	1,080,600	876,250	204,350	600,000	395,650	Negotiation	Ahsan Fareed CNIC#36302-5411374-3	Third Party
Honda Civic AFB-484	1,075,640	812,152	263,488	700,000	436,512	Insurance Claim	EFU General Insurance Limited, Multan	Insurance Company
MNK-12-7706-(CG-125)	93,000	73,253	19,747	65,000	45,253	Insurance Claim	EFU General Insurance Limited, Multan	Insurance Company
MN-11-5639 (SuzukCultus SF 410 VXR CNG 993C)	970,000	881,470	88,530	580,000	491,470	Negotiation	Muhammad Yasir Bashir, Khudadad Colony Ward # 6 Shair Shah Road , Muhallah Allah Wali, Multan	Third Party
	7,234,018	5,955,216	1,278,802	4,875,000	3,596,198			
	-	-			-			

	COST	ACCUMULATED DEPRECIATION	BOOK VALUE	SALE PROCEEDS	GAIN / (LOSS)	MODE OF DISPOSAL	PARTICULARS OF PURCHASER	RELATIONSHIP
	---- 30TH JUNE, 2019 ----							
VEHICLES								
OWNED								
Honda CG 125, MLG-2436	71,000	67,227	3,773	12,000	8,227	Negotiation	Muhammad Shahid Bhutta,cha jammu wala vehari Rd,Multan	Third Party
Honda CG 125, MNR-10-2244	89,265	69,661	19,604	30,000	10,396	Negotiation	Muhammad Shahid Bhutta,cha jammu wala vehari Rd,Multan	Third Party
Honda CD 70, MNN-11-2493	67,149	56,803	10,346	20,000	9,654	Negotiation	Muhammad Shahid Bhutta,cha jammu wala vehari Rd,Multan	Third Party
Honda CD 70, MNL-12-8618	82,366	62,885	19,481	23,000	3,519	Negotiation	Muhammad Shahid Bhutta,cha jammu wala vehari Rd,Multan	Third Party
Honda CD 70, MNP-13-7338	71,985	48,708	23,277	25,000	1,723	Negotiation	Muhammad Shahid Bhutta,cha jammu wala vehari Rd,Multan	Third Party
Yamaha YD 100, MNL-12-8683	81,316	62,084	19,232	21,000	1,768	Negotiation	Muhammad Shahid Bhutta,cha jammu wala vehari Rd,Multan	Third Party
Honda CD 70, MNM-14-2954	78,470	44,164	34,306	27,000	(7,306)	Negotiation	Muhammad Shahid Bhutta,cha jammu wala vehari Rd,Multan	Third Party
Suzuki Cultus, MN-14-3514	1,104,468	696,186	408,282	530,000	121,718	Negotiation	Muhammad waseem afzal,shah rukne alam colony,Multan	Third Party
Suzuki Cultus, MN-11-3052	966,274	793,015	173,259	350,000	176,741	Negotiation	Hafiz Sarmad Waseem,Garden town,Multan	Third Party
Suzuki Mehran, MN-12-4031	635,300	488,190	147,110	430,000	282,890	Negotiation	Muhammad Ali,khudadad colony ward no. 6,Multan	Third Party
Honda City, MN-11-4628	1,408,111	1,171,869	236,242	620,000	383,758	Negotiation	Muhammad Iqbal shah,cha jhok wala khas muzafargarh Dist,Multan	Third Party
Honda CD 70, MNL-2599	50,547	38,806	11,741	11,000	(741)	Negotiation	Muhammad Shahid Bhutta,cha jammu wala vehari Rd,Multan	Third Party
Yamaha YD 100, MNL-8685	81,586	62,289	19,297	20,000	703	Insurance Claim	Muhammad Shahid Bhutta,cha jammu wala vehari Rd,Multan	Third Party
Honda 125 CC, MNR-8811	88,965	73,334	15,631	30,000	14,369	Negotiation	Muhammad Shahid Bhutta,cha jammu wala vehari Rd,Multan	Third Party
Honda 125 CC, MNR-9993	88,965	73,334	15,631	30,000	14,369	Negotiation	Muhammad Shahid Bhutta,cha jammu wala vehari Rd,Multan	Third Party
Yamaha Junoon, MNL-12-8678	81,586	62,289	19,297	21,000	1,703	Negotiation	Muhammad Shahid Bhutta,cha jammu wala vehari Rd,Multan	Third Party
Hyundai Shehzore, MLM-5728	676,060	635,022	41,038	700,000	658,962	Negotiation	Muhammad Aslam, Kachi abadi chowk rasheed abad, Multan	Third Party
Honda City, MLG-4761	900,790	850,235	50,555	380,000	329,445	Negotiation	Zahid Rasheed, House no. 405 street no. 16, bahawalpur road, Multan	Third Party
	6,624,203	5,356,101	1,268,102	3,280,000	2,011,898			
LEASED								
BMW, AGF-580	15,349,500	2,468,711	12,880,789	14,492,730	1,611,941	Negotiation	First Habib Mudarba,Multan	Leasing Company
	21,973,703	7,824,812	14,148,891	17,772,730	3,623,839			
	-	-			-			

		2020 RUPEES	2019 RUPEES
4.4 DEPRECIATION ALLOWANCE provided for the year has been allocated as follows:			
Cost of Goods Manufactured	(Note 28.2)	241,374,854	196,494,488
Administrative and General Expenses	(Note 30.1)	12,664,775	19,273,882
		254,039,629	215,768,370

4.5 Factory buildings of the Company include godowns some of which being surplus and vacant for the time being, have been rented out for ware housing purposes. Land and building of such godowns have not been classified as 'Investment Property' as required under IAS 40 "Investment Properties" as firstly the core purpose of construction of these godowns of the Company is not letting out and secondly this is an interim arrangement for generation of cash flows from the godowns of the Company which are idol for the time being. Additionally, the separation of values representing rented godowns for disclosure under IAS-40 is not possible.

4.6 As on 1st July, 2019 the Company has adopted IFRS 16, hence, leased assets have been calssified as "Right-of-use Assets".

4.7 This balance relating to M/S Naseem Enterprises & Trading (Private) Limited, an associated undertaking (due to common directorship) of the Company, in respect of advance against purchase of vehicles.

Notes to the Financial Statements
for the Year ended 30th June, 2020

5 RIGHT-OF-USE ASSETS

5.1 These comprise of:

PARTICULARS	COST				DEPRECIATION					WRITTEN DOWN AT END OF THE YEAR
	TRANSFERS FROM OPERATING ASSETS	ADDITIONS	TRANSFERS TO OPERATING ASSETS	AT END OF THE YEAR	RATE %	TRANSFERS FROM OPERATING ASSETS	ON TRANSFERS TO OPERATING ASSETS	PROVIDED FOR THE YEAR	TO END OF THE YEAR	
	---------- 30TH JUNE, 2020 ----------									
POWER HOUSE	6,273,000	-	(6,273,000)	-	5	1,871,685	(1,871,685)	-	-	-
VEHICLES	83,928,217	7,584,870	(49,671,577)	41,841,510	20	35,732,102	(34,099,332)	9,177,827	10,810,597	31,030,913
	90,201,217	7,584,870	(55,944,577)	41,841,510		37,603,787	(35,971,017)	9,177,827	10,810,597	31,030,913
	---------- 30TH JUNE, 2019 ----------									
	-	-	-	-	-	-	-	-	-	-

5.2 As on 1st July, 2019 the Company has adopted IFRS 16, hence, leased assets have been classified as "Right-of-use Assets".

5.3 **DEPRECIATION ALLOWANCE** provided for the year has been allocated to Administrative and General Expenses. (Note 30.1)

			2020 RUPEES	2019 RUPEES
6 LONG TERM INVESTMENTS				
6.1 At Fair Value through OCI:				
	2020	**2019**		
Fatima Enterprises Limited - Related Party			6,536,572	6,536,572
No of Ordinary Shares of Rs. 10 each	829,808	829,808		
Per Share Quoted Price at Year End	(Note 6.2)			
Equity Held	5.83%	5.83%		
Fair Value Adjustment			5,329,682	5,329,682
			11,866,254	11,866,254
Mubarak Textile Mills Limited			182,700	182,700
No of Ordinary Shares of Rs. 10 each	66,000	66,000		
Per Share Quoted Price at Year End	(Note 6.3)	14.39		
Equity Held	1.22%	1.22%		
Fair Value Adjustment			(46,740)	767,040
			135,960	949,740
Fair Value at end of the Year			12,002,214	12,815,994

6.2 The fair value of this investment is stated at Rs. 14.30 per share which is the last available quoted Price of the share of Fatima Enterprises Limited (FEL) on the close of trading on 21st March, 2012, since when the trading of shares of FEL has been suspended by Pakistan Stock Exchange. For the purpose of determination of any impairment, per share break-up value as of 30th June, 2018 (on the basis of latest available audited financial statements) has been considered which works out at Rs. 158.98 and (Rs. 108.35) (2017: Rs. 198.21 and (Rs. 75.27)) per share, including and excluding revaluation surplus, respectively.

6.3 The fair value of this investment is stated at Rs. 2.06 per share which is the last available quoted Price of the share of Muarak Textile Mills Limited (MUBT) on the close of trading on 28th February, 2019, when the trading of shares of MUBT has been suspended by Pakistan Stock Exchange. For the purpose of determination of any impairment, per share break-up value as of 30th June, 2020 (on the basis of latest available audited financial statements) has been considered which works out at Rs. 15.35 and (Rs. 7.43) (2019: Rs. 15.31 and (Rs.7.88)) per share, including and excluding revaluation surplus, respectively.

