

AN

TEXTILE MILLS LIMITED



Annual Report 2020

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COMPANY INFORMATION

Board of Directors	Mrs. Nazma Amer Mr. Aizad Amer Khawaja Amer Khurshid Mr. Anns Amer Mrs. Yusra Amer Mr. Abdul Rauf Syed Khalid Ali	Chairperson Chief Executive Officer Director Director Director Director Director
Audit Committee	Mr. Abdul Rauf Ms. Yusra Amer Syed Khalid Ali	Chairman Member Member
HR and Remuneration Committee	Syed Khalid Ali Mr. Abdul Rauf Mr. Anns Amer	Chairman Member Member
Nomination Committee	Mr. Abdul Rauf Ms. Yusra Amer Syed Khalid Ali	Chairman Member Member
Risk Management Committee	Mr. Anns Amer Mr. Abdul Rauf Syed Khalid Ali	Chairman Member Member
Chief Financial Officer	Mr. Muhammad Saqib Ehsan	
Company Secretary	Mr. Tahir Shahzad	
Auditors	Riaz Ahmad and Company Chartered Accountants 560-F, Raja Road, Gulistan Colony, Faisalabad	
Bankers	Bank Al Habib Limited Habib Metropolitan Bank Limited Habib Bank Limited Meezan Bank Limited National Bank of Pakistan	
Share Registrar	Corplink (Private) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore	
Registered Office & Mills	35 Kilometer, Sheikhpura Road, Faisalabad	

VISION STATEMENT

To be a customer oriented Company having wide and diversified customer base with a team of professionals working together to add value to all the stakeholders and contributing to society to help build a strong and progressive Pakistan.

MISSION STATEMENT

The mission of AN Textile Mills Limited is, recognition of its project as the most modern units, and to produce fine quality of product with the understanding of customer behavior. Build the Company on sound financial footings, increase earnings for handsome distribution of dividend to its shareholders, and to earn foreign exchange for the country.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 39th Annual General Meeting of the members of AN Textile Mills Limited (“the Company”) will be held on Wednesday, October 28, 2020 at 10:00 A.M. at its registered office situated at 35 K.M. Sheikhupura Road, Faisalabad to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of last Annual General Meeting held on October 28, 2019.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2020 together with the Chairperson’s review, Directors’ and Auditors’ reports thereon.
3. To appoint the auditors of the Company for the next financial year and to fix their remuneration. The retiring auditors M/s Riaz Ahmad and Company, Chartered Accountants, being eligible, have offered themselves for re-appointment.
4. To transact any other business that may be brought forward with the permission of the Chair.

By order of the Board



Tahir Shahzad
(Company Secretary)

Dated: October 05, 2020
Faisalabad

NOTES:

1. The share transfer books of the Company shall remain closed from October 21, 2020 to October 28, 2020 (both days inclusive). Transfers received in order at Registered Office of the Company or our Share Registrar, M/s Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore by the close of business on October 20, 2020 will be considered in time.
2. A member entitled to attend and vote at this general meeting is entitled to appoint another member as proxy. Proxies must be received in order to effective at the registered office of the Company not less than 48 hours before the time for the meeting.
3. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his / her original CNIC or Passport to prove his / her identity and in case of Proxy must enclose an attested copy of his / her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.

- .4. Shareholders are requested to notify the change in their addresses if any, immediately. Moreover, the members who have not yet submitted their Computerized National Identity Cards to the Company are requested to send at their earliest.
2. Under the provisions of section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank accounts, shareholders are requested to fill in dividend mandate form available on Companies website: www.antextile.com.pk and send it duly signed along with a copy of CNIC to the Share Registrar of the Company M/s Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore during working hours in case of physical shares. In case shares are held in CDC then dividend mandate form must be submitted directly to shareholders' broker participant/CDC account services.
In case of non-submission of an IBAN, the Company will withhold the payment of dividends under Companies (Distribution of Dividends) Regulations, 2017.
6. Shareholders of the Company are hereby informed that as per the record, there are some unclaimed/uncollected/ unpaid dividends and shares. Shareholders who could not collect their dividends/shares are advised to contact our Shares Registrars to collect enquire about their unclaimed dividend or shares, if any. In compliance with section 244 of the Companies Act, 2017, after having completed the stipulated procedure, of three years or more from the date due and payable, shall be deposited to the credit of Federal Government in case of unclaimed dividend and in case of share, shall be delivered to the Securities and Exchange Commission of Pakistan.
7. Government of Pakistan through Finance Act, 2019, has made certain amendments in withholding tax provisions by substituting the definition of "Filers" with "Active Taxpayer List" (ATL), whereby the Company is required to collect tax on dividend under section 150 of the Income Tax Ordinance, 2001 from the person not appearing in the ATL at the rates specified in the Ordinance as increased by 100%. These tax rates are as under:

(a) For persons appearing in ATL 15% (b) For persons not appearing in ATL 30%

Shareholders who are filers, are advised to make sure that their names are entered into latest ATL provided on the website of Federal Board of Revenue (FBR) at the time of dividend payment, otherwise they shall be treated as person not appearing in ATL and tax on their cash dividends will deducted at the rate of 30% instead of 15%.

8. For shareholders holding their shares jointly as per the clarification issued by the FBR, withholding tax will be determined separately as per status of their names appearing in the ATL for principal shareholder as well as joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of principal shareholder and joint shareholder(s) in respect of shares held by them to our Share Registrar.

9. SECP through its notification SRO 787(1)/2014 dated September 8, 2014 has allowed the circulation of audited financial statements along with the notice of Annual General Meeting electronically to the shareholders of the Company through email. Therefore, shareholders who wish to receive the soft copy of Annual Report are requested to send their e-mail addresses. The consent form for electronic transmission can be downloaded from the Company's website. The Company shall however, continue to provide hard copy of the audited financial statements to its shareholders, on request free of cost, within seven days of receipt of such request.
10. In compliance with SECP notification No. 634(1)/2014 dated July 10, 2014, the audited financial statements and reports of the Company for the year ended June 30, 2019 are being placed on the Company's website: www.antextile.com.pk for information and review of the shareholders.
11. Pursuant to the provisions of the Companies Act, 2017 the shareholders residing in a city and holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the AGM. The demand for video-link facility shall be received by the Share Registrar at the address given here in above at least seven days prior to the date of the meeting on the Standard Form available on the Company's website: www.antextile.com.pk

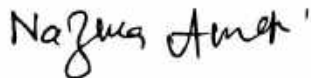
CHAIRPERSON'S REVIEW

For the year ended June 30, 2020

The Board of Directors of AN Textile Mills Limited (“the Company”) is performing its duties in accordance with law and in the best interest of the Company and its shareholders as required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of the Company is carried out. The purpose of this evaluation is to ensure that the Board’s overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended June 30, 2020, the Board’s overall performance and effectiveness has been assessed as satisfactory. This is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization’s business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board’s business.

AN Textile Mills Limited complies with all the requirements set out in the Law with respect to the composition, procedures and meetings of the Board of Directors and its committees. Necessary Board agenda and related supporting documents were duly made available to the board in sufficient time prior to the board and its committees’ meetings. The Board has exercised all its powers in accordance with relevant laws and regulation and the non-executive and independent directors are equally involved in important decisions of the Board.

A handwritten signature in black ink that reads "Nazma Amer".

Mrs. Nazma Amer
Chairperson

DIRECTORS' REPORT TO THE SHARE HOLDERS

The Directors of the Company are pleased to present their 39th Annual Report along with audited Financial Statements of the Company for the financial year ended June 30, 2020 along with Auditors' Report thereon and other required information prescribed under the Code of Corporate Governance. The comparative financial results of the Company are reproduced hereunder:

FINANCIAL RESULTS:

	2020	2019
	(RUPEES IN THOUSAND)	
REVENUE	1,315,177	1,885,310
COST OF SALES	(1,305,398)	(1,747,080)
GROSS PROFIT	9,779	138,230
DISTRIBUTION COST	(2,036)	(2,111)
ADMINISTRATIVE EXPENSES	(38,949)	(42,969)
OTHER EXPENSES	(1,161)	(3,239)
OTHER INCOME	22,361	18,330
FINANCE COST	(62,437)	(46,714)
(LOSS) / PROFIT BEFORE TAXATION	(72,443)	61,527
TAXATION	(7,884)	(42,507)
(LOSS) / PROFIT AFTER TAXATION	(80,327)	19,020
(LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	(8.32)	1.97

REVIEW OF OPERATING RESULTS

During the year under review, sales was Rupees 1,315.177 million as compared to last year's sales amounting to Rupees 1,885.310 million. The cost of sales was Rupees 1,305.398 million as compared to Rupees 1,747.080 million in the preceding year. The company earned gross profit of Rupees 9.779 million as compared to previous year's gross profit of Rupees 138.230 million. Moreover, the company faced loss after taxation of Rupees 80.327 million as compared to profit after taxation of Rupees 19.020 million in the last year.

The current financial year has not been very good for textile industry. After rescinding of SRO 1125 and imposition of sales tax and CNIC condition the industrial sector of Pakistan has badly affected especially local yarn market. Moreover, production cost of the company has been increased due to continuous increase in minimum wages by the Government. Finance cost of the company has also been increased from Rupees 46.714 million to Rupees 62.437 million due to increase in Kibor rates. Furthermore, due to Covid-19 pandemic the Government imposed lockdown in the country and the operations of the mills remained closed from 24-03-2020 to 31-05-2020.

FUTURE OUTLOOK

The cotton crop in Pakistan continues to decline year by year due to poor seed germination and inclement weather. The failure of cotton crop in this season will be a huge challenge for the industry. In current season cotton crop production is estimated almost 35% less as compared to last season due to pest attack, heavy rains and change of climate conditions. These factors have also badly affected the quality of cotton. Cotton prices are also extremely volatile, but the management of your Company is closely watching the cotton outlook to procure best quality cotton. The Government's support in the form of availability of energy at reduced prices and removal of import duty and sales tax on import of cotton will be imperative for industry.

The management of your Company anticipates that the financial year 2020-21 will be extremely difficult. However, every possible effort will be made to increase efficiencies and curtail and keep the expenses to a minimum level to sustain itself during this economic downturn.

LOSS PER SHARE

The loss per share for the year ended June 30, 2020 is Rupees 8.32 as compared to earnings per share of Rupees 1.97 for the last year ended on June 30, 2019.

DIVIDEND

Since the company has incurred loss after taxation, therefore, the directors have not recommended any dividend for the year.

OUTSTANDING STATUTORY PAYMENTS

All outstanding payments are nominal and of routine nature.

PATTERN OF SHAREHOLDING

Pattern of shareholding as on June 30, 2020 is annexed. No trade in the shares of the company was carried out during the year by its Directors, CEO, CFO and Company Secretary and their spouses and minor children except for the sales / purchase of shares as mentioned on page no. 61.

RELATED PARTY TRANSACTIONS

All transactions with related parties are carried out at arm's length. The prices are determined in accordance with comparable un-controlled price method. The Company has complied with best practices on transfer pricing as contained in listing regulations of the Stock Exchanges of Pakistan.

AUDITORS

The auditors M/s Riaz Ahmad & Company, Chartered Accountants retired and being eligible for re-appointment, the Board of Directors has been suggested by the Audit Committee, the re-appointment of M/s Riaz Ahmad & Company, Chartered Accountants, as auditors of your company for the next financial year.