7 LONG TERM ADVANCE - unsecured

7.1 This is made up as follows:

		2020 RUPEES	2019 RUPEES
Balance at beginning of the Year		1,459,200	6,790,400
Less: Current Portion Shown under Current Assets	(Note 12.1)	1,459,200	5,331,200
Balance at end of the Year		-	1,459,200

7.2 This represents the unsecured amount advanced by the Company to Sui Northern Gas Pipelines Limited, to meet the cost of Gas Pipeline to be laid for supply of Gas to the weaving unit of the Company at Qadir Pur Rawn, Khanewal Road, Multan. This is recoverable in 12 years (including two years grace period) equal annual installments, commencing from 28th September, 2007. This is subject to a return @ 1.5% (2019: 1.5%) per annum, receivable annually.

8 LONG TERM DEPOSITS AND PREPAYMENTS

8.1 These Comprise of:

		2020 RUPEES	2019 RUPEES
Deposits	(Note 8.2)	19,111,737	20,573,334
Prepayments	(Note 8.3)	25,000,000	25,000,000
		44,111,737	45,573,334

8.2 These represent security deposits with utility companies against utility connections. These are not being carried at amortized cost, as required by IFRS 9 as it will have immaterial impact and thus carried at historical cost.

8.3 This represents a payment against the leased manufacturing facilities acquired by the Company which was adjustable towards the end of the respective lease term as per agreement. In view of early termination of underlying agreement, the management of the Company is pursuing a case in Lahore High Court, Lahore for refund of this amount (note 26.1 (c)).

		2020 RUPEES	2019 RUPEES
9 STORES, SPARES AND LOOSE TOOLS comprise of:			
Stores		69,992,779	81,441,860
Spares			
At Factory		43,238,541	62,392,923
In Transit		4,018,852	-
		47,257,393	62,392,923
		117,250,172	143,834,783
10 STOCK IN TRADE comprise of:			
10.1 These comprise of:			
Raw Material	(Note 28.3)	456,108,608	1,925,795,275
Work in Process	(Note 28.2)	119,360,953	115,951,935
Finished Goods	(Note 28.1)	441,242,951	590,695,080
		1,016,712,512	2,632,442,290

10.2 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 30.910 million (2019: Nil).

11 TRADE AND OTHER RECEIVABLES

		2020 RUPEES	2019 RUPEES
11.1 These comprise of:			
Trade Receivables	(Note 11.2)	760,974,182	1,945,082,234
Other Receivables	(Note 11.6)	322,543,122	385,029,385
		1,083,517,304	2,330,111,619
11.2 TRADE RECEIVABLES are made up as follows:			
Export - Secured	(Note 11.3)	440,565,063	1,451,184,517
Local - Unsecured	(Note 11.4)	320,409,119	493,897,717
		760,974,182	1,945,082,234

11.3 Secured debtors represent foreign bills under collection secured against letters of credit from banks.

		2020 RUPEES	2019 RUPEES
11.4 LOCAL TRADE RECEIVABLES are unsecured and are made up as follows:			
Considered Good	(Note 11.5)	320,409,119	493,897,717
Considered Doubtful		23,527,999	-
		343,937,118	493,897,717
Less: Provision for Expected Credit Loss	(Note 31)	23,527,999	-
		320,409,119	493,897,717

11.5 This includes balance relates to M/S Naseem Enterprises & Trading (Private) Limited, an associated undertaking (due to common directorship) of the Company, in respect of sales and is made up as follows:

	2020 RUPEES	2019 RUPEES
Balance at the beginning of the Year	18,479,246	122,455,878
Less:		
Payment during the Year	18,479,246	-
Sales Returned during the Year	-	122,455,878
	18,479,246	122,455,878
	-	-
Add: Sales during the Year	-	18,479,246
Balance at end of the Year	-	18,479,246
Maximum amount outstanding at the end of any month	-	122,455,878

This represents current balance not yet due.

		2020 RUPEES	2019 RUPEES
11.6 OTHER RECEIVABLES comprise of:			
Related Party	(Note 11.7)	-	65,995,097
Insurance Claims		1,791,998	273,781
Sales Tax		167,964,855	160,311,651
Rebate on Export Sales		149,257,956	154,444,500
Others		3,528,313	4,004,356
		322,543,122	385,029,385

11.7 This has been due from M/S Naseem Enterprises & Trading (Private) Limited, (an associated undertaking of the Company due to common directorship) and represents various expenditures paid on behalf of aforesaid related party. This is un-secured and receivable on demand. This is made up as follows:

	2020 RUPEES	2019 RUPEES
Balance at Beginning of the Year	65,995,097	-
Add: Payment made during the Year	-	86,870,097
	65,995,097	86,870,097
Less: Recovered during the Year	65,995,097	20,875,000
Balance at end of the Year	-	65,995,097
Maximum amount outstanding at the end of any month	-	65,995,097

12 PREPAYMENTS AND ADVANCES

12.1 These are unsecured but are considered good by the management and comprise of:

		2020 RUPEES	2019 RUPEES
Advances to:			
Employees against Salaries and Expenses	(Note 12.2)	4,505,234	5,504,168
Suppliers of Goods and Services	(Note 12.3)	38,100,195	35,882,959
Sui Northern Gas Pipelines Limited	(Note 7)	2,918,400	5,331,200
Immature Letters of Credit	(Note 12.4)	1,860,381	52,622,704
Margin against Letters of Credit		-	1,700,000
Security Deposits	(Note 12.5)	4,000,000	4,645,526
Prepayments		367,835	8,653,146
Margin against Guarantee		8,453,775	4,515,125
		60,205,820	118,854,828

	2020 RUPEES	2019 RUPEES
12.2 Include therein amounts due from Executives.	2,039,484	2,587,200

12.3 ADVANCES TO SUPPLIERS OF GOODS AND SERVICES are unsecured and are made up as follows:

		2020 RUPEES	2019 RUPEES
Considered Good		38,100,195	493,897,717
Considered Doubtful		9,559,843	-
		47,660,038	493,897,717
Less: Provision for Expected Credit Loss	(Note 31)	9,559,843	-
		38,100,195	493,897,717

12.4 These comprise of opening charges, bank charges and insurance.

12.5 This includes amount of Rs. 4,000,000/- (2019: Rs.4,000,000/-) relating to Collector of Custom, Multan, in connection with a case pending before the Customs Appellate Tribunal, Lahore and is indicated in Note 26.1 (d) in the financial statements.

13 INTEREST ACCRUED relates to interest recoverable from Sui Northern Gas Pipelines Limited. (Note 7.2)

			2020 RUPEES	2019 RUPEES
14 SHORT TERM INVESTMENTS				
At Fair Value through Profit or Loss:				
Nishat Chunian Limited - quoted	**2020**	**2019**	1,111,297	474,800
No of Ordinary Shares	21,500	10,000		
Per Share Quoted Price at Year End	32.45	35.02		
Equity Held	0.009%	0.004%		
Fair Value Adjustment		(Note 31)	(413,622)	(124,600)
Fair Value at end of the Year			697,675	350,200

15 CASH AND BANK BALANCES

		2020 RUPEES	2019 RUPEES
15.1 These comprise of:			
Cash in Hand		2,861,335	7,022,025
Cash with Banks in:			
Current Accounts		109,389,594	92,948,592
Saving Accounts	(Note 15.2)	29,949	27,335
Deposit Accounts	(Note 15.3)	243,848,142	250,570,112
		353,267,685	343,546,039
		356,129,020	350,568,064

15.2 Saving Accounts are subject to return ranging from 4.50% to 11.50% (2019: 4.44% to 10.06%) per annum.

15.3 These Term Deposit Receipt (TDRs) are subject to return ranging from 5.85% to 11.50% (2019: 5.85% to 9%) per annum.

16 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

16.1 This represents Ordinary Shares of Rs.10 each and comprises of:

2020	2019			2020 RUPEES	2019 RUPEES
NUMBER OF SHARES					
17,024,093	17,024,093	Fully paid in Cash		170,240,930	170,240,930
1,760,809	1,760,809	Fully paid Bonus Shares		17,608,090	17,608,090
25,355	25,355	Consideration Other than Cash	(Note 16.3)	253,550	253,550
18,810,257	18,810,257			188,102,570	188,102,570

16.2 The Company is defendant in a lawsuit preferred by the aggrieved share holders, holding 41.28% equity shares in the Company. The pray of aforesaid lawsuit includes the winding up of the Company. Preliminary hearings and case proceeding are in progress. The management of the Company and its legal counsel are confident to defeat the petition being baseless and without merit. However, the Honorable Sindh High Court, Karachi, vide its interim order dated 1st February, 2013, has restrained the management of the Company from changing the composition of the shareholding of the Company.

16.3 These have been allotted to the share holders of M/S Naseem Enterprises (Private) Limited, against its amalgamation in to the Company in accordance with a Merger Scheme approved by the Court vide its Order dated 28th September, 2010.

	2020 RUPEES	2019 RUPEES
17 SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS		
17.1 This is made up as follows:		
Gross Surplus		
Balance at beginning of the Year		
Land - Freehold	1,524,750,184	1,524,750,184
Buildings - on Freehold Land	1,135,396,525	1,195,154,237
Plant and Machinery	827,061,469	870,591,020
	3,487,208,178	3,590,495,441
Incremental Depreciation on Revaluation - net of Deferred Tax	(86,127,240)	(89,570,273)
Related Deferred Tax	(11,995,659)	(13,716,990)
	(98,122,899)	(103,287,263)
Balance at end of the Year	3,389,085,279	3,487,208,178
Deferred Tax liability on Revaluation Surplus		
Balance at beginning of the Year	301,393,634	315,110,624
Deferred Tax Liability Relating to:		
- Incremental Depreciation on Revaluation	(11,995,659)	(13,716,990)
Balance at end of the Year	289,397,975	301,393,634
Revaluation Surplus on Operating Fixed Assets	3,099,687,304	3,185,814,544

17.2 This represents surplus over book value resulting from the revaluation of Land-Freehold, Building on Freehold Land, Factory and non-Factory Building and Plant and Machinery. The valuation was carried out on 30th June, 2018 by Tracon (Private) Limited an independent valuer not connected with the Company and is on the panel of Pakistan Bankers Association and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations.

Freehold Land

Fair market value of freehold land is assessed through examining plot profile and purchase terms, independent inquiries from local active realtors, current and past occupants, of land, neighboring areas, current asking prices for industrial used land in the vicinity, access roads and independent inquiries from other real estate sources to ascertain the selling prices for the properties of the same nature.

Factory and Non-Factory Building

Construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, residual factors are applied based on estimate of balance useful life to determine the current assessed market value.

Plant and Machinery

Plant and machinery have been evaluated/ assessed by inspecting items of plant and machinery. The valuer also consulted industry related dealers, indentors and/ or manufactures in order to ascertain the current replacement values of imported and locally fabricated items. The value assigned reflects the present condition of items while considering age, condition and/ or obsolescence of the items.

Forced Sale Value

The latest valuation of the certain operating fixed assets of the Company's, stated under revaluation model, was carried out on 30th June, 2018. As per report for the aforesaid valuation, the forced sale value of the re-valued Land (Freehold) has been assessed at Rs. 1,271.379 million, Buildings on Freehold Land (Factory and non Factory Building) at Rs. 1,320.547 million and Plant and Machinery at Rs. 2,341.633 million.

		2020 RUPEES	2019 RUPEES

18 LONG TERM LOAN FROM DIRECTORS - unsecured

This is repayable at the option of the Company. This loan along with loan disclosed in note 20 include an amount of Rs. 215 million (2019: Rs. 215 million) which has been subordinated to the Banks against financing availed by the Company. This comprises of:

	2020 RUPEES	2019 RUPEES
Balance at beginning of the Year	202,502,511	195,950,231
Add: Disbursement during the Year	115,137,838	97,911,040
	317,640,349	293,861,271
Less: Payments made during the Year	149,593,073	91,358,760
Balance at end of the Year	168,047,276	202,502,511

19 LONG TERM FINANCING - secured

19.1 Term/Demand finances from banking companies comprising:

		2020 RUPEES	2019 RUPEES
Askari Bank Limited	(Note 19.2)	326,735,016	26,735,016
The Bank of Khyber	(Note 19.3)	248,200,525	108,000,000
Soneri Bank Limited	(Note 19.4)	485,625,000	518,000,000
Allied Bank Limited	(Note 19.5)	84,638,868	115,416,644
National Bank of Pakistan	(Note 19.6)	1,518,391,603	1,335,806,427
Habib Bank Limited	(Note 19.9)	217,049,729	220,640,000
MCB Bank Limited	(Note 19.10)	306,890,000	-
		3,187,530,741	2,324,598,087

In addition to securities indicated under respective finances, these are secured by way of Joint Pari Passu Charge amounting to Rs. 3,320.000 million (2019: Rs. 3,320.000 million) over Fixed Assets and Personal Guarantees of the Sponsoring Directors of the Company, except other wise stated.

19.2 TERM FINANCE FROM ASKARI BANK LIMITED is made up as follows:

		2020 RUPEES	2019 RUPEES
Balance at beginning of the Year		26,735,016	31,000,568
Add: Re-Scheduled from:			
Short Term Borrowings		300,000,000	-
Current Portion of Long Term Liabilities		1,066,388	-
		301,066,388	-
		327,801,404	31,000,568
Less: Current Portion Shown under Current Liabilities	(Note 25.2)	1,066,388	4,265,552
Balance at end of the Year		326,735,016	26,735,016

This includes short term borrowing re-scheduled vide an approval Letter No. 2020/03/CIB/013/33 dated 5th March, 2020 of the bank. These are secured by lien over deposits in the name of the Company, by way of Joint Pari Passu Charge amounting to Rs. 1,475 million (2019: Rs. 1,475 million) over Fixed Assets, and Personal Guarantees of the Directors of the Company. These are repayable over a period from 24th May, 2021 to 4th March, 2028, in 24 to 27 equal quarterly installments. These carry mark-up 15.25% (2019: 9.04%) per annum for TF and 5.00% (2019: 5.00%) per annum for LTFF Scheme introduce by SBP, payable quarterly respectively.

19.3 DEMAND FINANCE FROM THE BANK OF KHYBER is made up as follows:

		2020 RUPEES	2019 RUPEES
Balance at beginning of the Year		108,000,000	180,000,000
Add: Re-Scheduled from:			
Short Term Borrowings		200,000,000	-
Accrued Mark-up		16,267,366	-
		216,267,366	-
		324,267,366	180,000,000
Less: Current Portion Shown under Current Liabilities	(Note 25.2)	76,066,841	72,000,000
Balance at end of the Year		248,200,525	108,000,000

This includes short term borrowing re-scheduled vide an approval Letter No. FOL/MFT/BOK/RENEWAL/HUSSAIN MILLS LTD dated 24th June, 2020 of the bank. This is secured by way of Lien over deposit (TDR) in the name of Directors of the Company and Personal Guarantees of the Directors of the Company. This is repayable over a period from 31st December, 2020 to 31st July, 2027, in 3 to 12 half yearly instalments. This includes Re-Scheduled from Accrued Mark-up is payable in 12 equal monthly installments commencing from 30th April, 2021 to 31st March, 2022. This carries Mark-up @ 0.50% over and above the profit rate of aforesaid deposit (TDR) (2019: 0.50% over and above the profit rate of aforesaid deposit (TDR)) per annum, payable annually.

		2020 RUPEES	2019 RUPEES
19.4	**TERM FINANCE FROM SONERI BANK LIMITED**		
	Balance at beginning of the Year	518,000,000	-
	Add: Re-Scheduled from Short Term Borrowings	-	518,000,000
		518,000,000	518,000,000
	Less: Current Portion Shown under Current Liabilities (Note 25.2)	32,375,000	-
	Balance at the end of the Year	485,625,000	518,000,000

This represents short term borrowing re-scheduled vide an approval Letter No. SBL/CAD-CIBG/19/22 dated 20th March, 2019 of the bank and is repayable in 16 equal quarterly instalments commencing from 1st April, 2021. This is secured by way of joint Pari Passu charge amounting to Rs. 620 Million over Fixed Assets of the Company, specific charge amounting to Rs. 130 million (2019: Rs. 130 million) over 17 Air Jet Looms installed at Weaving Unit of the Company located at Qadirpur Rawn Bypass, Multan and Specific Charge of Rs. 200 million (2019: Rs. 200 million) over (03) three Draw Frames and (10) ten Cards installed at Unit - 01 and Personal Guarantees of the Directors of the Company. This carries mark-up ranging from 13.47% to 16.10% per annum.

19.5	**TERM FINANCE FROM ALLIED BANK LIMITED** is made up as follows:			
	Balance at beginning of the Year		115,416,644	-
	Add: Re-Scheduled from Short Term Borrowings		-	138,500,000
			115,416,644	138,500,000
	Less: Current Portion Shown under Current Liabilities	(Note 25.2)	30,777,776	23,083,356
	Balance at end of the Year		84,638,868	115,416,644

This is repayable in 18 equal quarterly instalments commencing from 4th October, 2019. However, the management has discussed and upon consent of the management of the bank, Company vide its letter No. 2710/2020 dated 27th October, 2020 submitted a proposal whereby the entire loan amounting to Rs. 138.500 million (including overdue amount of Rs. 23.083 million and current portion amounting to Rs. 30.778 million aggregating to Rs. 53.861 million (note 25.2)) will be rescheduled to be payable in 20 equal quarterly installments commencing from 15th September, 2021. Further, markup has also been proposed not to be serviced during the pendency of principal amount. The bank has principally acceded the proposal which is under the process of formal approval by the bank and is expected shortly.

This is secured by way of Joint Pari Passu charge amounting to Rs. 570 million (2019: Rs. 570 million), over Fixed Assets and Personal Guarantees of the Directors of the Company. This carries Mark-up ranging from 12.72% to 15.35% (2019: 12.53% to 12.99%) per annum.