CORPORATE GOVERNANCE

The statement of compliance of best practices of Code of Corporate Governance is annexed.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

In compliance to listing regulations of stock exchanges and as required under the Companies Act, 2017, your Directors are pleased to state as under:

1. The financial statements prepared by the Management of your Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates, which are based on reasonable and prudent judgment.
4. International Financial Reporting Standards and International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements. The system of internal control is sound in design and has been effectively implemented and monitored.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There is no doubt upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. Key operating financial data of last six years in summarized form is annexed.
9. The Company operates un-funded gratuity scheme for its employees as reflected in these financial statements.

COMPOSITION OF BOARD AND ITS COMMITTEES

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

Male:	Five
Female:	Two

The composition of the Board is as follows:

- i. Independent Directors
 - Mr. Abdul Rauf
 - Syed Khalid Ali
- ii. Non-executive Directors
 - Khawaja Amer Khurshid
- iii. Executive Directors
 - Mr. Aizad Amer
 - Mr. Anns Amer
- iv. Female / Non-executive Directors
 - Mrs. Nazma Amer
 - Ms. Yusra Amer

Moreover, Khawaja Amer Khurshid has joined the Board in place of retiring director Mrs. Zarrin Akhtar. The Board has formed committees comprising of members given below:

Audit Committee

Mr. Abdul Rauf	(Chairman)
Ms. Yusra Amer	(Member)
Syed Khalid Ali	(Member)

HR and Remuneration Committee

Syed Khalid Ali	(Chairman)
Mr. Abdul Rauf	(Member)
Mr. Anns Amer	(Member)

In compliance of Code of Corporate Governance Regulations, 2019 the following two new committees were formed during the year.

Nomination Committee

Mr. Abdul Rauf (Chairman)
Ms. Yusra Amer (Member)
Syed Khalid Ali (Member)

Risk Management Committee

Mr. Anns Amer (Chairman)
Mr. Abdul Rauf (Member)
Syed Khalid Ali (Member)

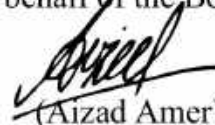
NO. OF BOARD AND OTHER COMMITTEES MEETINGS HELD:

Sr. #	Name	Board Of Directors Meeting	Audit Committee Meeting	HR & Remuneration Committee Meeting	Nomination Committee	Risk Management Committee
1	Mrs. Nazma Amer	4/4	-	-	-	-
2	Mr. Aizad Amer	4/4	-	-	-	-
3	Mr. Anns Amer	4/4	-	1/1	-	1/1
4	Mrs. Zarrin Akhtar	4/4	-	-	-	-
5	Mr. Abdul Rauf	4/4	4/4	1/1	1/1	1/1
6	Ms. Yusra Amer	4/4	4/4	-	1/1	-
7	Syed Khalid Ali	4/4	4/4	1/1	1/1	1/1

ACKNOWLEDGEMENT:

The Board places on record its appreciation for the cooperation, commitment and hard work extended to the Company by the customers, suppliers, bankers and all the employees of the Company.

On behalf of the Board



(Aizad Amer)
Chief Executive Officer

FAISALABAD.

Dated: October 05, 2020

ڈائریکٹرز کی شیئر ہولڈروں کو رپورٹ

کمپنی کے ڈائریکٹرز انٹالیسویں سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں، جو کہ مشتمل ہے سالانہ فنانس رپورٹ برائے مالیاتی سال 30 جون 2020 بمعہ آڈیٹرز کی رپورٹ اور کوڈ آف کارپوریٹ گورننس کے مطابق دیگر معلومات فراہم کی گئی ہیں۔ پچھلے مالیاتی سال کے نتائج موازنہ کے لئے یہاں دوبارہ دیئے جا رہے ہیں۔

مالیاتی نتائج:

2019 (رقم ہزاروں میں)	2020 (رقم ہزاروں میں)	
1,885,310	1,315,177	آمدنی
(1,747,080)	(1,305,398)	فروخت کی لاگت
138,230	9,779	مجموعی منافع
(2,111)	(2,036)	تقسیم کی لاگت
(42,969)	(38,949)	انتظامیہ اخراجات
(3,239)	(1,161)	دیگر اخراجات
18,330	22,361	دیگر آمدنی
(46,714)	(62,437)	مالیاتی لاگت
61,527	(72,443)	ٹیکس سے پہلے (نقصان) / منافع
(42,507)	(7,884)	ٹیکس
19,020	(80,327)	ٹیکس کے بعد (نقصان) / منافع
1.97	(8.32)	(نقصان) / منافع حصر اور بنیادی تنصیب (روپے)

کارروائی کے رزلٹ کا جائزہ:

زیر جائزہ سال کے دوران، موجودہ مالی سال کی آمدنی 1,315.177 ملین رہی۔ جبکہ اس کے مقابل پچھلے سال کی آمدنی 1,888.310 ملین تھی۔ جبکہ فروخت کی لاگت 1,305.398 ملین رہی جبکہ اس کے مقابل پچھلے سال کی فروخت کی لاگت 1,747.080 ملین تھی۔ کمپنی نے 9.779 ملین کا مجموعی نفع کمایا جبکہ اس کے مقابل پچھلے سال کا مجموعی نفع 138.230 ملین تھا۔ مزید برآں کمپنی کو ٹیکس کے بعد مبلغ 80.327 ملین کا نقصان ہوا۔ جبکہ اس کے مقابل کوڈ

پچھلے سال ٹیکس کے بعد مبلغ 19.020 ملین کا منافع ہوا تھا۔

موجودہ مالی سال ٹیکسٹائل انڈسٹری کے لیے زیادہ اچھا نہ تھا۔ SRO1125 کو ختم کرنے، سیلز ٹیکس کو نافذ کرنے اور شناختی کارڈ کی شرط نے پاکستان کے صنعتی شعبے خاص طور پر مقامی سوتر منڈی کو بری طور پر متاثر کیا۔ مزید برآں گورنمنٹ کی طرف سے تنخواہوں میں مسلسل اضافے کی وجہ سے کمپنی کی پیداوار کی لاگت بھی بڑھ گئی۔ کائبر ریٹس کے بڑھنے کی وجہ سے کمپنی کی مالی لاگت 46.714 ملین سے بڑھ کر 62.437 ملین ہو گئی۔ مزید برآں Covid-19 کی وباء کی وجہ سے گورنمنٹ نے ملک میں لاک ڈاؤن نافذ کر دیا جس کی وجہ سے 24-03-2020 سے لے کر 31-05-2020 تک کمپنی کے آپریشنز بند رہے۔

مستقبل کا ڈھانچہ:

پاکستان کی کپاس کی پیداوار بیج کی کم پیداوار اور سخت موسم کی وجہ سے ہر سال کم ہوتی جا رہی ہے۔ اس سال کپاس کی کم پیداوار ٹیکسٹائل کی صنعت کے لئے بہت بڑا امتحان ہوگی۔ کیڑے مکوڑوں کے حملے، شدید بارشوں اور ماحولیاتی تبدیلیوں کی وجہ سے اس سال کپاس کی پیداوار پچھلے سال کی نسبت %35 کم ہوئی۔ ان چیزوں نے کپاس کے معیار کو بری طرح متاثر کیا۔ کپاس کی قیمتوں میں کافی اتار چڑھاؤ رہا۔ لیکن آپ کی کمپنی کی مینجمنٹ بہترین معیار کی کپاس کو خریدنے کے لیے کپاس پر کڑی نظر رکھے ہوئے ہے۔ سستی قیمت پر بجلی کی دستیابی، درآمد کی ڈیوٹی اور درآمد پر سیلز ٹیکس کے خاتمے کے ذریعے گورنمنٹ کی مدد صنعت کے لیے بہت ضروری ہے۔

آپ کی کمپنی کی مینجمنٹ قیاس کرتی ہے کہ مالی سال 2020-21 بہت مشکل ہوگا۔ تاہم اس معاشی دباؤ کے دور میں چلنے کے لیے صلاحیتوں کو بڑھانے اور اخراجات کو کم از کم رکھنے کے لیے ہر ممکن کوشش کی جائے گی۔

نفع فی حصہ دار:

فی حصہ دار نقصان مالی سال 30 جون 2020 کے اختتام پر مبلغ 8.32 جبکہ مالی سال 30 جون 2019 کے اختتام پر نفع مبلغ 1.97 روپے فی حصہ دار تھا۔

منافع بخش:

چونکہ اس سال نقصان ہوا ہے۔ اس لیے ڈائریکٹرز نے اس سال شیئر ہولڈرز کو منافع دینے کا کوئی فیصلہ نہیں کیا۔

بقایا قانونی ادائیگی:

تمام ادائیگی نارمل ہیں اور معمول کے مطابق ہیں۔

شیر ہولڈرز کا نقشہ:

30 جون 2020 کا شیر ہولڈرز کا نقشہ ساتھ لگا دیا گیا ہے۔ کمپنی کے ڈائریکٹرز، CEO، CFO اور کمپنی کے سیکرٹری اور

ان کی ازواج اور نابالغ بچوں کی طرف سے صفحہ نمبر 63 پر دی گئی تفصیل کے علاوہ کوئی فروخت / خرید نہیں کی گئی۔

متعلقہ پارٹی کی لین دین:

متعلقہ پارٹیوں سے تمام لین دین بازار کے ریٹ کے مطابق ہیں جو کہ قابل موازنہ ناقابل کنٹرول طریقہ سے وضع کی گئیں۔

کمپنی نے پاکستان سٹاک ایکسچینج کے تمام قوانین کی اس معاملہ میں پابندی کی ہے۔

آڈیٹرز:

موجودہ آڈیٹرز میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائرڈ ہوئے اور یہ دوبارہ تعیناتی کے اہل ہیں۔ آڈٹ کمیٹی

اور ڈائریکٹرز کے بورڈ نے پیش آمدہ سالانہ اجلاس عام میں میسرز ریاض احمد اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس آپ کی کمپنی کا بطور

آڈیٹرز کی دوبارہ تعیناتی کی منظوری دی ہے۔

کوڈ آف کارپوریٹ گورننس

کوڈ آف کارپوریٹ گورننس کا بیان یہ لف ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک پر بیان:

سٹاک ایکسچینج کے قواعد و ضوابط اور کمپنیز ایکٹ 2017 کے مطابق ڈائریکٹرز آپ کو مندرجہ ذیل بیان کرتے ہوئے خوشی

محسوس کرتے ہیں۔

1- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی سٹیٹمنٹس منصفانہ طور پر اس کے معاملات کی حالت، اس کے عوامل

کے نتائج، کیش کا بہاؤ اور مساوات میں تبدیلی پر مشتمل ہے۔

2- اکاؤنٹس کی کتابیں مناسب طریقہ سے مرتب کی گئی ہیں۔

3- مالیاتی سٹیٹمنٹس کی تیاری میں اکاؤنٹنگ کی مخصوص پالیسیوں کو مسلسل لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات

مناسب اور ٹھوس فیصلوں پر مبنی ہیں۔

- 4- مالیاتی سٹیٹمنٹس کی تیاری اور انٹرنیشنل فنانشنل رپورٹنگ کے معیارات جیسے پاکستان میں لاگو ہیں، ان کی پیروی کی گئی ہے اور ان سے کسی بھی رخصت پر مناسب وضاحت دی گئی ہے۔
- 5- اندرونی کنٹرول کا نظام ڈیزائن میں محفوظ ہے اور اس کا نفاذ اور نگرانی موثر طریقے سے کی گئی ہے۔
- 6- کمپنی میں متعلقہ معاملات کو جاری رکھنے کے لئے ممکنہ صلاحیت موجود ہے۔
- 7- کارپوریٹ نظام کے بہترین تجربہ سے مادی طور پر وگردانی ممکن نہیں۔
- 8- پچھلے چھ سال کا مالیاتی ڈیٹالف ہے۔
- 9- کمپنی اپنے ملازمین کی فلاح و بہبود کے لئے گریجویٹ سیکم چلا رہی ہے جو کہ اس سٹیٹمنٹ میں بیان کی گئی ہے۔

بورڈ اور اس کی کمیٹیوں کا مرکب

مندرجہ ذیل تفصیل کے مطابق سات ڈائریکٹرز ہیں:

مرد: پانچ

عورتیں: دو

بورڈ کا مرکب مندرجہ ذیل ہے:

1- آزاد ڈائریکٹرز

عبدالرؤف

سید خالد علی

2- نان ایگزیکٹو ڈائریکٹرز

خواجہ عامر خورشید

3- ایگزیکٹو ڈائریکٹرز

ایزد عامر

انس عامر

4۔ مونٹ / نان ایگزیکٹو ڈائریکٹرز

مسز ناظمہ عامر

یسر ای عامر

مزید براں مسز زرین اختر کے ریٹائرڈ ہونے کے بعد خواجہ عامر خورشید بورڈ میں شامل ہوئے۔ بورڈ نے مندرجہ ذیل کمیٹیاں بنائیں اور ان کے ممبر مندرجہ ذیل ہیں:

آڈٹ کمیٹی

عبدالرؤف (چیئر مین)

یسر ای عامر (ممبر)

سید خالد علی (ممبر)

HR اور معاوضہ کمیٹی میٹنگ

سید خالد علی (چیئر مین)

عبدالرؤف (ممبر)

انس عامر (ممبر)

اور کورڈ آف کارپوریٹ گورننس ریگولیشنز 2019 کے مطابق مندرجہ ذیل نئی کمیٹیاں بنائی گئی۔

نامینیشن کمیٹی

عبدالرؤف (چیئر مین)

یسر ای عامر (ممبر)

سید خالد علی (ممبر)

رسک مینجمنٹ کمیٹی

انس عامر (چیئر مین)

عبدالرؤف (ممبر)

سید خالد علی (ممبر)

بورڈ اور دوسری کمیٹی میٹنگز کی تعداد

سیریل نمبر	نام	بورڈ آف ڈائریکٹرز میٹنگ	آڈٹ کمیٹی میٹنگ	HR اور معاوضہ کمیٹی میٹنگ	نامینیشن کمیٹی	رسک مینجمنٹ کمیٹی
1	مسزناظمہ عامر	4/4	-	-	-	-
2	جناب ایزد عامر	4/4	-	-	-	-
3	جناب انس عامر	4/4	-	1/1	-	1/1
4	مسز زرین اختر	4/4	-	-	-	-
5	جناب عبدالرؤف	4/4	4/4	1/1	1/1	1/1
6	محترمہ یسری عامر	4/4	4/4	-	1/1	-
7	سید خالد علی	4/4	4/4	1/1	1/1	1/1

اعتراف:

بورڈ اپنے گاہکوں سپلائرز بینکرز اور ملازموں کے تعاون، عزم اور محنت کی تعریف کرتا ہے اور اس کو اپنے ریکارڈ میں لاتا ہے۔

منجانب: بورڈ آف ڈائریکٹرز



ایزد عامر

چیف ایگزیکٹو آفیسر

فیصل آباد

مورخہ 05 اکتوبر 2020

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company: AN Textile Mills Limited

Year Ending: 30 June 2020

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

1. The total number of Directors are seven as per the following:

- a. Male: Five
- b. Female: Two

2. The composition of the Board is as follows:

- i. Independent Directors
 - Mr. Abdul Rauf
 - Syed Khalid Ali
- ii. Non-executive Directors
 - Khawaja Amer Khurshid
- iii. Executive Directors
 - Mr. Aizad Amer
 - Mr. Anns Amer
- iv. Female / Non-executive Directors
 - Mrs. Nazma Amer
 - Mrs. Yusra Amer

* The fraction of independent directors is not rounded up as one because the fraction of 0.33 was less than 0.50.

- 3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
- 4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
- 5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of

particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairperson and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. Mr. Aizad Amer has already attained Directors' Training Program. Moreover another director of the Company, Khawaja Amer Khurshid meets the exemption criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies, hence exempt from Directors' Training Program. Furthermore, the Board will arrange Directors' Training program for its other directors in the next financial year.
10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

a) Audit Committee

Mr. Abdul Rauf	(Chairman)
Ms. Yusra Amer	(Member)
Syed Khalid Ali	(Member)

b) HR and Remuneration Committee

Syed Khalid Ali	(Chairman)
Mr. Abdul Rauf	(Member)
Mr. Anns Amer	(Member)

c) Nomination Committee

Mr. Abdul Rauf	(Chairman)
Ms. Yusra Amer	(Member)
Syed Khalid Ali	(Member)

d) Risk Management Committee

Mr. Anns Amer	(Chairman)
Mr. Abdul Rauf	(Member)
Syed Khalid Ali	(Member)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly/ half yearly/ yearly) of the committees were as follows-

Committee	Frequency
Audit committee	Quarterly
HR and remuneration committee	Yearly
Nomination committee	Yearly
Risk Management committee	Yearly

15. The Board has set up an effective internal audit function by appointing Head of Internal Audit who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. All requirements other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 have been complied except for the non-compliance as given in Note 9 of the statement of compliance in which related compliance will be made in next financial year.

Naazma Amer

NAZMA AMER
Chairperson
October 05, 2020.

**KEY OPERATING & FINANCIAL DATA
FOR LAST SIX YEARS**

<u>PARTICULARS</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
(Rupees in Thousand).....					
<u>FINANCIAL POSITION</u>						
Paid up capital	96,600	96,600	96,600	96,600	96,600	96,600
Share premium	17,250	17,250	17,250	17,250	17,250	17,250
Fixed assets at cost/revalued amount	1,554,811	1,481,947	1,431,460	1,420,748	1,485,900	1,393,255
Accumulated depreciation	692,754	653,241	613,088	583,766	602,354	612,542
Current assets	688,988	690,441	418,114	340,281	579,574	636,257
Current liabilities	836,786	773,391	556,464	476,717	737,370	753,606
<u>INCOME</u>						
Revenue	1,315,177	1,885,310	1,598,473	1,102,932	1,466,267	1,358,792
Other income	22,361	18,330	16,250	39,381	2,416	8,560
Pre tax (loss) / profit	(72,443)	61,527	3,417	(128,996)	(141,178)	(110,479)
Taxation	(7,884)	(42,507)	(11,020)	(46,216)	39,293	37,183
<u>STATISTICS AND RATIOS</u>						
Pre tax (loss) / profit to sales %	(5.51)	3.26	0.21	(11.70)	(9.63)	(8.12)
Pre tax (loss) / profit to capital %	(74.99)	63.69	3.54	(133.54)	(146.15)	(114.29)
Current ratio	1:0.82	1:0.89	1:0.75	1:0.71	1:0.79	1:0.84
Paid up value per share (Rs.)	10	10.00	10.00	10.00	10.00	10.00
(Loss) / earnings after tax per share (Rs.)	(8.32)	1.97	(0.79)	(18.14)	(10.55)	(7.59)
Cash dividend %	-	4.00	-	-	-	-
Break up value per share (Rs.)	79.99	80.08	77.36	77.88	56.60	33.80

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of AN Textile Mills Limited

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


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

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

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



RIAZ AHMAD COMPANY
Chartered Accountants
Faisalabad
Date: October 05, 2020.

INDEPENDENT AUDITOR'S REPORT

To the members of AN Textile Mills Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Sr. No.	Key audit matters	How the matters were addressed in our audit
1.	<p>Inventory existence and valuation</p> <p>Inventories as at 30 June 2020 amounting to Rupees 497.512 million, break up of which is as follows:</p> <ul style="list-style-type: none"> - Stores, spare parts and loose tools of Rupees 56.617 million - Stock in trade of Rupees 440.895 million <p>Inventories are stated at lower of cost and net realizable value.</p> <p>We identified existence and valuation of inventories as a key audit matter due to its size, representing 30.01% of the total assets of the Company as at 30 June 2020, and the judgment involved in valuation.</p> <p>For further information on inventories, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Inventories (Note 2.7 to the financial statements). <p>Stores, spare parts and loose tools (Note 17) and Stock in trade (Note 18) to the financial statements.</p>	<p>Our procedures over existence and valuation of inventories included, but were not limited to:</p> <ul style="list-style-type: none"> • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management. • For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any. • In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents. • We also made inquiries from management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.

SR. No.	Key audit matters	How the matters were addressed in our audit
		<ul style="list-style-type: none"> We also assessed the adequacy of the disclosures made in respect of the accounting policies and related notes to the financial statements.
2.	<p>Revenue recognition</p> <p>The Company recognized net revenue of Rupees 1,315.177 million for the year ended 30 June 2020.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Revenue from contracts with customers (Note 2.18 to the financial statements). - Revenue (Note 25 to the financial statements). 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue. We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. We compared a sample of revenue transactions recorded around the year- end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'. We compared the detail of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation. We also considered the appropriateness of disclosures in the financial statements.

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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



RIAZ AHMAD & COMPANY
Chartered Accountants
Faisalabad
Date: October 05, 2020.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	NOTE	2020 (RUPEES IN THOUSAND)	2019 (RUPEES IN THOUSAND)	NOTE	2020 (RUPEES IN THOUSAND)	2019 (RUPEES IN THOUSAND)
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Authorized share capital						
10 000 000 (2019: 10 000 000) ordinary shares of Rupees 10 each		100,000	100,000			
Issued, subscribed and paid up share capital						
Directors' loans	3	96,600	96,600	13	862,057	828,706
Capital reserves				14	102,968	115,554
Premium on issue of shares	4	360,000	360,000	15	20	-
Equity portion of shareholders' loans	5	17,250	17,250	16	3,859	3,834
Surplus on revaluation of property, plant and equipment and investment properties - net of deferred income tax	6	317,538	290,931			
Accumulated loss		(113,481)	(35,954)			
Total equity		722,685	773,605		968,904	948,094
LIABILITIES						
NON-CURRENT LIABILITIES						
Deferred income tax liability	7	67,269	69,265	17	56,617	42,702
Staff retirement gratuity	8	27,152	18,274	18	440,895	423,233
Long term security deposit	9	4,000	4,000	19	6,139	31,678
CURRENT LIABILITIES						
Trade and other payables	10	356,816	208,435	20	72,544	82,936
Unclaimed dividend		1,861	742	21	2,177	1,555
Accrued mark-up		11,977	15,083	22	69,627	52,785
Short term borrowings	11	446,405	526,495	23	5,500	5,500
Provision for taxation		19,727	22,636	24	35,489	50,052
TOTAL LIABILITIES		836,786	773,391		688,988	690,441
CONTINGENCIES AND COMMITMENTS						
TOTAL EQUITY AND LIABILITIES		1,657,892	1,638,535		1,657,892	1,638,535

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



AIZAD AMER
Chief Executive Officer



ANNS AMER
Director



Muhammad Saqib Ehsan
Chief Financial Officer

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

	NOTE	2020 (RUPEES IN THOUSAND)	2019
REVENUE	25	1,315,177	1,885,310
COST OF SALES	26	(1,305,398)	(1,747,080)
GROSS PROFIT		9,779	138,230
DISTRIBUTION COST	27	(2,036)	(2,111)
ADMINISTRATIVE EXPENSES	28	(38,949)	(42,969)
OTHER EXPENSES	29	(1,161)	(3,239)
OTHER INCOME	30	22,361	18,330
FINANCE COST	31	(62,437)	(46,714)
(LOSS) / PROFIT BEFORE TAXATION		(72,443)	61,527
TAXATION	32	(7,884)	(42,507)
(LOSS) / PROFIT AFTER TAXATION		(80,327)	19,020
(LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	33	(8.32)	1.97

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



AIZAD AMER
Chief Executive Officer



ANNS AMER
Director



Muhammad Saqib Ehsan
Chief Financial Officer

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

	2020	2019
	(RUPEES IN THOUSAND)	
(LOSS) / PROFIT AFTER TAXATION	(80,327)	19,020
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of staff retirement gratuity	474	380
Related deferred income tax liability	(137)	(110)
	337	270
Surplus on revaluation of property, plant and equipment	42,644	19,869
Related deferred income tax liability	(9,710)	(5,762)
	32,934	14,107
	33,271	14,377
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year - net of deferred income tax	33,271	14,377
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR	(47,056)	33,397

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


AIZAD AMER
 Chief Executive Officer


ANNS AMER
 Director


Muhammad Saqib Ehsan
 Chief Financial Officer

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

	SHARE CAPITAL	DIRECTORS' LOANS	CAPITAL RESERVES				Accumulated loss	TOTAL EQUITY
			Premium on issue of shares	Equity portion of shareholders' loans	Surplus on revaluation of property, plant and investment properties - net of deferred income tax	Total		
Balance as at 01 July 2018	96,600	360,000	17,250	44,778	282,631	344,659	(61,051)	740,208
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	-	(5,807)	(5,807)	5,807	-
Profit for the year	-	-	-	-	-	-	19,020	19,020
Other comprehensive income for the year	-	-	-	-	14,107	14,107	270	14,377
Total comprehensive income for the year	-	-	-	-	14,107	14,107	19,290	33,397
Balance as at 30 June 2019	96,600	360,000	17,250	44,778	290,931	352,959	(35,954)	773,605
Transaction with owners - Final cash dividend for the year ended 30 June 2019 at the rate of Rupee 0.40 per share	-	-	-	-	-	-	(3,864)	(3,864)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	-	(6,327)	(6,327)	6,327	-
Loss for the year	-	-	-	-	-	-	(80,327)	(80,327)
Other comprehensive income for the year	-	-	-	-	32,934	32,934	337	33,271
Total comprehensive loss for the year	-	-	-	-	32,934	32,934	(79,990)	(47,056)
Balance as at 30 June 2020	96,600	360,000	17,250	44,778	317,538	379,566	(113,481)	722,685

Balance as at 01 July 2018

Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax

Profit for the year

Other comprehensive income for the year

Total comprehensive income for the year

Balance as at 30 June 2019

Transaction with owners - Final cash dividend for the year ended 30 June 2019 at the rate of Rupee 0.40 per share

Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax

Loss for the year

Other comprehensive income for the year

Total comprehensive loss for the year

Balance as at 30 June 2020

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


ANNS AMER
Director


Muhammad Saqib Ehsan
Chief Financial Officer


AIZAD AMER
Chief Executive Officer

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

	NOTE	2020 (RUPEES IN THOUSAND)	2019 (RUPEES IN THOUSAND)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	34	165,758	(9,202)
Finance cost paid		(65,543)	(39,852)
Income tax paid		(13,810)	(21,646)
Staff retirement gratuity paid		(4,030)	(3,296)
Net increase in long term deposits and prepayments		(25)	(21)
Net increase in long term loans		(20)	-
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES		82,330	(74,017)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(14,845)	(19,149)
Proceeds from sale of property, plant and equipment		297	138
Profit on investments received		490	69
NET CASH USED IN INVESTING ACTIVITIES		(14,058)	(18,942)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		(80,090)	138,251
Dividend paid		(2,745)	(4)
NET CASH (USED IN) / FROM FINANCING ACTIVITIES		(82,835)	138,247
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(14,563)	45,288
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		50,052	4,764
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 24)		35,489	50,052

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



AIZAD AMER
Chief Executive Officer



ANNS AMER
Director



Muhammad Saqib Ehsan
Chief Financial Officer

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

1. THE COMPANY AND ITS OPERATIONS

AN Textile Mills Limited (the Company) is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017) and its share are quoted on Pakistan Stock Exchange Limited. Its registered office and mills premises are situated at 35-Kilometers Sheikhpura Road, Faisalabad. The principal activity of the Company is manufacturing, sale and trading of yarn and cloth.

1.1 Impact of COVID-19 on these financial statements

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. From 24 March 2020, the Government of the Punjab announced a temporary lockdown as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Company temporarily suspended its operations from 24 March 2020 to 31 May 2020. The lockdown caused disruptions in supply chain including supply of goods to the customers resulting in a decline in sales. The suspension of operations resulted in more than 30% decrease in revenue of the Company in comparison to last year which significantly affected the results of the Company. Moreover certain stock in trade was valued at net realizable value as mentioned in Note 18.2 and Note 18.3 to the financial statements. However subsequent to the year ended 30 June 2020, due to significant reduction in outbreak, demand for the Company's goods is fast reverting back to normal levels. Apart from the above-mentioned effects, according to management's assessment, there is no other significant accounting impact of the effects of COVID-19 in these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

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

- International Financial Reporting Standards (IFRSs) 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.

b) Accounting convention

These financial statements have been prepared under the historical cost convention, except to the extent of the following:

Staff retirement gratuity

The Company uses the valuation performed by an independent actuary to determine the present value of its staff retirement gratuity.

Investment properties and certain items of property, plant and equipment

The Company is using the revaluation model for certain property, plant and equipment. These items along with investment properties are being valued by an independent valuer.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairments

The estimates for revalued amounts, of different classes of property, plant and equipment, are based on valuation performed by external professional valuer and recommendations of technical teams of the Company. The said recommendations also include estimates with respect to residual values and depreciable lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

Income tax

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, based on the Company's experience of actual credit loss in past years.

Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Staff retirement gratuity

Certain actuarial assumptions have been adopted as disclosed in Note 8 to the financial statements for determination of present value of staff retirement gratuity. Any change in these assumptions in future years might affect the current and remeasurement gains and losses in those years.

d) Standard, interpretation 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'
- Amendments to IFRS 09 'Financial Instruments'
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement
- Annual Improvements to IFRSs: 2015 – 2017 Cycle

The standard, amendments and interpretation listed above do not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

e) Standard 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 approved accounting standards that are mandatory for accounting periods 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.

f) 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:

Interest Rate Benchmark Reform which amended IFRS 7 'Financial Instruments: Disclosures', IFRS 9 'Financial Instruments' and IAS 39 'Financial Instruments: Recognition and Measurement', is applicable for annual financial periods beginning on or after 01 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 report setting out its recommended reforms of some major interest rate benchmarks such as Interbank Offer Rates (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 rates benchmarks 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 provided relief from the potential impacts of the uncertainty caused by the reform. A company shall apply these exceptions to all hedging relationships directly affected by interest rate benchmark reform. These amendments are not likely to affect the financial statements of the Company.

Amendments to IFRS 16 'Leases' (effective for annual periods beginning on or after 01 June 2020). Under previous requirements of IFRS 16, lessee assesses whether rent concessions are lease modifications, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring these lease liabilities using the revised lease payments and revised discount rates. In light of the effects of the COVID-19 pandemic and the fact that many lessees are applying the standard for the first time in their financial statements, the IASB has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for as if these were not lease modifications. Rent concessions are eligible for the practical expedient if these occur as a direct consequence of the COVID-19 pandemic and if following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially same as, or less than, the considerations for the lease immediately preceding the change; any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to the other terms and conditions of the lease.

The above amendments are not likely to affect the financial statements of the Company.

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 IFRSs. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRSs. The amendments are not likely to affect the financial statements of the Company.

Amendments to IAS 1 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2022). These amendments have been added to further clarify when a liability is classified as current. These amendments also changes 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 these amendments retrospectively in accordance with IAS 8. The amendments are not likely to affect the financial statements of the Company.

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' (effective for annual periods beginning on or after 01 January 2022). These amendments clarify 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 opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are not likely to affect the financial statements of the Company.

Amendments to IAS 16 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2022). These amendments clarify 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, 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 these amendments retrospectively, but only to items of property, plant and equipment which 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 amendments are not likely to affect the financial statements of the Company.

On 14 May 2020, IASB issued Annual Improvements to IFRSs: 2018 - 2020 Cycle, incorporating amendments to three IFRSs more specifically in IFRS 9 'Financial Instruments', and IFRS 16 'Leases', relevant to the Company. The amendments are effective for annual periods beginning on or after 01 January 2022. The amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 29 March 2018, 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, de-recognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS 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 IFRSs. 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 01 January 2020 for preparers that develop an accounting policy based on the Framework.

g) Standards and amendments to published approved accounting standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published approved accounting 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.

2.2 Property, plant, equipment and depreciation

All operating fixed assets except freehold land are stated at cost less accumulated depreciation and any identified impairment loss, except those subject to revaluation which are stated at revalued amount less accumulated depreciation and any identified impairment loss. Capital work-in-progress is stated at cost less any recognized impairment loss. Freehold land is stated at revalued amount less any identified impairment loss. Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to the construction / erection period of qualifying assets and other directly attributable costs of bringing the asset to working condition.

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognized, net of deferred income tax, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of deferred income tax, is reclassified from surplus on revaluation of property, plant and equipment to accumulated loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the statement of profit or loss during the period in which they are incurred.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Depreciation

Depreciation on property, plant and equipment is charged to the statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 13. The Company charges the depreciation on additions from the month when the asset is available for use and on deletions up to the month preceding the disposal when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is de-recognized.

2.3 Investment properties

Land and buildings held to earn rental income are classified as investment properties. Investment properties are carried at fair value which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The valuation of the properties is carried out with sufficient regularity.

Gain or loss arising from a change in the fair value of investment properties is included in the statement of profit or loss for the year in which it arises.

2.4 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

2.5 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

2.6 Borrowing cost

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

2.7 Inventories

Inventories, except for stock in transit and waste stock, are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spare parts and loose tools

Usable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. In transit stores, spare parts and loose tools are valued at invoice amount plus other charges paid thereon.