19.6	**FINANCE FROM NATIONAL BANK OF PAKISTAN**			
	Demand Finance	(Note 19.7)	1,427,891,603	1,335,806,427
	Frozen Markup		90,500,000	-
		(Note 19.8)	1,518,391,603	1,335,806,427

		2020 RUPEES	2019 RUPEES
19.7	**DEMAND FINANCE FROM NATIONAL BANK OF PAKISTAN**		
	Balance at beginning of the Year	1,335,806,427	1,335,806,427
	Add: Re-Scheduled from Accrued Mark-up	92,485,221	-
		1,428,291,648	1,335,806,427
	Less: Payment made during the Year	400,045	-
	Balance at end of the Year	1,427,891,603	1,335,806,427

19.8 This represents short term borrowing re-scheduled vide an approval Letter No. CIBG/MTN/2019/337 dated 19th December, 2019 of the bank and is repayable in 28 quarterly instalments commencing from 31st March, 2022. This is secured by way of ranking charge of Rs. 3,000 million (2019: Rs. 3,000 million) over present and future fixed assets of the Company with upgradation into 1st Joint Pari Passu charge and Personal Guarantees of the Directors of the Company. This carries Mark-up ranging from 12.72% to 14.95% per annum.

19.9	**TERM FINANCE FROM HABIB BANK LIMITED**		
	Transfer from restructuring/rescheduling of Short Term Borrowings	220,640,000	220,640,000
	Add: Re-Scheduled from Accrued Mark-up	6,150,704	-
		226,790,704	220,640,000
	Less:		
	Payment made during the Year	171,675	-
	Current Portion Shown under Current Liabilities	9,569,300	-
		9,740,975	-
	Balance at end of the Year	217,049,729	220,640,000

This represents short term borrowing re-scheduled vide an approval letter no. nil dated 4th December, 2019 of the bank and This is repayable in 32 quarterly instalments commencing from 31st March, 2021. This is secured by way of ranking charge amounting to Rs. 295.000 million (2019: Rs. 295 million) over Present and Future Fixed Assets of the Company with upgradation ranking charge into 1st Joint Pari Passu charge and Personal Guarantees of the Directors of the Company. This carries Mark-up ranging from 11.22% to 13.55% per annum.

19.10 DEMAND FINANCE FROM MCB BANK LIMITED

This represents short term borrowing re-scheduled vide an approval letter no. MCB/GEN/2020/85 dated 23rd January, 2020 of the bank and this is repayable in 38 equal quarterly instalments commencing from 31st July, 2021. This is secured by way of ranking charge of amounting to Rs. 410.000 million over Present and Future Fixed Assets of the Company with upgration into 1st Joint Pari Passu and Personal Guarantees of the Directors of the Company.

19.11 Repayment period of certain long term financing was deferred by Nine to Twelve months in accordance with the State Bank of Pakistan (SBP) Circular No. ERD/M&PRD/PR/01/2020-32 dated 26th March, 2020.

20 LONG TERM LOAN FROM DIRECTORS

This represents the a finance facility amounting to Rs. 110 million (2019: Rs. 60 million) from The Bank of Khyber, sanctioned to Sheikh Umer Farooq a director of the Company, having 0.41% Shareholding in the Company. This bears markup @ 0.75% (2019: 0.50%%) over and above profit rate on term deposit receipts (under lien), and is born by the Company.

		2020 RUPEES	2019 RUPEES
21 LEASE LIABILITIES			
21.1 This is made up as follows:			
Liability due for the year ended 30th June:			
2019		-	19,664,962
2020		16,422,954	15,704,263
2021		11,417,557	9,242,897
2022		11,221,964	6,043,991
2023		696,841	-
		39,759,316	50,656,113
Less: Payments during the year		16,422,954	19,664,962
Gross Minimum Lease Payments		23,336,362	30,991,151
Less: Future Period Financial Charges		3,241,285	4,342,293
Present Value of Gross Minimum Lease Payments		20,095,077	26,648,858
Less: Current Portion Shown under Current Liabilities	(Note 25.1)	8,955,914	13,043,593
		11,139,163	13,605,265

21.2 The reconciliation between Gross Minimum Lease Payments, future Financial Charges and present value of Minimum Lease Payments is as follows:

	2020 RUPEES	2019 RUPEES
GROSS MINIMUM LEASE PAYMENTS		
Not later than one Year	11,417,557	15,704,263
Later than one Year but not later than five Years	11,918,805	15,286,888
Later than Five Years	-	-
	23,336,362	30,991,151
PRESENT VALUE OF MINIMUM LEASE PAYMENTS		
Not later than one Year	8,955,914	13,043,593
Later than one Year but not later than five Years	11,139,163	13,605,265
Later than Five Years	-	-
	20,095,077	26,648,858

21.3 The Company entered into the Finance Lease agreements with various Financial Institutions to acquire Power House and Vehicles. The implicit Mark-up rate used to discount the minimum lease payments ranges from 9.02% to 16.46% (2019: 9.02% to 13.71%) per annum. These are secured against Title of the Leased Assets and Personal Guarantees of the Directors of the Company. The Company avails the option to purchase the Assets at the end of respective lease terms. The principal repayments of lease amounting to Rs. 4,891,440/- has been deferred for Six months. Owing to the replacement of IAS-17 "Leases" with IFRS-16 "Leases", the line item for such leases disclosed as "Finance Lease Liabilities" has now been replaced with "Lease Liabilities".

		2020 RUPEES	2019 RUPEES
22 DEFERRED LIABILITIES:			
22.1 These comprise of			
Deferred Taxation	(Note 22.2)	207,570,807	245,981,553
Staff Retirement Benefits	(Note 22.4)	47,197,061	40,882,398
		254,767,868	286,863,951
22.2 DEFERRED TAXATION is in respect of the following temporary differences:			
Accelerated Depreciation		512,003,170	259,279,649
Export Debtors		4,405,651	5,917,280
Lease Liability		940,818	586,046
Surplus on Revaluation of Operating Fixed Assets		-	179,471,833
Staff Gratuity		(5,770,819)	(5,059,952)
Unused Tax Losses		(304,008,013)	(16,325,914)
Turnover Tax		-	(177,979,723)
Un-realized Loss on Re-measurement of Defined Benefit Obligation		-	92,334
		207,570,807	245,981,553

22.3 ANALYSIS OF CHANGE IN DEFERRED TAX LIABILITY

PARTICULARS	BALANCE AT BEGINNING OF THE YEAR	RECOGNISED IN PROFIT OR LOSS	RECOGNISED IN OTHER COMPREHENSIVE INCOME	BALANCE AT END OF THE YEAR
Balance as at 30th June, 2020				
Accelerated Depreciation	259,279,649	252,723,521	-	512,003,170
Export Debtors	5,917,280	(1,511,629)	-	4,405,651
Lease Liability	586,046	354,772	-	940,818
Surplus on Revaluation of Operating Fixed Assets	179,471,833	(179,471,833)	-	-
Staff Gratuity	(5,059,952)	(710,867)	-	(5,770,819)
Unused Tax Losses	(16,325,914)	(287,682,099)	-	(304,008,013)
Turnover Tax	(177,979,723)	177,979,723	-	-
Un-realized Loss on Re-measurement of Defined Benefit Obligation	92,334	(92,334)	-	-
	245,981,553	(38,410,746)	-	207,570,807

PARTICULARS	BALANCE AT BEGINNING OF THE YEAR	RECOGNISED IN PROFIT OR LOSS	RECOGNISED IN OTHER COMPREHENSIVE INCOME	BALANCE AT END OF THE YEAR
Balance as at 30th June, 2019				
Accelerated Depreciation	259,279,649	-	-	259,279,649
Export Debtors	5,917,280	-	-	5,917,280
Lease Liability	586,046	-	-	586,046
Surplus on Revaluation of Operating Fixed Assets	179,471,833	-	-	179,471,833
Staff Gratuity	(5,059,952)	-	-	(5,059,952)
Unused Tax Losses	(16,325,914)	-	-	(16,325,914)
Turnover Tax	(177,979,723)	-	-	(177,979,723)
Un-realized Loss on Re-measurement of Defined Benefit Obligation	(32,966)	-	125,300	92,334
	245,856,253	-	125,300	245,981,553

22.4 STAFF RETIREMENT BENEFITS represent Staff Gratuity and is made up as follows:

	2020 RUPEES	2019 RUPEES
Balance at beginning of the Year	40,882,398	46,341,381
Expense for the Year	48,200,898	43,496,814
Transfers from Current Liabilities	-	1,408,122
Amount Chargeable to OCI during the Year	-	(943,490)
Payments made during the Year	(41,886,235)	(49,420,429)
Present Value of Defined Benefit Obligation	47,197,061	40,882,398

ALLOCATION OF CHARGE FOR THE YEAR is as follows:

	2020	2019
Cost of Goods Manufactured	39,565,707	36,043,178
Administrative Expenses	8,635,191	7,453,636
	48,200,898	43,496,814
	-	-

Historical information is as follows:

	2020	2019	2018	2017	2016
Charge for Gratuity	48,200,898	43,496,814	45,049,426	40,090,311	42,548,913