Stock-in-trade

Cost of raw materials, work-in-process and finished goods is determined as follows:

- | | |
|--|---|
| (i) For raw materials: | Weighted average cost. |
| (ii) For work-in-process and finished goods: | Average manufacturing cost including a portion of production overheads. |

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock is valued at net realizable value.

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

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.9 Staff retirement benefit

The Company operates an unfunded gratuity scheme for its permanent employees, who have completed the minimum qualifying period of service as defined under the scheme. The liabilities relating to defined benefit plan are determined through actuarial valuation using the Projected Unit Credit Method. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long term nature of the benefit, such estimates are subject to certain uncertainties.

Remeasurements changes which comprise actuarial gains and losses are recognized immediately in other comprehensive income.

2.10 Provisions

Provisions are recognized when the Company has a 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 obligations and a reliable estimate of the outflow can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

2.11 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.12 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which it is declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.13 Financial Instruments

i) Recognition of financial instruments

The Company initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

ii) Classification and measurement of financial instruments

a) Classification

The Company classifies its financial assets and financial liabilities at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest. Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments at amortized cost. Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in the statement of profit or loss. Any gain or loss arising on de-recognition is recognized directly in profit or loss and presented in other income / (other expenses).

iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

iv) De-recognition

Financial assets

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the 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 it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial liabilities

The Company de-recognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expired.

v) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.14 Borrowings

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

2.15 Trade and other receivables

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

The Company has applied the simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

2.16 Trade and other payables

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

2.17 Functional and presentation currency along with foreign currency transactions and translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Exchange gains and losses are included in the statement of profit or loss.

2.18 Revenue from contracts with customers

i) Revenue recognition

Sale of goods

Revenue from the sale of goods is recognized 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 recognized as interest accrues using the effective interest method. This is a method of calculating the amortized 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 asset.

Rental income

Revenue from rental income is recognized when rent is accrued.

Other revenue

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

ii) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. The Company recognizes a contract asset for the earned consideration that is conditional if the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due.

iii) 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.

iv) Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

2.19 Earnings / (loss) per share

The Company presents Earnings Per Share (EPS) or Loss Per Share (LPS) data for its ordinary shares. EPS / (LPS) 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.

2.20 Contingent assets

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed 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 recognized until their realization becomes certain.

2.21 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2020 (NUMBER OF SHARES)		2019		2020 (RUPEES IN THOUSAND)	2019 (RUPEES IN THOUSAND)
9 060 000	9 060 000	Ordinary shares of Rupees 10 each fully paid in cash		90,600	90,600
600 000	600 000	Ordinary shares of Rupees 10 each issued as fully paid bonus shares		6,000	6,000
<u>9 660 000</u>	<u>9 660 000</u>			<u>96,600</u>	<u>96,600</u>

4. DIRECTORS' LOANS

These represent unsecured interest free loans to meet the liquidity requirements of the Company. These loans are repayable at the discretion of the Company.

5. PREMIUM ON ISSUE OF SHARES

This reserve can be utilized by the Company only for the purpose specified in section 81 of the Companies Act, 2017.

6. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES - NET OF DEFERRED INCOME TAX

Property, plant and equipment (Note 6.1)	256,181	218,845
Investment properties (Note 6.2)	61,357	72,086
	<u>317,538</u>	<u>290,931</u>

6.1 Property, plant and equipment

Balance as at 01 July	218,845	203,362
Add:		
Surplus arising on revaluation during the year - net of deferred income tax	32,934	14,107
Surplus related to investment properties - net of deferred income tax	10,729	7,183
	<u>262,508</u>	<u>224,652</u>
Transferred to accumulated loss in respect of incremental depreciation charged during the year - net of deferred income tax	(6,327)	(5,807)
Balance as at 30 June	<u>256,181</u>	<u>218,845</u>

6.1.1 Freehold land, buildings thereon, plant and machinery, electric installations / appliances, generators and laboratory equipment of the Company were revalued by an independent valuer, Messrs Zafar Iqbal and Company on 30 June 2020 on the basis of present prevailing market values. Previously these assets were revalued by independent valuers on 30 September 2001, 01 July 2003, 10 April 2007, 28 June 2013, 30 June 2016 and 29 June 2019.

6.2 Investment properties

Balance as at 01 July	72,086	79,269
Surplus related to property, plant and equipment - net of deferred income tax	(10,729)	(7,183)
Balance as at 30 June	<u>61,357</u>	<u>72,086</u>

7. DEFERRED INCOME TAX LIABILITY

This comprises the following:

Taxable temporary difference

Accelerated tax depreciation	180,837	177,896
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Deductible temporary differences

Staff retirement gratuity	(7,874)	(5,300)
Unused tax losses	(105,540)	(73,124)
Allowance for expected credit losses	(154)	(2,053)
Minimum tax	-	(28,154)
	<u>(113,568)</u>	<u>(108,631)</u>
	<u>67,269</u>	<u>69,265</u>

8. STAFF RETIREMENT GRATUITY

Latest actuarial valuation of the staff retirement gratuity was conducted as on 30 June 2020. Results of actuarial valuation are as under:

The amount included in the statement of financial position is as follows:

Present value of defined benefit obligation	<u>27,152</u>	<u>18,274</u>
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8.1 Movement in present value of defined benefit obligation

Balance as at 01 July	18,274	12,144
Provision for the year (Note 8.3)	13,382	9,806
Retirement benefit paid	(4,030)	(3,296)
Remeasurements chargeable to other comprehensive income (Note 8.4)	(474)	(380)
Balance as at 30 June	<u>27,152</u>	<u>18,274</u>

	2020	2019
	(RUPEES IN THOUSAND)	
8.2 Reconciliation of the movements in the net liability recognized in the statement of financial position		
Opening balance	18,274	12,144
Add: Provision for the year (Note 8.3)	13,382	9,806
Remeasurements chargeable to other comprehensive income (Note 8.4)	(474)	(380)
	<u>31,182</u>	<u>21,570</u>
Less: Paid during the year	(4,030)	(3,296)
	<u>27,152</u>	<u>18,274</u>
8.3 Provision for the year		
Current service cost	11,065	8,861
Interest cost	2,317	945
	<u>13,382</u>	<u>9,806</u>
8.4 Remeasurements chargeable to other comprehensive income		
Actuarial (gain) / loss from changes in financial assumptions	(72)	45
Experience adjustments	(402)	(425)
	<u>(474)</u>	<u>(380)</u>
	2020	2019
8.5 Principal actuarial assumptions used		
Discount rate for interest cost in the statement of profit or loss charge (per annum)	14.25%	9.00%
Discount rate for year end obligation (per annum)	8.50%	14.25%
Expected rate of increase in salaries (% per annum)	7.50%	13.25%
Average duration of the benefit	5	5
Mortality rates	SLIC 2001-05 set back 1 year	SLIC 2001-05 set back 1 year
Withdrawal rate	Age based	Age based
Retirement assumption	Age 60	Age 60
8.6	The estimated expenses to be charged to the statement of profit or loss for the year ending on 30 June 2021 is Rupees 11.681 million.	
8.7 Sensitivity analysis for actuarial assumptions:		
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in present value of defined benefit obligation as stated below:		
Discount rate	1.00%	1.00%
Increase in assumption (Rupees in thousand)	(1,338)	(870)
Decrease in assumption (Rupees in thousand)	1,517	980
Future salary increase	1.00%	1.00%
Increase in assumption (Rupees in thousand)	1,517	980
Decrease in assumption (Rupees in thousand)	(1,362)	(884)
8.8 Amounts for the current and previous four years:		

	2020	2019	2018	2017	2016
-----RUPEES IN THOUSAND-----					

Present value of defined benefit obligation	27,152	18,274	12,144	8,950	8,007
Remeasurements on defined benefit obligation	(474)	(380)	1,322	374	-

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit plan to significant actuarial assumptions, the same method (present value of the defined benefit plan calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognized within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous year, except for certain changes as given in Note 8.5.

8.9 Risk associated with the scheme**a) Final salary risk**

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

b) Demographic risks**i) Mortality risk**

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

ii) Withdrawal risk

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

9. LONG TERM SECURITY DEPOSIT

This represents security deposit received from Masood Textile Mills Limited (MTM) against lease of investment properties of the Company. This amount is being utilized by the Company in accordance with the written agreement between MTM and the Company in terms of section 217 of the Companies Act, 2017.

	2020	2019
	(RUPEES IN THOUSAND)	
10. TRADE AND OTHER PAYABLES		
Creditors (Note 10.1)	68,140	123,732
Accrued liabilities	55,717	45,635
Contract liabilities	169,111	2,438
Income tax deducted at source	390	677
Sales tax payable	63,458	32,714
Workers' profit participation fund (Note 10.2)	-	3,239
	<u>356,816</u>	<u>208,435</u>

10.1 Creditors include Rupees Nil (2019: Rupees 14.081 million) due to a related party.

10.2 Workers' profit participation fund

Balance as on 01 July	3,239	180
Interest for the year (Note 31)	180	11
Provision for the year	-	3,239
	<u>3,419</u>	<u>3,430</u>
Less: Payments during the year	3,419	191
Balance as on 30 June	<u>-</u>	<u>3,239</u>

10.2.1 Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.

11. SHORT TERM BORROWINGS**From banking companies - secured**

Running and cash finances (Note 11.1)	408,202	505,792
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Others - unsecured

Other related parties (Note 11.2)	38,203	20,703
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	<u>446,405</u>	<u>526,495</u>
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11.1 These finances are obtained from banking companies under mark-up arrangements and are secured against hypothecation of stocks and further secured against the pledge of cotton, tencel and yarn. These form part of total credit facility of Rupees 847 million (2019: Rupees 877 million). The rates of mark-up range from 7.25% to 15.60% (2019: 6.00% to 12.99%) per annum on the balance outstanding.

11.2 These represent interest free loans obtained from directors of the Company to meet the Company's working capital requirements. These are repayable on demand.