	2020 RUPEES	2019 RUPEES
RECONCILIATION of the amount recognized in Statement of Financial Position for the Previous Year		
Present value of Defined Benefit Obligations	40,882,398	46,341,381
Less: Fair Value of Plan Assets	-	-
Defined Benefit Liability	40,882,398	46,341,381
RECONCILIATION OF PRESENT VALUE of Defined benefit Obligation		
Present Value of Defined Benefit Obligations at the beginning of the Year	40,882,398	46,341,381
Service Cost (Current Service Cost + Past Service Cost + Gains/Losses on Settlements)	48,200,898	39,548,482
Interest on Defined Benefit Obligation	-	3,948,332
Benefit Paid during the Year	(41,886,235)	(49,420,429)
Transfers from Current Liabilities	-	1,408,122
Actuarial (Gains) / Losses	-	(943,490)
Present Value of Defined Benefit Obligation at the end of the Year	47,197,061	40,882,398
AMOUNT CHARGEABLE to Profit or Loss Account for the Current Year		
Service Cost	48,200,898	39,548,482
Net Interest on Net Defined Benefit Liability (Asset)	-	3,948,332
Total Amount Chargeable to Profit or Loss Account	48,200,898	43,496,814
REMEASUREMENTS of Net Defined Benefit Liability		
Actuarial (Gains)/Losses due to changes in Demographic Assumptions	-	-
Actuarial (Gains)/Losses due to changes in Financial Assumptions	-	-
Actuarial (Gains)/Losses due to changes in Experience Adjustments	-	(943,490)
Return on Plan Assets	-	-
Effect of Changes in Asset Ceiling	-	-
Amount Chargeable to Other Comprehensive Income	-	(943,490)
RECONCILIATION of the amount recognized in Statement of Financial Position as at end of the Year		
Present Value of Defined Benefit Obligations	47,197,061	40,882,398
Less: Fair Value of Plan Assets	-	-
Net Defined Benefit Liability	47,197,061	40,882,398
RECONCILIATION of Net Defined Benefits Liability		
Defined Benefit Liability as at Beginning of the Year	40,882,398	46,341,381
Cost Chargeable to Profit or Loss Account during the Year	48,200,898	43,496,814
Cost Chargeable to Other Comprehensive Income	-	(943,490)
Transfers from Current Liabilities	-	1,408,122
Benefits Paid during the Year	(41,886,235)	(49,420,429)
Net Defined Benefit Liability as at End of the Year	47,197,061	40,882,398

PRINCIPAL ACTUARIAL ASSUMPTIONS

The actuarial valuation of Gratuity was conducted on 30th June, 2019 in accordance with IAS 19 "Employees Benefits" by using Projected Unit Credit Method. Following significant assumptions, were used for the actuarial valuation:

	2020	2019
PRINCIPAL ACTUARIAL ASSUMPTIONS		
Discount Rate	-	12.50%
Expected Rate of Salary Increase in Future Years	-	11.50%
Average duration of Liability	-	8 Years

SENSITIVITY ANALYSIS AS AT 30TH JUNE, 2019

	DISCOUNT RATE + 1%	DISCOUNT RATE - 1%	SALARY INCREASE + 1%	SALARY INCREASE - 1%
PVDBO	38,879,075	43,332,850	43,332,850	38,845,229

RISKS ASSOCIATED WITH THE GRATUITY SCHEME

- The Company provides Gratuity benefits to fulfil labour laws requirements.
- The Gratuity Scheme is an un-funded Scheme. There is no minimum funding requirement for a Gratuity Scheme which leads to relatively less secured gratuity benefit. The Gratuity benefit liability reflected in the Company Accounts provides a reasonable security of the accrued rights because it is likely that the accrued gratuity benefits could be considered as high priority debt in case of insolvency of the sponsor.
- The Gratuity Scheme is a defined benefit scheme with benefits based on last drawn salary. Therefore, the liabilities of the scheme are sensitive to the salary increases.

		2020 RUPEES	2019 RUPEES
23 TRADE AND OTHER PAYABLES comprise of:			
23.1 These comprise of:			
Creditors		597,777,752	1,178,833,395
Accrued Liabilities		191,615,010	127,934,053
Contract Liabilities		46,672,237	61,507,865
Accrued Interest and Mark-up	(Note 23.2)	119,125,107	142,665,147
Income Tax Withheld		41,603,923	3,578,730
Retention Money		702,489	702,489
Workers' (Profit) Participation Fund	(Note 31)	-	13,026,160
Bills Payable		-	1,814,220
		997,496,518	1,530,062,059
23.2 ACCRUED INTEREST AND MARK-UP relates to:			
Long Term Finances		69,122,613	22,823,758
Short Term Borrowings		47,990,577	116,259,827
Workers' (Profit) Participation Fund		2,011,917	3,581,562
		119,125,107	142,665,147
24 SHORT TERM BORROWINGS			
24.1 These comprise of:			
Secured - from Banking Companies:			
Pre/Post-Shipment Advance	(Note 24.2)	708,059,481	1,042,292,557
Cash/Running Finances	(Note 24.2)	1,162,733,191	2,462,663,358
		1,870,792,672	3,504,955,915
Unsecured - Overdraft	(Note 24.3)	56,380,695	42,749,684
		1,927,173,367	3,547,705,599

24.2 These facilities have been obtained from various Commercial Banks with sanctioned limits aggregating Rs. 3.655 Billion (2019: Rs. 4.279 Billion). The aggregate facilities are secured by a joint pari passu hypothecation charge on all present and future current assets of the Company including Stock in Trade, Trade Debts, Lien on Export Bills and Personal Guarantees of the Working Directors of the Company. These include an amount of Rs. 850.000 million which is secured against the personal deposits of the working directors of the Company. The expiry dates of the facilities range during the period from 30th November, 2020 to 31st January, 2021. These facilities carry Mark up rates ranging from 0.50% to 17.12% (2019: 8.43% to 13.06%) per annum. Short term borrowing facilities which remained unutilized at year end are Rs. 1.620 billion (2019: Rs. 0.774 billion).

24.3 This represents the cheques issued in excess of the available balances in the Banks of the Company, which have been presented for payment subsequent to the year end.

25 CURRENT PORTION OF LONG TERM LIABILITIES			
25.1 These comprise of:			
Current Portion of Long Term Finances	(Note 25.2)	172,938,661	135,348,908
Current Portion of Lease Liabilities	(Note 21)	8,955,914	13,043,593
		181,894,575	148,392,501

		2020 RUPEES	2019 RUPEES
25.2 CURRENT PORTION OF LONG TERM FINANCES is made up as follows:			
Balance at beginning of the Year		135,348,908	111,697,422
Less:			
Payments made during the Year		111,199,164	75,697,422
Transferred to Long Term Labilities		1,066,388	-
		112,265,552	75,697,422
Overdue Portion		23,083,356	36,000,000
Add: Transferred from Long Term Portion		149,855,305	99,348,908
Balance at end of the Year	(Note 19.5)	172,938,661	135,348,908

26 CONTINGENCIES AND COMMITMENTS

26.1 CONTINGENCIES

(a) A case of the Company is pending for decision before the Honorable Sind High Court, Karachi, against the imposition of a levy by the Excise and Taxation Officer, Karachi, amounting to Rs. 135.226 million (2019: Rs. 128.726 million), on imports of the Company , which has not been recognized in the financial statements of the Company.

(b) Letters of Guarantee issued by the Banks on behalf of the Company in favour of:

		2020	2019
Sui Northern Gas Pipelines Limited		159,640,200	150,444,200
Excise and Taxation	(Note 27.1 (a))	135,226,299	128,726,299
Multan Electric Company		9,770,600	9,770,600
		304,637,099	288,941,099

(c) Since January, 2017, the Company has stopped production and payment of monthly rental amounting to Rs. 4.000 million per month, of the leased facilities, which up to 18th December, 2019 (the date on which factory has been handed over to its owners) aggregates to Rs. 142.323 million (2019: 120.000 million) and has not been recognised in these financial statements. The Company is pursuing the waiver of aforesaid rentals and release of deposit by virtue of the order Lahore High Court, Lahore the amounting to Rs. 25 million.

(d) A case of the Company is pending for decision before the Customs Appellate Tribunal, Lahore, on dated 04-12-2018, against the imposition of a Duty & Tax Remission for Export (DTRE) by the Collectorate of (Customs) Adjudication, Faisalabad, amounting to Rs. 92,157,627/- (2019: Rs. 92,157,627/-), on use of Pakistani Cotton instead of Imported Cotton by the Company, which has not been recognized in the financial statements of the Company.

(e) Subsequent to the financial year end, the supreme Court of Pakistan has upheld the Gas Infrastructure Development Cess (GIDC) Act, 2015 to be constitutional and intra vires. In connection with this decision, the Company filed a writ petition in Lahore High Court, Lahore on 14th September, 2020 against the charge of GIDC at the rate of captive power consumer instead of industrial consumer. Lahore High Court, Lahore suspended the payment of Rs. 134.982 million related to this difference, subject to furnishing of post dated cheques. post dated cheque of first installment has been furnished by the Company. Keeping in view the opinion of the legal counsel of the Company, the related provision is not made in these financial statements as there are strong grounds of favorable outcome of the petition.

(f) The officials of LTO, Karachi initiated proceedings for amendment under section 122(5A) of the Ordinance through notices for tax year 2015 to 2019. The Company submitted its response through its legal council and is unable to determine the outcome of these cases.

Based on the opinion of the Company's legal counsel the management is confident of favourable outcome in all aforesaid matters.