12. CONTINGENCIES AND COMMITMENTS

a) Contingencies

i) The Company is contingently liable for Rupees 3.000 million (2019: Rupees 3.000 million) to Director Excise and Taxation on account of import duty.

ii) Guarantees of Rupees 43.090 million (2019: Rupees 32.273 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited (SNGPL) against gas connections and Faisalabad Electric Supply Company Limited (FESCO) against electricity connection.

iii) An appeal has been filed by the Company before Appellate Tribunal Inland Revenue, Lahore dated 07 June 2017 against the demand of Rupees 22.378 million (2019: Rupees 22.378 million) by the tax department regarding disallowance of minimum tax adjustment for the tax year 2011. The Appellate Tribunal Inland Revenue disposed the appeal. Then the department filed a reference before the Lahore High Court, Lahore against this order. The related provision is not made in these financial statements in view of favorable outcome of the appeal.

iv) 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 16 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 Rupees 26.344 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 favourable outcome of the petition.

v) An appeal was filed in Lahore High Court, Lahore on 10 August 2017 against cost of supply of Re-Gasified Liquefied Natural Gas (RLNG) by SNGPL amounting to Rupees 12.224 million (2019: Rupees 12.224 million). This appeal was allowed by Lahore High Court, Lahore on 13 December 2019 by asking Oil and Gas Regulatory Authority (OGRA) to conduct a public hearing to determine the level of cost of supply of RLNG. 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 that the decision of the proposed public hearing of OGRA will be decided in favour of the Company.

vi) An appeal has been filed by the Company before Appellate Tribunal Inland Revenue, Lahore dated 16 April 2019, against the order of Additional Commissioner Inland Revenue (Appeals) dated 14 November 2018, for demand of Rupees 14.663 million (2019: Rupees 14.663 million) by the tax department regarding disallowance of withholding taxes as adopted in income tax return for the tax year 2016. The related provision is not made in these financial statements in view of favorable outcome of the appeal.

vii) The Company filed appeal before Appellate Tribunal Inland Revenue, Lahore as on 21 March 2019 against the order of Additional Commissioner Inland Revenue for demand of Rupees 114.118 million (2019: Rupees 114.118 million) by the tax department by nullifying the proration of the income between FTR and NTR as adopted by the Company for the tax year 2014. The related provision is not made in these financial statements in view of favorable outcome of the appeal.

viii) An appeal has been filed by the Regional Tax Office (RTO) Faisalabad before Appellate Tribunal Inland Revenue, Lahore in March 2019 because Additional Commissioner Inland Revenue amended the assessment for the tax year 2007 and created a demand of Rupees 5.766 million (2019: Rupees 5.766 million) on the issue of proration of expenses and prorated the specific expenses related to normal tax regime to final tax regime. The related provision is not made in these financial statements in view of favorable outcome of the appeal.

ix) An appeal has been filed by the Company before Commissioner Inland Revenue (Appeals), Faisalabad for the tax year 2017 involving a demand of Rupees 8.966 million (2019: Rupees 8.966 million) on 26 October 2018. The original order was issued by the Assistant Commissioner Inland Revenue for non-deduction of withholding tax on certain parties under various clauses of section 153 of the Income Tax Ordinance, 2001. The related provision is not made in these financial statements in view of favorable outcome of the appeal.

b) Commitments

i) There was no capital commitment as at 30 June 2020 (2019: Rupees Nil).

ii) Letters of credit / contracts for other than capital expenditure were of Rupees 63.887 million (2019: Rupees 14.376 million).



13. PROPERTY, PLANT AND EQUIPMENT

	Buildings on freehold land		Plant and machinery	Electric installations / appliances	Factory equipment	Generators	Laboratory equipment	Furniture, fixtures	Office equipment	Computers	Vehicles	Total
	Mills	Other										
(RUPEES IN THOUSAND)												
At 30 June 2018												
Cost / revalued amount	88,165	155,238	934,880	29,186	1,708	105,692	12,960	3,901	3,444	3,955	35,061	1,431,460
Accumulated depreciation	-	(48,557)	(439,172)	(14,273)	(1,414)	(59,789)	(5,190)	(2,814)	(2,745)	(3,724)	(19,783)	(613,088)
Net book value	88,165	106,681	495,708	14,913	294	45,903	7,770	1,087	699	231	15,278	818,372
Year ended 30 June 2019												
Opening net book value	88,165	106,681	495,708	14,913	294	45,903	7,770	1,087	699	231	15,278	818,372
Additions	-	-	17,254	1,291	60	-	-	110	-	-	3,121	21,836
Transferred from investment properties	1,650	7,273	-	-	-	-	-	-	-	-	-	8,923
Effect of surplus on revaluation	1,786	10,487	476	57	-	2,392	618	-	-	-	-	19,869
Disposals:												
Cost	-	-	-	-	-	-	-	-	-	-	(141)	(141)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	(89)	(89)
Depreciation charge	-	(5,425)	(25,336)	(761)	(32)	(2,295)	(389)	(117)	(70)	(69)	(3,629)	(40,205)
Closing net book value	91,601	119,016	488,102	15,500	322	46,000	7,999	1,080	629	162	14,681	828,706
At 30 June 2019												
Cost / revalued amount	91,601	172,998	952,610	30,534	1,768	108,084	13,578	4,011	3,444	3,955	38,041	1,481,947
Accumulated depreciation	-	(53,982)	(464,508)	(15,034)	(1,446)	(62,084)	(5,579)	(2,931)	(2,815)	(3,793)	(23,360)	(653,241)
Net book value	91,601	119,016	488,102	15,500	322	46,000	7,999	1,080	629	162	14,681	828,706
Year ended 30 June 2020												
Opening net book value	91,601	119,016	488,102	15,500	322	46,000	7,999	1,080	629	162	14,681	828,706
Additions	-	-	12,685	-	-	-	-	-	-	-	2,160	14,845
Transferred from investment properties	3,168	12,553	-	-	-	-	-	-	-	-	-	15,721
Effect of surplus on revaluation	9,160	1,764	26,564	775	-	1,300	900	-	-	-	-	42,644
Disposals:												
Cost	-	-	-	-	-	-	-	-	-	-	(346)	(346)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	(179)	(179)
Depreciation charge	-	(6,055)	(24,653)	(775)	(32)	(2,300)	(400)	(108)	(63)	(48)	(3,065)	(39,680)
Closing net book value	103,929	127,278	502,698	15,500	290	45,000	8,499	972	566	114	13,597	862,057
At 30 June 2020												
Cost / revalued amount	103,929	187,315	991,859	31,309	1,768	109,384	14,478	4,011	3,444	3,955	39,855	1,554,811
Accumulated depreciation	-	(60,037)	(489,161)	(15,809)	(1,478)	(64,384)	(5,979)	(3,039)	(2,878)	(3,841)	(26,258)	(692,754)
Net book value	103,929	127,278	502,698	15,500	290	45,000	8,499	972	566	114	13,597	862,057
Annual rate of depreciation (%)												
	-	5	5	5	10	5	5	10	10	30	20	

13.1 Forced sale value of revalued property, plant and equipment was Rupees 677.215 million (2019: Rupees 648.502 million).

13.2 Depreciation charge for the year has been allocated as follows:

	2020 (RUPEES IN THOUSAND)	2019 (RUPEES IN THOUSAND)
Cost of sales (Note 26)	36,396	36,320
Administrative expenses (Note 27)	3,284	3,885
	39,680	40,205

13.3 Particulars of immovable properties (i.e. land and buildings) are as follows:

Particulars	Location	Area	Covered area
		Kanals	Sq ft.
Manufacturing facility and Head Office	35-Kilometers, Sheikhpura Road, Faisalabad	94.48	248 000

13.4 Had there been no revaluation, cost, accumulated depreciation and book value of the revalued assets would have been as follows:

	Cost	Accumulated depreciation	Net book value
	----- (RUPEES IN THOUSAND) -----		
Freehold land	3,352	-	3,352
Buildings on freehold land:			
Mills	63,219	39,689	23,530
Other	13,641	8,313	5,328
Plant and machinery	1,031,447	574,780	456,667
Electric installations / appliances	23,488	14,169	9,319
Generators	82,044	57,857	24,187
Laboratory equipment	11,533	7,135	4,398
2020	1,228,724	701,943	526,781
2019	1,211,247	667,985	543,262

14. INVESTMENT PROPERTIES

	2020 (RUPEES IN THOUSAND)	2019 (RUPEES IN THOUSAND)
Balance as on 01 July	115,554	120,381
Transferred to property, plant and equipment	(15,721)	(8,923)
	99,833	111,458
Fair value gain transferred to the statement of profit or loss on remeasurement of investment properties at the year end	2,847	3,890
Fair value gain transferred to the statement of profit or loss on remeasurement of investment properties at the time of transfer to property, plant and equipment	288	206
	3,135	4,096
Balance as on 30 June	102,968	115,554

14.1 During the year the Company transferred some of its freehold land and buildings thereon, given on lease, from investment properties to property, plant and equipment using fair value model. Latest fair value of the remaining investment properties has been determined on 30 June 2020 by Messrs Zafar Iqbal and Company, an independent valuer. No expenses directly related to investment properties were incurred during the year.

14.2 Forced sales value of investment properties is Rupees 87.523 million (2019: Rupees 98.221 million).

14.3 Particulars of investment properties are as follows:

Particulars	Location	Area	Covered Area
		Kanals	Sq ft.
Land and buildings	35-Kilometers, Sheikhpura Road, Faisalabad	31.47	89 384
		2020	2019
		(RUPEES IN THOUSAND)	

15. LONG TERM LOANS

Considered good:

Loans to employees	104	-
Less: Current portion shown under current assets (Note 20)	(84)	-
	<u>20</u>	<u>-</u>

15.1 These represent interest free loans given to employees for meeting their personal expenditure and are secured against balance to the credit of employees in the staff retirement gratuity. These are recoverable in equal monthly installments.

15.2 The fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments: Recognition and Measurement' arising in respect of loans to employees is not considered material and hence not recognized.

16. LONG TERM DEPOSITS AND PREPAYMENTS

Long term deposits	3,726	3,736
Long term prepayments	449	340
	<u>4,175</u>	<u>4,076</u>
Less: Current portion shown under current assets (Note 21)	316	242
	<u>3,859</u>	<u>3,834</u>

17. STORES, SPARE PARTS AND LOOSE TOOLS

Stores (Note 17.1)	15,787	13,577
Spare parts	40,656	28,957
Loose tools	174	168
	<u>56,617</u>	<u>42,702</u>

17.1 These include stores in transit of Rupees 1.380 million (2019: Rupees 1.110 million).

17.2 Stores and spare parts include items which may result in fixed capital expenditure but are not distinguishable.

18. STOCK IN TRADE

Raw materials (Note 18.1)	402,066	395,599
Work-in-process	22,665	19,574
Finished goods	15,496	4,682
Waste	668	3,378
	<u>440,895</u>	<u>423,233</u>

18.1 Raw materials include stock in transit of Rupees Nil (2019: Rupees 37.667 million).

18.2 Stock in trade of Rupees 117.917 million (2019: Rupees 3.378 million) is being carried at net realizable value.

- 18.3** The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 4.851 million (2019: Rupees Nil).

	2020	2019
	(RUPEES IN THOUSAND)	
19. TRADE DEBTS		
Considered good:		
Unsecured - others (Note 19.1)	6,668	38,759
Less: Allowance for expected credit losses (Note 19.2)	529	7,081
	6,139	31,678
19.1 As at 30 June 2020, trade debts of Rupees 2.268 million (2019: Rupees 31.432 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:		
Upto 1 month	1,879	17,729
1 to 6 months	20	13,057
More than 6 months	369	646
	2,268	31,432
19.2 Allowance for expected credit losses		
Opening balance	7,081	-
Add:		
Recognized as on 01 July 2018	-	7,081
Recognized during the year	529	-
	7,610	7,081
Less:		
Bad debts written off	1,681	-
Trade debts recovered during the year	5,400	-
	7,081	-
Closing balance	529	7,081
20. LOANS AND ADVANCES		
Considered good:		
Employees - interest free:		
Against salary	943	859
Against expenses:		
Executive	200	200
Other employees	223	128
	423	328
	1,366	1,187
Current portion of long term loans (Note 15)	84	-
Advances to suppliers / service providers	3,121	5,139
Letters of credit	250	61
Income tax	67,723	76,549
	72,544	82,936
21. SHORT TERM DEPOSITS AND PREPAYMENTS		
Considered good:		
Deposits	1,861	1,313
Current portion of long term deposits and prepayments (Note 16)	316	242
	2,177	1,555

	2020	2019
	(RUPEES IN THOUSAND)	
22. OTHER RECEIVABLES		
Considered good:		
Export rebate and claims	-	1,161
Sales tax and special excise duty refundable	67,441	47,948
Miscellaneous	2,186	3,676
	<u>69,627</u>	<u>52,785</u>
23. SHORT TERM INVESTMENT		
This represents term deposit receipt made with National Bank of Pakistan having maturity period of 6 months. Rate of profit is 5.75 percent (2019: 7.10 percent) per annum.		
24. CASH AND BANK BALANCES		
With banks:		
On current accounts	35,121	49,319
Cash in hand	368	733
	<u>35,489</u>	<u>50,052</u>
25. REVENUE		
Sales	1,483,191	1,819,285
Waste	80,840	81,384
	<u>1,564,031</u>	<u>1,900,669</u>
Less: Sales tax	248,854	15,359
	<u>1,315,177</u>	<u>1,885,310</u>
26. COST OF SALES		
Raw materials consumed (Note 26.1)	810,512	1,180,684
Cost of raw materials sold	-	10,658
Loading, unloading and weighment charges	1,711	3,309
Salaries, wages and other benefits	136,822	165,942
Staff retirement benefit	12,170	7,924
Stores, spare parts and loose tools consumed	52,426	44,928
Packing materials consumed	18,941	25,609
Repair and maintenance	2,415	2,057
Fuel and power	242,108	262,209
Insurance	2,113	2,487
Other factory overheads	979	610
Depreciation (Note 13.2)	36,396	36,320
	<u>1,316,593</u>	<u>1,742,737</u>
Work-in-process		
Opening stock	19,574	14,542
Closing stock	(22,665)	(19,574)
	<u>(3,091)</u>	<u>(5,032)</u>
Cost of goods manufactured	<u>1,313,502</u>	<u>1,737,705</u>
Finished goods		
Opening stock	8,060	17,435
Closing stock	(16,164)	(8,060)
	<u>(8,104)</u>	<u>9,375</u>
	<u>1,305,398</u>	<u>1,747,080</u>

	2020	2019
	(RUPEES IN THOUSAND)	
26.1 Raw materials consumed		
Opening stock	395,599	157,677
Add: Purchased during the year	816,979	1,418,606
	<u>1,212,578</u>	<u>1,576,283</u>
Less: Closing stock	402,066	395,599
	<u>810,512</u>	<u>1,180,684</u>
27. DISTRIBUTION COST		
Salaries and other benefits	521	567
Staff retirement benefit	39	63
Outward freight and handling	488	485
Commission to selling agents	988	996
	<u>2,036</u>	<u>2,111</u>
28. ADMINISTRATIVE EXPENSES		
Salaries and other benefits	15,598	15,825
Staff retirement benefit	1,173	1,819
Rent, rates and taxes	115	450
Insurance	1,798	1,498
Travelling and conveyance	2,160	2,451
Vehicles' running	4,244	5,286
Entertainment	1,110	1,686
Auditor's remuneration (Note 28.1)	850	725
Advertisement	98	154
Postage and telephone	1,242	1,275
Utilities	3,492	2,871
Printing and stationery	226	306
Repair and maintenance	459	1,099
Fee and subscription	798	1,245
Legal and professional	736	755
Miscellaneous	1,566	1,639
Depreciation (Note 13.2)	3,284	3,885
	<u>38,949</u>	<u>42,969</u>
28.1 Auditor's remuneration		
Audit fee	700	600
Half yearly review	100	75
Other certification	50	50
	<u>850</u>	<u>725</u>
29. OTHER EXPENSES		
Workers' profit participation fund	-	3,239
Other receivables written off	1,161	-
	<u>1,161</u>	<u>3,239</u>
30. OTHER INCOME		
Income from financial assets		
Profit on investment	316	389
Reversal of allowance for expected credit losses - net	4,871	-
	<u>5,187</u>	<u>389</u>
Income from non-financial assets		
Gain on sale of property, plant and equipment	118	49
Rental income	13,921	13,796
Gain on remeasurement of investment properties (Note 14)	3,135	4,096
	<u>17,174</u>	<u>17,941</u>
	<u>22,361</u>	<u>18,330</u>

	2020	2019
	(RUPEES IN THOUSAND)	
31. FINANCE COST		
Mark-up on short term borrowings	61,009	45,256
Bank charges and commission	1,248	1,447
Interest on workers' profit participation fund (Note 10.2)	180	11
	<u>62,437</u>	<u>46,714</u>
32. TAXATION		
Charge for the year:		
Current (Note 32.1)	19,727	22,636
Prior year adjustment	-	(52)
Deferred	(11,843)	19,923
	<u>7,884</u>	<u>42,507</u>
32.1 Provision for current taxation represents minimum tax on local sales under section 113 of the Income Tax Ordinance, 2001. The Company has unused tax losses of Rupees 363.930 million including unabsorbed depreciation as at 30 June 2020 (2019: Rupees 252.150 million). Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not required in view of unused tax losses of the Company.		
33. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED		
There is no dilutive effect on the basic (loss) / earnings per share which is based on:		
	2020	2019
(Loss) / profit for the year after taxation	(80,327)	19,020
Weighted average number of ordinary shares	9 660 000	9 660 000
(Loss) / earnings per share	(8.32)	1.97
	2020	2019
	(RUPEES IN THOUSAND)	
34. CASH GENERATED FROM / (USED IN) OPERATIONS		
(Loss) / profit before taxation	(72,443)	61,527
Adjustments for non-cash charges and other items:		
Depreciation	39,680	40,205
Gain on sale of property, plant and equipment	(118)	(49)
Provision for staff retirement gratuity	13,382	9,806
Gain on remeasurement of investment properties	(3,135)	(4,096)
Profit on investments	(316)	(389)
Other receivables written off	1,161	-
Finance cost	62,437	46,714
Reversal of allowance for expected credit losses-net	(4,871)	-
Working capital changes (Note 34.1)	129,981	(162,920)
	<u>165,758</u>	<u>(9,202)</u>

	2020	2019
	(RUPEES IN THOUSAND)	
34.1 Working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(13,915)	(156)
Stock in trade	(17,662)	(233,579)
Trade debts	30,410	29,883
Loans and advances	1,566	3,165
Short term deposits and prepayments	(622)	(16)
Other receivables	(18,177)	3,951
	<u>(18,401)</u>	<u>(196,752)</u>
Increase in trade and other payables	148,381	33,832
	<u>129,981</u>	<u>(162,920)</u>

34.2 Changes in liabilities arising from financing activities:

	2020			2019		
	Short term borrowings	Unclaimed dividend	Total	Short term borrowings	Unclaimed dividend	Total
	(RUPEES IN THOUSAND)			(RUPEES IN THOUSAND)		
As at 01 July	526,495	742	527,237	388,244	746	388,990
Borrowings (repaid) / obtained - net	(80,090)	-	(80,090)	138,251	-	138,251
Dividend declared	-	3,864	3,864	-	-	-
Dividend paid	-	(2,745)	(2,745)	-	(4)	(4)
As at 30 June	<u>446,405</u>	<u>1,861</u>	<u>448,266</u>	<u>526,495</u>	<u>742</u>	<u>527,237</u>

35. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements for remuneration including all benefits to Chief Executive Officer, Directors and Executive of the Company is as follows:

	Executive	
	2020	2019
	(RUPEES IN THOUSAND)	
Managerial remuneration	1,517	1,400
Allowances		
House rent	755	696
Utilities	3	4
	<u>2,275</u>	<u>2,100</u>
Number of persons	<u>1</u>	<u>1</u>

35.1 Chief Executive Officer and some of the Directors and Executive of the Company are provided with free Company maintained vehicles.

35.2 Chief Executive Officer, Directors and Executive are entitled to reimbursement of travelling expenses, electricity, gas and water bills.

35.3 No remuneration was paid to any director and Chief Executive Officer of the Company.

36. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertaking, other related parties and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements is as follows:

Particulars	Basis of relationship	Nature of transaction	2020 (RUPEES IN THOUSAND)	2019
Associated undertaking				
Blue Moon Filling Station (Note 36.1)	Former director of the Company is partner of the undertaking	Fuel purchased	2,127	2,359
Other related parties				
Directors and their spouses		Borrowings obtained / (repaid) - n	17,500	1,500
		Dividend paid	2,011	-

36.1 Blue Moon Filling Station ceased to be a related party since 01 June 2020 due to resignation of a director of the Company.

36.2 Detail of compensation to key management personnel comprising of Chief Executive Officer, Director and Executive is disclosed in Note 35.

	2020 (NUMBER OF PERSONS)	2019
37. NUMBER OF EMPLOYEES		
Number of employees as at 30 June	497	582
Average number of employees during the year	511	663

38. PLANT CAPACITY AND ACTUAL PRODUCTION

	2020	2019
100% plant capacity converted to 20s count based on 3 shifts per day for 1 098 shifts (2019: 1 095 shifts)	(Kgs.) 10 025 392	9 998 000
Actual production converted to 20s count based on 3 shifts per day for 885 shifts (2019: 1 080 shifts)	(Kgs.) 5 708 864	8 740 777

38.1 REASON FOR LOW PRODUCTION

Under utilization of available capacity is mainly due to COVID-19 lockdown starting from 24 March 2020 to 31 May 2020.

39. FINANCIAL RISK MANAGEMENT

39.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, investment of excess liquidity and use of non-derivative financial instruments.

The Company's overall risk management procedures, to minimize the potential adverse effects of financial markets on the Company's performance are as follows:

(a) Market 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 has no receivable / payable balance in foreign currency as at 30 June 2020 (2019: Nil).

(ii) Other price risk

Other 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), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any market price risk.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from short term borrowings and short term investment. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was as follows:

	2020	2019
	(RUPEES IN THOUSAND)	
Fixed rate instruments		
Financial assets		
Short term investment	5,500	5,500
Floating rate instruments		
Financial liabilities		
Short term borrowings	408,202	505,792

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, (loss) / profit after taxation for the year would have been Rupees 4.082 million higher / lower (2019: Rupees 4.805 million lower / higher) mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amount of financial instruments outstanding at reporting date were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure.

Credit risk of the Company arises from deposits with banks, trade receivables, other deposits and receivables along with loans and advances. The management assesses the credit quality of the customers taking into account their financial position, past experience and other factors. The utilization of credit limits is regularly monitored. For banks, only independently rated parties with a strong credit rating are accepted.

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings, if any. The maximum exposure to credit risk at the reporting date was as follows:

Investment	5,500	5,500
Loans and advances	1,047	859
Deposits	5,587	5,049
Trade debts	6,139	31,678
Other receivables	2,186	3,676
Bank balances	35,121	49,319
	<u>55,580</u>	<u>96,081</u>

The credit risk on liquid funds is limited because the counterparties are banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counterparties.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate.