		2020 RUPEES	2019 RUPEES
26.2 COMMITMENTS			
Outstanding Letters of Credit for:			
Store and Spares		8,504,530	25,030,113
Raw Material		1,685,851,466	60,560,160
		1,694,355,996	85,590,273

27 SALES represent revenue from contract with customers in respect of sale of goods is made up as follows:

		2020 RUPEES	2019 RUPEES
Local Sales:			
Goods		4,420,259,168	5,674,534,211
Waste		90,841,776	171,732,380
Services		3,741,044	-
		4,514,841,988	5,846,266,591
Less: Sales Tax		656,417,917	308,827
Total Local Sales		3,858,424,071	5,845,957,764
Export Sales:			
Direct Export:			
Goods		5,584,736,517	6,605,531,632
Waste		13,780,142	-
Indirect Export - Goods		10,336,568	-
Total Export Sales		5,608,853,227	6,605,531,632
		9,467,277,298	12,451,489,396

28 COST OF SALES

		2020 RUPEES	2019 RUPEES
28.1 This is made up as follows:			
Finished Goods at beginning of the Year		590,998,068	379,715,819
Add: Cost of Goods:			
Manufactured	(Note 28.2)	9,722,033,235	12,622,384,417
Purchased		41,445,929	16,553,577
		9,763,479,164	12,638,937,994
		10,354,477,232	13,018,653,813
Finished Goods at end of the Year		441,242,951	590,695,080
		9,913,234,281	12,427,958,733

28.2 COST OF GOODS MANUFACTURED is made up as follows:

		2020 RUPEES	2019 RUPEES
Work in Process at beginning of the Year		133,034,703	132,698,955
Raw Material Consumed	(Note 28.3)	7,457,089,012	10,044,230,206
Packing Material Consumed		78,277,792	118,475,204
Stores Consumed		382,604,051	414,063,923
Salaries, Wages and Benefits	(Note 28.4)	659,405,814	731,033,981
Power and Fuel		839,148,162	1,000,377,264
Insurance		24,215,743	24,815,712
Repair and Maintenance		22,966,012	31,932,109
Processing Charges		1,152,370	2,110,922
Depreciation	(Note 4.4)	241,374,854	253,254,614
Other Manufacturing Expenses		2,125,675	2,729,218
		9,841,394,188	12,755,722,108
Work in Process at end of the Year		119,360,953	133,034,703
		9,722,033,235	12,622,687,405

28.3 RAW MATERIAL CONSUMED is made up as follows:

		2020 RUPEES	2019 RUPEES
Balance at beginning of the Year		1,908,409,519	1,571,722,936
Add: Purchases including Expenses		6,004,788,101	10,380,916,789
Available for Consumption		7,913,197,620	11,952,639,725
Balance at end of the Year		456,108,608	1,908,409,519
		7,457,089,012	10,044,230,206

28.4 These include Rs. 39.566 million (2019: 36.043 million) in respect of Staff Retirement Benefits.

		2020 RUPEES	2019 RUPEES
29 MARKETING AND DISTRIBUTION COST comprises of:			
Local Freight, Octroi and Other Charges		2,755,279	4,791,585
Sea and Trailer Freight		63,505,246	63,736,870
Clearing and Forwarding Expenses		12,325,017	14,150,228
Commission on:			
Local Sales		11,927,788	15,741,466
Export Sales		95,080,150	71,699,566
Insurance		1,894,686	2,143,191
Bill of Lading Charges		1,751,378	2,015,063
Export Development Surcharge		16,383,711	15,811,838
Quality Claim		-	1,687,526
Sales Promotion Expenses		654,881	162,232
Others Expenses		17,322,239	15,977,623
		223,600,375	207,917,188
30 ADMINISTRATIVE AND GENERAL EXPENSES			
30.1 These comprise of:			
Directors' Remuneration		4,530,000	4,620,000
Staff Salaries and Benefits	(Note 30.2)	168,860,723	163,834,308
Printing and Stationery		715,934	790,298
Communication		6,205,160	7,869,493
Sui Gas and Water Charges		3,434,812	3,181,734
Electricity		4,018,963	3,356,734
Insurance		6,325,710	5,906,257
Travelling and Conveyance		23,226,024	20,307,478
Entertainment		2,733,184	3,349,014
Rent, Rates and Taxes		1,605,057	1,867,974
Vehicle Running and Maintenance		14,653,912	12,725,879
Repair and Maintenance		6,373,382	7,582,415
Fees and Subscriptions		3,737,019	2,329,241
Legal and Professional Charges		8,257,073	8,605,712
Auditors' Remuneration	(Note 30.3)	800,000	800,000
Advertisement and Publicity		6,800	17,000
ISO Expenses		3,131,933	3,513,513
Charity and Donations		3,245,815	804,903
Newspapers and Periodicals		68,231	65,202
Depreciation - Owned Assets	(Note 4.4)	12,664,775	20,942,196
Depreciation - Right-of-use Assets	(Note 5.3)	9,177,827	-
General Expenses		4,537,378	4,995,625
		288,309,712	277,464,976

30.2 These include Rs. 8.635 million (2019: 7.454 million) in respect of Staff Retirement Benefits.

30.3 This is in respect of Company's statutory audit.

		2020 RUPEES	2019 RUPEES
31 OTHER OPERATING EXPENSES comprises of:			
Loss on Re-Measurement on fair value through profit or loss	(Note 14)	413,622	124,600
Exchange Loss on Realization of Foreign Debtors		40,453,944	-
Provision for Gas Infrastructure Development Cess of Previous Years		116,022,159	-
Provision for Doubtful:			
Trade Receivables	(Note 11.4)	23,527,999	-
Advance to Suppliers	(Note 12.3)	9,559,843	-
		189,977,567	124,600

		2020 RUPEES	2019 RUPEES
32 OTHER INCOME comprises of income from:			
Financial Assets			
Return on Financial Assets		20,050,425	9,150,314
Gain on Sale of Short Term Investment		190,928	-
Rental Income (Godowns)	(Note 4.5)	1,851,654	-
Interest Income	(Note 7.2)	57,938	136,526
Exchange Gain on Realization of Foreign Debtors		-	324,019,371
Unrealised Exchange Gain on Foreign Debtors		19,287,824	169,671,289
		41,438,769	502,977,500
Non Financial Assets			
Gain on Disposal of Operating Fixed Assets		3,596,198	3,623,839
		45,034,967	506,601,339
33 FINANCE COST comprises of:			
Interest/Mark-up on:			
Short Term Borrowings		433,636,621	514,471,770
Long Term Finance		242,742,931	25,373,184
Worker's (Profit) Participation Fund		383,647	1,628,270
Finance Lease Charges		3,996,654	2,813,729
Exchange (Gain)/Loss on Foreign Currency Finances		(2,440,113)	4,520,213
Bank Charges and Commission		56,214,588	46,644,908
		734,534,328	595,452,074
34 INCOME TAX EXPENSE			
34.1 This relates to:			
Current Taxation:			
For the Year		124,071,088	148,197,288
Prior Year		(9,082,858)	-
		114,988,230	148,197,288
Deferred Taxation	(Note 22.3)	(38,410,746)	-
		76,577,484	148,197,288

34.2 In view of available tax losses, current taxation represents tax levied on turnover U/S 113 of the Income Tax Ordinance, 2001 ("the Ordinance"), on Local Sale and tax deducted U/S 169 of the Ordinance on export proceeds realized during the Year.

34.3 Income Tax Assessments of the Company up to Tax Year 2019 have either been finalized or the Income Tax Returns were filed under self assessment scheme in accordance with the provisions of Income Tax Ordinance, 2001, hence deemed to be assessed as declared.

34.4 Numerical reconciliation between the effective tax and the applicable tax is not required as the entire taxation of the Company comprises of final and minimum tax only, under respective provisions of the Income Tax Ordinance, 2001.

35 LOSS PER SHARE

35.1 Basic Loss per Share

	2020	2019
Loss for the Year	(1,913,921,482)	(699,024,124)
	NUMBER OF SHARES	
Shares Outstanding during the Year	18,810,257	18,810,257
	R U P E E S	
Basic Loss per Share	(101.75)	(37.16)

35.2 Diluted Loss per Share

There are no dilutive potential ordinary shares outstanding as at 30th June, 2020 and 2019.

36 RELATED PARTIES DISCLOSURES

Disclosure of transactions between the Company and Related Parties.

NATURE OF TRANSACTIONS	RELATIONSHIP/PERCENTAGE OF SHARE HOLDING	

The related parties comprise of associated undertaking, directors and other key management personnel. The Company in the normal course of business carries out transactions with various related parties. The Company enters into transactions with related parties on the basis of mutually agreed terms. Significant balances and transactions with related parties are as follows:

Capital Work In Progress	Associated undertaking	(Note 4.7)
Trade and Other Receivable	Associated undertaking	(Note 11.5)
Long Term Loan from Directors:		
Sh. Umar Farooq	Director holding 0.41% (2019: 0.41%) equity shares	(Note 18)
Ghazala Nasreen	Director holding 0.46% (2019: 0.46%) equity shares	(Note 18)
Hussain Ahmed Fazal	Director holding 51.96% (2019: 51.96%) equity shares	(Note 18)
Deferred Liabilities	Expense in relation to staff retirement gratuity	(Note 22.4)
Compensation paid to key management personnel	Key management personnel	(Note 37)

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

Executive means an employee whose basic salary exceeds Rs. 1,200,000 (2019: Rs. 1,200,000) per year. The aggregate amount charged in the account for the year for remuneration, including certain benefits, to the Chief Executive, Director and Executives of the Company is as follows:

	2020 RUPEES		
PARTICULARS	Chief Executive	Director	Executives
Managerial Remuneration	654,000	3,510,000	42,658,260
House Rent allowance	264,000	-	-
Utility Allowance	36,000	-	-
Medical Allowance	66,000	-	4,265,826
Gratuity	85,000	-	4,214,474
	1,105,000	3,510,000	51,138,560
NUMBER OF PERSONS	1	1	22

	2019 RUPEES		
PARTICULARS	Chief Executive	Director	Executives
Managerial Remuneration	654,000	3,600,000	39,744,972
House Rent allowance	264,000	-	-
Utility Allowance	36,000	-	-
Medical Allowance	66,000	-	3,974,497
Gratuity	85,000	-	3,445,325
	1,105,000	3,600,000	47,164,794
NUMBER OF PERSONS	1	1	21

In addition to above Chief Executive, Director and certain Executives are provided with Company maintained vehicles.