	Rating			2020	2019
	Short Term	Long term	Agency	RUPEES IN THOUSAND	
Banks					
Conventional Accounts / Term Deposit Receipt					
Bank Alfalah Limited	A1+	AA+	PACRA	5	10
Habib Bank Limited	A-1+	AAA	VIS	7,435	8,715
National Bank of Pakistan	A-1+	AAA	VIS	5,500	5,500
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	20	20
MCB Bank Limited	A1+	AAA	PACRA	89	89
Soneri Bank Limited	A1+	AA -	PACRA	1	1
Bank Al-Habib Limited	A1+	AA+	PACRA	4	4
Sindh Bank Limited	A-1	A+	VIS	10	9
Faysal Bank Limited	A1+	AA	PACRA	1,902	2
				14,966	14,350
Shariah Compliant Accounts					
Meezan Bank Limited	A-1+	AA+	VIS	25,013	39,956
AlBaraka Bank (Pakistan) Limited	A-1	A+	VIS	634	505
Bank Alfalah Limited	A1+	AA+	PACRA	1	1
Habib Bank Limited	A-1+	AAA	VIS	7	7
				25,655	40,469
				40,621	54,819

The Company's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 19.

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2020, the Company had Rupees 438.798 million (2019: Rupees 371.208 million) available borrowing limits from financial institutions and Rupees 35.489 million (2019: Rupees 50.052 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows:

Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
----- (RUPEES IN THOUSAND) -----					

Contractual maturities of financial liabilities as at 30 June 2020:**Non-derivative financial liabilities:**

Trade and other payables	123,857	123,857	123,857	-	-	-
Unclaimed dividend	1,861	1,861	1,861	-	-	-
Accrued mark-up	11,977	11,977	11,977	-	-	-
Short term borrowings	446,405	464,284	464,284	-	-	-
	<u>584,100</u>	<u>601,979</u>	<u>601,979</u>	<u>-</u>	<u>-</u>	<u>-</u>

Contractual maturities of financial liabilities as at 30 June 2019:**Non-derivative financial liabilities:**

Trade and other payables	169,367	169,367	169,367	-	-	-
Unclaimed dividend	742	742	742	-	-	-
Accrued mark-up	15,083	15,083	15,083	-	-	-
Short term borrowings	526,495	564,354	564,354	-	-	-
	<u>711,687</u>	<u>749,546</u>	<u>749,546</u>	<u>-</u>	<u>-</u>	<u>-</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark-up rates effective as at 30 June. The rates of interest / mark up have been disclosed in Note 11 to these financial statements.

39.2 Financial instruments by categories

	At amortized cost	
	2020	2019
(RUPEES IN THOUSAND)		
Financial assets as per statement of financial position		
Investments	5,500	5,500
Loans and advances	1,047	859
Deposits	5,587	5,049
Trade debts	6,139	31,678
Other receivables	2,186	3,676
Cash and bank balances	35,489	50,052
	<u>55,948</u>	<u>96,814</u>
Financial liabilities as per statement of financial position		
Accrued mark-up	11,977	15,083
Unclaimed dividend	1,861	742
Short term borrowings	446,405	526,495
Trade and other payables	123,857	169,367
	<u>584,100</u>	<u>711,687</u>

39.3 Offsetting financial assets and financial liabilities

As on reporting date, recognized financial instruments are not subject to offsetting as there are no enforceable master netting arrangements and similar agreements.

39.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends to be paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent short term borrowings obtained by the Company as referred to in Note 11. Equity represents 'total equity' as shown in the statement of financial position. Total capital employed includes 'total equity' plus 'borrowings' as shown below:

		2020	2019
Borrowings	Rupees in thousand	446,405	526,495
Total equity	Rupees in thousand	722,685	773,605
Total capital employed	Rupees in thousand	1,169,090	1,300,100
Gearing ratio	Percentage	38.18	40.50

The decrease in the gearing ratio resulted primarily due to decrease in borrowings.

40. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

Fair value hierarchy

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to the short-term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into following three levels. However as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

Level 1: The fair value measurements of instruments using quoted prices in active markets at the end of reporting period are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: Fair value measurements of instruments using inputs for the asset or liability which are not based on observable market data are included in level 3.

41. RECOGNIZED FAIR VALUE MEASUREMENTS - NON FINANCIAL ASSETS

(i) Fair value hierarchy

The judgements and estimates made in determining the fair values of the non-financial assets that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels:

	Level 1	Level 2	Level 3	Total
-----RUPEES IN THOUSAND-----				
At 30 June 2020				
Freehold land	-	103,929	-	103,929
Buildings on freehold land	-	170,892	-	170,892
Plant and machinery	-	502,698	-	502,698
Electric installations / appliances	-	15,500	-	15,500
Generators	-	45,000	-	45,000
Laboratory equipment	-	8,499	-	8,499
Investment properties	-	102,968	-	102,968
Total non-financial assets	-	949,486	-	949,486
At 30 June 2019				
Freehold land	-	91,601	-	91,601
Buildings on freehold land	-	162,630	-	162,630
Plant and machinery	-	488,102	-	488,102
Electric installations / appliances	-	15,500	-	15,500
Generators	-	46,000	-	46,000
Laboratory equipment	-	7,999	-	7,999
Investment properties	-	115,554	-	115,554
Total non-financial assets	-	927,386	-	927,386

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfer between level 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

(ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuations for its investment properties and for its freehold land, buildings thereon, plant and machinery, electric installations / appliances, generators and laboratory equipment (classified as property, plant and equipment) on yearly basis. The management updates the assessment of the fair value of each property taking into account the most recent independent valuations. The management determines property's value within a range of reasonable fair value estimates. The best evidence of fair value of freehold land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same buildings. The best evidence of fair value of plant and machinery, electric installations / appliances, generators and laboratory equipment is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the value of new plant and machinery, electric installations / appliances, generators and laboratory equipment of the same specifications.

Valuation processes

The Company engages external, independent and qualified valuers to determine the fair value of the Company's investment properties and for freehold land, buildings thereon, plant and machinery, electric installations / appliances, generators and laboratory equipment at the end of every financial year. The fair value of the investment properties, freehold land, buildings thereon, plant and machinery, electric installations / appliances, generators and laboratory equipment has been performed by Messrs Zafar Iqbal and Company as at 30 June 2020.

42. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

Description	Note	2020	2019
		(RUPEES IN THOUSAND)	
Revenue earned from shariah compliant business	25	1,315,177	1,885,310
Shariah compliant bank deposits and bank balances			
Bank balances	39.1 (b)	25,655	40,469
Profits earned or interest paid on any conventional loan / advance			
Mark-up on short term borrowings	31	61,009	43,852
Profit on investment	30	316	389
Mark-up paid on Islamic mode of financing		-	1,404
Loans / advances obtained as per Islamic mode			
Contract liabilities	10	169,111	2,438
Short term borrowings	11	38,203	26,619

There is no profit earned from shariah compliant bank balances as all the bank balances are in current accounts. Moreover there is no dividend on any investment and no exchange gain earned. The relationship with shariah compliant banks is related to bank accounts as given in Note 39.1 (b).

43. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 05, 2020 by the Board of Directors of the Company.

44. CORRESPONDING FIGURES

Comparative figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made except for sales tax payable of Rupees 32.714 million which was inadvertently netted off with "sales tax receivable", now correctly shown in "trade and other payables".

45. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.



AIZAD AMER
Chief Executive Officer



ANNS AMER
Director



Muhammad Saqib Ehsan
Chief Financial Officer

FORM 34

**THE COMPANIES ACT, 2017
(Section 227(2)(f))
PATTERN OF SHAREHOLDING**

1.1 Name of the Company **AN TEXTILE MILLS LIMITED**

2.1. Pattern of holding of the shares held by the shareholders as at **30-06-2020**

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
617	1	100	18,610
246	101	500	57,312
45	501	1,000	40,025
68	1,001	5,000	180,167
15	5,001	10,000	119,961
7	10,001	15,000	93,848
7	15,001	20,000	122,119
4	20,001	25,000	95,000
1	25,001	30,000	30,000
1	35,001	40,000	35,500
1	40,001	45,000	40,587
1	65,001	70,000	66,500
1	70,001	75,000	72,500
1	75,001	80,000	78,225
2	85,001	90,000	179,000
1	95,001	100,000	100,000
1	260,001	265,000	264,125
1	430,001	435,000	431,446
1	740,001	745,000	742,697
1	885,001	890,000	890,000
1	1,180,001	1,185,000	1,184,193
1	1,475,001	1,480,000	1,475,611
1	1,640,001	1,645,000	1,640,170
1	1,700,001	1,705,000	1,702,404
1,026			9,660,000

2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	7,901,531	81.7964
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000
2.3.3 NIT and ICP	448,846	4.6464
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	559	0.0058
2.3.5 Insurance Companies	0	0.0000
2.3.6 Modarabas and Mutual Funds	6,600	0.0683
2.3.7 Shareholders holding 10% or more	7,007,075	72.5370
2.3.8 General Public		
a. Local	1,208,523	12.5106
b. Foreign	172	0.0018
2.3.9 Others (to be specified)		
1- Joint Stock Companies	40,233	0.4165
2- Investment Companies	200	0.0021
3- Pension Funds	40,587	0.4202
4- Others	12,749	0.1320

**Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2020**

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		-	-
Mutual Funds (Name Wise Detail)			
1	GOLDEN ARROW SELECTED STOCKS FUND LIMITED (CDC)	6,500	0.0673
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. AIZAD AMER	1,740,170	18.0142
2	MRS. NAZIMA AMER	1,926,890	19.9471
3	MR. ANNS AMER	1,475,611	15.2755
4	KHAWAJA AMER KHURSHID	1,864,404	19.3002
5	MRS. YUSRA AMER	890,000	9.2133
6	MR. ABDUL RAUF	3,456	0.0358
7	SYED KHALID ALI	1,000	0.0104
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		41,246	0.4270
Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)			
S. No.	Name	Holding	% AGE
1	MRS. NAZIMA AMER	1,926,890	19.9471
2	KHAWAJA AMER KHURSHID	1,864,404	19.3002
3	MR. AIZAD AMER	1,740,170	18.0142
4	MR. ANNS AMER	1,475,611	15.2755
5	MISS YUSRA AMER	890,000	9.2133

**AN TEXTILE MILLS LIMITED
PROXY FORM**

I/We _____ of _____ being member(s) of **AN TEXTILE MILLS LIMITED** holding _____ ordinary shares as per Registered Folio No./CDC A/c No. (for members who have shares in CDS) _____ hereby appoint Mr./Mrs./Miss _____ of (full address) _____ or failing him/her Mr./Mrs./Miss _____ of (full address) _____ (being member of the Company) as my/our Proxy to attend, act and vote for me/us and on my/our behalf at the 39th Annual General Meeting of the Company to be held on October 28, 2020 at 10:00 a.m. at its Registered Office 35 K.M. Sheikhpura Road, Faisalabad and/or any adjournment thereof.

As witness my/our hand seal this _____ day of _____ 2020
Signed by _____ in the presence of _____

Signatures on
Rs.5/-
Revenue Stamps

(Signature must agree with the specimen signatures registered with the Company)

Notes:

1. This proxy form duly completed and signed, must be received at the Registered Office of the Company or its Share Registrar M/S Corplink (Pvt.) Limited, Wings Arcade, 01-K Commercial, Model Town, Lahore not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he/she himself/herself is a member of the Company, except that a Corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
4. Any individual Beneficial Owner of the Central Depository Company, entitled to vote at this meeting must bring his / her National Identity Card with him/her to prove his/her identity, and in case of proxy, must enclose an attested copy of his / her National Identity Card. Representatives of Corporate members should bring the usual documents required for such purpose.