Notes to the Financial Statements
for the Year ended 30th June, 2020

38 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted price is readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and that price represents actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- 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 2)
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	CARRYING AMOUNT						FAIR VALUE			
AS AT 30TH JUNE, 2020	FINANCIAL ASSETS AT AMORTIZED COST	FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE THROUGH OCI	CASH AND CASH EQUIVALENTS	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
	R U P E E S									
Financial Assets - Measured at Fair Value										
Short Term investment	-	697,675	-	-	-	697,675	697,675	-	-	697,675
Long Term investment	-	-	12,002,214	-	-	12,002,214	-	12,002,214	-	12,002,214
Financial Assets - Not Measured at Fair Value										
Trade and Other Receivables	915,552,449	-	-	-	-	915,552,449	-	-	-	-
Prepayments and Advances	12,453,775	-	-	-	-	12,453,775	-	-	-	-
Interest Accrued	46,235	-	-	-	-	46,235	-	-	-	-
Bank Balances	-	-	-	353,267,685	-	353,267,685	-	-	-	-
Long Term Deposits and Prepayments	44,111,737	-	-	-	-	44,111,737	-	-	-	-
	972,164,196	697,675	12,002,214	353,267,685	-	1,338,131,770	697,675	12,002,214	-	12,699,889
Financial Liabilities - Not Measured at Fair Value										
Long Term Financing	-	-	-	-	3,187,530,741	3,187,530,741	-	-	-	-
Long Term Loan from Director	-	-	-	-	51,652,562	51,652,562	-	-	-	-
Lease Liabilities	-	-	-	-	11,139,163	11,139,163	-	-	-	-
Trade and Other Payables	-	-	-	-	997,496,518	997,496,518	-	-	-	-
Short Term Borrowings	-	-	-	-	1,927,173,367	1,927,173,367	-	-	-	-
Unclaimed Dividend	-	-	-	-	124,939	124,939	-	-	-	-
Current Portion of Long Term Liabilities	-	-	-	-	181,894,575	181,894,575	-	-	-	-
	-	-	-	-	6,357,011,865	6,357,011,865	-	-	-	-

39 FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

39.2 RISK MANAGEMENT FRAMEWORK

The Board of Directors has overall responsibility for establishment and over-sight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company’s risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

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.

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

39.3 CREDIT RISK

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual counterparty. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. To mitigate the risk, the Company has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Most of the customers are also secured, where possible, by way of letters of credit.

EXPOSURE TO CREDIT RISK

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at reporting date is:

	2020 RUPEES	2019 RUPEES
Assets as per Statement of Financial Position		
At FVOCI		
Long Term Investment	12,002,214	12,815,994
At FVTPL		
Short Term Investment	697,675	350,200
At Amortized Cost		
Long Term Advance	-	1,459,200
Long Term Deposits and Prepayments	44,111,737	45,573,334
Trade and Other Receivables	915,552,449	2,169,799,968
Prepayments and Advances	12,453,775	10,860,651
Interest Accrued	46,235	46,377
Cash and Cash Equivalents		
Bank Balances	353,267,685	343,546,039
	1,338,131,770	2,584,451,763

Notes to the Financial Statements
for the Year ended 30th June, 2020

AS AT 30TH JUNE, 2019	CARRYING AMOUNT						FAIR VALUE			
	FINANCIAL ASSETS AT AMORTIZED COST	FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE THROUGH OCI	CASH AND CASH EQUIVALENTS	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
	RUPEES									
Financial Assets - Measured at Fair Value										
Short Term investment	-	350,200	-	-	-	350,200	350,200	-	-	350,200
Long Term investment	-	-	12,815,994	-	-	12,815,994	949,740	11,866,254	-	12,815,994
Financial Assets - Not Measured at Fair Value										
Trade and Other Receivables	2,169,799,968	-	-	-	-	2,169,799,968	-	-	-	-
Prepayments and Advances	10,860,651	-	-	-	-	10,860,651	-	-	-	-
Interest Accrued	46,377	-	-	-	-	46,377	-	-	-	-
Bank Balances		-	-	343,546,039	-	343,546,039	-	-	-	-
Long Term Advance	1,459,200	-	-	-	-	1,459,200	-	-	-	-
Long Term Deposits and Prepayments	45,573,334	-	-	-	-	45,573,334	-	-	-	-
	2,227,739,530	350,200	12,815,994	343,546,039	-	2,584,451,763	1,299,940	11,866,254	-	13,166,194
Financial Liabilities - Not Measured at Fair Value										
Long Term Financing	-	-	-	-	2,324,598,087	2,324,598,087	-	-	-	-
Long Term Loan from Director	-	-	-	-	51,652,562	51,652,562	-	-	-	-
Finance Lease Liabilities	-	-	-	-	13,605,265	13,605,265	-	-	-	-
Trade and Other Payables	-	-	-	-	1,530,062,059	1,530,062,059	-	-	-	-
Short Term Borrowings	-	-	-	-	3,547,705,599	3,547,705,599	-	-	-	-
Unclaimed Dividend	-	-	-	-	124,939	124,939	-	-	-	-
Current Portion of Long Term Liabilities	-	-	-	-	148,392,501	148,392,501	-	-	-	-
	-	-	-	-	7,616,141,012	7,616,141,012	-	-	-	-

COUNTERPARTIES WITH EXTERNAL CREDIT RATING

Credit risk is considered minimal since the counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect nonperformance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

	Rating			2020	2019
	Short Term	Long Term	Agency	RUPEES	RUPEES
AL Baraka Bank (Pakistan) Ltd.	A1	A	PACRA	23,722	23,722
Allied Bank Ltd.	A-1+	AAA	PACRA	41,755	96,291
Askari Bank Ltd.	A-1+	AA+	PACRA	148,551,572	156,725,441
Bank Al- Habib Ltd.	A-1+	AA+	PACRA	1,750,508	1,815,074
Bank Alfalah Ltd.	A-1+	AA+	PACRA	8,319,975	406,684
Bank Islami Pakistan Ltd.	A-1	A+	PACRA	382,390	382,390
Habib Bank Ltd.	A-1+	AAA	JCR-VIS	16,850	863,684
Habib Metropolitan Bank Ltd.	A-1+	AA+	PACRA	187,114	25,522,397
JS Bank Ltd.	A-1+	AA-	PACRA	114,603	114,603
MCB Bank Ltd.	A-1+	AAA	PACRA	9,915,516	694,846
Meezan Bank Ltd.	A-1+	AA+	JCR-VIS	939,902	394,096
National Bank of Pakistan	A-1+	AAA	JCR-VIS	47,895,608	14,960,023
Soneri Bank Ltd.	A1+	AA-	PACRA	22,926,607	41,340,546
The Bank of Khyber	A-1	A	PACRA	111,622,500	100,137,000
The Bank of Punjab	A-1+	AA	PACRA	19,648	19,648
United Bank Ltd.	A-1+	AAA	JCR-VIS	559,415	49,594
				353,267,685	343,546,039

COUNTERPARTIES WITHOUT EXTERNAL CREDIT RATING

These mainly include customers which are counter parties to local and foreign trade debts against sale of yarn and fabric. The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery. The management uses an allowance matrix to base the calculation of ECL of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'role rate' method based on the probability of receivable progressing through successive stages of delinquency to write-off. The Company has used three years quarterly data in the calculation of historical loss rates along with the matching quarterly ageing brackets for the computation of roll rates. These rates are multiplied by scalar factors to reflect the effect of forward looking macro economic factors. These mainly include customers which are counter parties to trade debts. The Company is exposed to credit risk. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30th June, 2020 was determined as follows:

The aging of Trade Debts at the reporting date is:

Export Debtors - Secured		
Neither past due nor impaired	440,565,063	1,451,184,517
Local Debtors - Unsecured		
Neither past due nor impaired	288,368,207	444,507,945
Past due but not impaired 0-60 days	22,428,638	34,572,840
Past due but not impaired 61-90 days	9,612,274	14,816,932
	760,974,182	1,945,082,234
	-	-

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and shipments to the export customers are generally covered by letters of credit or other form of credit insurance.

Credit risk on loans and advances and markup accrued from associated companies are measured under General Approach and with respect to external credit ratings of the holding company.

CONCENTRATION OF CREDIT RISK

Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and all other transactions are entered into with credit-worthy counterparties there-by mitigating any significant concentrations of credit risk.

39.4 LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations/ commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained various short term facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

Exposure to liquidity risk

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

Financial Liabilities' Maturities as at 30th June, 2020:

	Carrying Amount	6 Month or Less	6-12 Months	1-2 Years	More than 2 Years
	----------	----------	----------	Rupees ----------	----------
Long Term Financing - Secured	3,360,469,402	103,763,197	69,175,464	172,938,661	3,014,592,080
Lease Liabilities	20,095,077	4,477,957	4,477,957	10,458,388	680,775
Trade and Other Payables	997,496,518	698,247,563	299,248,955	-	-
Short Term Borrowings - Secured	1,870,792,672	1,216,015,237	654,777,435	-	-

Financial Liabilities' Maturities as at 30th June, 2019:

	Carrying Amount	6 Month or Less	6-12 Months	1-2 Years	More than 2 Years
	----------	----------	----------	Rupees ----------	----------
Long Term Financing - Secured	2,459,946,995	81,209,345	54,139,563	135,348,908	2,189,249,179
Finance Lease Liabilities	26,648,858	6,521,797	6,521,797	7,887,880	5,717,385
Trade and other Payables	1,530,062,059	1,071,043,441	459,018,618	-	-
Short Term Borrowings - Secured	3,504,955,915	2,278,221,345	1,226,734,570	-	-

It is not expected that the cash flows on the maturity analysis could occur significantly earlier, or at significant different amount.

39.5 MARKET RISK

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

(i) Currency Risk

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. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to amounts receivables/ payables from / to the foreign entities. The Company exposure to currency risk was as follows:

	2020 USD	2019 USD	2020 RUPEES	2019 RUPEES
Financial Assets				
Trade Receivables	2,610,756	8,821,790	440,565,063	1,451,184,517
Financial Liabilities				
Contract liabilities	(109,765)	(89,198)	(18,104,455)	(14,268,720)
Net Exposure	2,500,991	8,732,592	422,460,608	1,436,915,797

The following significant exchange rates have been applied:

	AVERAGE RATE		REPORTING RATE	
	2020	2019	2020	2019
USD to PKR	166.84	162.23	168.75	164.50

Sensitivity Analysis:

At reporting date, if the PKR had strengthened by 10% (2019: 10%) against the foreign currencies with all other variables held constant, post-tax profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign debtors.

	2020 RUPEES	2019 RUPEES
Effect on Profit and Loss		
Trade Receivables	44,056,506	145,118,452
Contract liabilities	(1,810,446)	(1,426,872)
Net Exposure	42,246,061	143,691,580

The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the post tax profit.

The sensitivity analysis prepared is not necessarily indicative of the effects on Profit / (Loss) for the year and assets / liabilities of the Company.

(ii) Price Risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), Other price risk arises from the Company's investment in ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Company actively monitors the key factors that affect stock price movement.

	2020	2019
Reporting date all index points	24660.31	33901.58

		Changes in KSE all Index	Effects on Loss Before Tax (Rupees)	Effects on Other Comprehensive Income (Rupees)
Fair Value through OCI				
	2020	+10%	-	1,200,221
		-10%	-	(1,200,221)
	2019	+10%	-	1,281,599
		-10%	-	(1,281,599)
Fair Value through Profit or Loss				
	2020	+10%	69,768	-
		-10%	(69,768)	-
	2019	+10%	35,020	-
		-10%	(35,020)	-

(iii) Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments is as follows:

	EFFECTIVE PERCENTAGE		CARRYING AMOUNT	
	2020	2019	2020 RUPEES	2019 RUPEES
Liabilities as per Statement of Financial Positon				
Fixed Rate Instruments				
Long Term Financing	5	5	4,224,298	4,731,214
Variable Rate Instruments				
Long Term Financing	0.75 - 16.10	0.50 - 13.34	3,407,897,666.00	2,506,868,343
Lease Liabilities	9.02 - 16.46	9.02 - 13.71	20,095,077	26,648,858
Short Term Borrowings	0.50 - 17.12	8.43 - 13.34	1,870,792,672	3,504,955,915
Assets as per Statement of Financial Positon				
Fixed Rate Instruments				
Long Term Advance	1.50	1.50	1,459,200	6,790,400
Variable Rate Instruments				
Saving Accounts	4.50 - 11.50	4.44 - 10.06	29,949	27,335
Deposit Accounts	5.85 - 11.50	5.85 - 9	243,848,142	250,570,112

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 rates at the reporting date would not affect statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments

The following analysis demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax. This analysis is prepared assuming the amounts of floating rate instruments outstanding at financial position dates were outstanding for the whole year.

		Changes in Interest Rate	Effects on Loss before Tax
			(Rupees)
Long term advance			
	2020	+1.50	21,888
		-1.50	(21,888)
	2019	+1.50	101,856
		-1.50	(101,856)
Bank balances - saving and deposit accounts			
	2020	+1.50	3,658,171
		-1.50	(3,658,171)
	2019	+1.50	3,758,962
		-1.50	(3,758,962)
Long term financing			
	2020	+2.00	(68,157,953)
		-2.00	68,157,953
	2019	+2.00	(50,137,367)
		-2.00	50,137,367
Lease Liabilities			
	2020	+2.00	(401,902)
		-2.00	401,902
Finance Lease Liabilities			
	2019	+2.00	(532,977)
		-2.00	532,977
Short term borrowings			
	2020	+2.00	(37,415,853)
		-2.00	37,415,853
	2019	+2.00	(70,099,118)
		-2.00	70,099,118

39.6 OPERATIONAL RISK

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Company. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

40 CAPITAL RISK MANAGEMENT

The Board of Directors' policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio - calculated as a ratio of total debt to capital employed.

	2020 RUPEES	2019 RUPEES
(A) The gearing ratio of the Company as on the financial position sheet date was as follows:		
External Borrowings	5,231,262,074	5,964,902,910
Loan from Directors	219,699,838	254,155,073
Total Debt	5,450,961,912	6,219,057,983
Total Equity	2,330,826,355	4,280,016,852
Total Capital Employed	7,781,788,267	10,499,074,835
Gearing Ratio	70.05%	59.23%

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements, commonly imposed by the providers of debt finance.

		2020 RUPEES	2019 RUPEES
(B)	**Financial Instruments by Categories**		
	Assets as per Statement of Financial Position		
	At FVOCI		
	Long Term Investment	12,002,214	12,815,994
	At FVTPL		
	Short Term Investment	697,675	350,200
	At Amortized Cost		
	Long Term Advance	-	1,459,200
	Long Term Deposits and Prepayments	44,111,737	45,573,334
	Trade and Other Receivables	915,552,449	2,169,799,968
	Prepayments and Advances	12,453,775	10,860,651
	Interest Accrued	46,235	46,377
	Cash and Cash Equivalents		
	Bank Balances	353,267,685	343,546,039
		1,338,131,770	2,584,451,763
	Liabilities as per Statement of Financial Position		
	Long Term Financing	3,187,530,741	2,324,598,087
	Long Term Loan from Director	51,652,562	51,652,562
	Finance Lease Liabilities	-	13,605,265
	Lease Liabilities	11,139,163	-
	Trade and Other Payables	997,496,518	1,530,062,059
	Short Term Borrowings	1,927,173,367	3,547,705,599
	Unclaimed Dividend	124,939	124,939
	Current Portion of Long Term Liabilities	181,894,575	148,392,501
		6,357,011,865	7,616,141,012

41 NUMBER OF EMPLOYEES

	2020	2019
Number of Employees including Contractual Employees at end of the Year	2,524	2,181
Average Number of Employees including Contractual Employees during the Year	2,851	2,106
Number of Employees of Factory including Contractual Employees at end of the Year	2,167	1,946
Average Number of Employees of Factory including Contractual Employees during the Year	2,494	1,860

42 PLANT CAPACITY AND ACTUAL PRODUCTION

	2020	2019
Ring Spinning Sections		
Owned Capacity		
Number of Spindles Installed	75,360	75,360
Number of Spindle Shifts Worked	3	3
Installed Capacity at 20/S Count (Kgs) 365 Days	27,605,148	27,605,148
Actual Production of All Counts (Kgs)	20,605,613	29,655,210
Actual Production Converted into 20/S Count (Kgs)	15,533,372	21,528,653
Leased Capacity		
Number of Spindles Installed	17,280	17,280
Number of Spindle Shifts Worked	3	3
Number of available Days	171	365
Capacity at 20/S Count (Kgs)	2,965,488	6,329,843
Actual Production of All Counts (Kgs)	-	-
Actual Production Converted into 20/S Count (Kgs)	-	-

	2020	2019
Weaving Section		
Owned Capacity		
Number of Looms Installed	130	130
Number of Looms Shifts Worked	3	3
Capacity at 50 picks/inch (Meters) - 365 days	31,287,622	31,287,622
Actual Production of All picks/inch	18,386,602	22,316,461
Actual Production Converted into 50 picks/inch	28,126,682	27,613,614
Leased Capacity		
Number of Looms Installed	80	80
Number of Looms Worked	None	None
Number of available Days	171	365
Capacity at 50 picks/inch (Meters) - 365 days	8,182,975	17,466,585
Actual Production	-	-

It is difficult to describe precisely the production capacity in Spinning/Weaving Mills since it fluctuates widely depend on various factors such as count of yarn spun, spindles speed, twist and raw materials used, etc. It also varies according to the pattern of production adopted in a particular Year. The reason for under utilization of available capacity is attributable to normal Repair and Maintenance, Power failures and count changes.

43 DATE OF AUTHORIZATION FOR ISSUE

These Financial Statements have been authorized for issue by the Board of Directors of the Company on **4th November, 2020**.

Sd/-	**Sd/-**
DIRECTOR	**CHIEF EXECUTIVE**