

The logo for Masood Textile Mills Ltd. consists of the lowercase letters 'mtm' in a bold, sans-serif font.

Masood Textile Mills Ltd.

The title '2020 ANNUAL REPORT' is centered in the lower half of the cover. '2020' is in a large, bold, sans-serif font, followed by a vertical bar and 'ANNUAL' in a slightly smaller bold font, with 'REPORT' in a smaller, all-caps sans-serif font below it. The background features a collage of images: a textile mill interior with large machinery, an exterior view of the mill building with a gate, a clothing store with garments on hangers, and a close-up of a knitted fabric. A faint image of hands typing on a laptop keyboard is visible in the bottom right corner.

www.masoodtextile.com

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COMPANY INFORMATION

| | | |
|--|---|--|
| CHAIRMAN | : | MR. NASEER AHMAD SHAH |
| CHIEF EXECUTIVE OFFICER | : | MR. SHAHID NAZIR AHMAD |
| DIRECTORS | : | MR. SHABIR AHMAD ABID (Independent Director) |
| | : | MR. SHAHID IQBAL (Independent Director) |
| | : | MR. SHOAIB AHMAD KHAN (Nominee-NIT) |
| | : | MS CHEN YAN (Nominee-Shanghai Challenge Textile Co. Ltd.) |
| | : | MR. SHIBIN YANG (Nominee-Shanghai Challenge Textile Co. Ltd.) |
| COMPANY SECRETARY | : | MR. NISAR AHMAD ALVI |
| CHIEF FINANCIAL OFFICER | : | MR. MUHAMMAD SHAHID NAVEED |
| AUDIT COMMITTEE | : | MR. SHABIR AHMAD ABID (Chairman) |
| | : | MR. NASEER AHMAD SHAH |
| | : | MR. SHAHID IQBAL |
| HR & REMUNERATION COMMITTEE | : | MR. SHAHID IQBAL (Chairman) |
| | : | MR. SHAHID NAZIR AHMAD |
| | : | MR. SHABIR AHMAD ABID |
| AUDITORS | : | M/S. RIAZ AHMAD & COMPANY CHARTERED ACCOUNTANTS |
| SHARE REGISTRAR | : | CORPTEC ASSOCIATES (PVT) LIMITED 503-E, JOHAR TOWN, LAHORE. PHONE: 042-35170336-7 FAX: 042-35170338 WEB: www.corptec.com.pk |
| REGISTERED OFFICE | : | UNIVERSAL HOUSE, P-17/1, NEW CIVIL LINES, BILAL ROAD, FAISALABAD. PHONE: 041-2600176-276 FAX: 041-2600976 |
| MILLS | : | 32-K.M., SHEIKHUPURA ROAD, FAISALABAD. |

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 36th Annual General Meeting of the members, holding Ordinary Shares of Masood Textile Mills Limited, will be held at its Registered Office, Universal House, 17/1 New Civil Lines, Bilal Road, Faisalabad on Wednesday, 28th October, 2020 at 11.00 A.M. to transact the following business:

1. To confirm the minutes of the last Annual General Meeting held on 28th October, 2019.
2. To receive, consider and adopt the Chairman's Review Report, Reports of Directors and Auditors together with Audited Annual Financial Statements of the Company for the year ended 30th June, 2020.
3. To appoint Auditors and to fix their remuneration for the financial year ending 30th June, 2021. M/s Riaz Ahmad & Company, Chartered Accountants, retire and being eligible offer themselves for their re-appointment.
4. To consider any other business that may be placed before the meeting with the permission of the chair.

FOR AND ON BEHALF OF THE BOARD

Faisalabad: 05 October, 2020

(COMPANY SECRETARY)

NOTES:

1. Share Transfer Books for Ordinary Shares & Preference Shares of the Company will remain closed from 21st to 28th October, 2020 (both days inclusive) Physical transfers / CDS Transactions IDs, received in order at Registered Office of the Company or our Share Registrar, by the close of business on 20th October, 2020 will be in time to attend the meeting.
2. A shareholder entitled to attend and vote at this meeting may appoint another shareholder as his/her proxy to attend and vote on his/her behalf. The instrument appointing a Proxy and Power of Attorney or other authority under which it is signed or notarially certified copy of the Power of Attorney must be received at the Registered Office of the Company, duly stamped, signed and witnessed not later than 48 hours before the meeting. An instrument of Proxy applicable for meeting is attached herewith. However, Preference Shareholders are not entitled to attend the meeting, since Preference Shares carry no voting rights
3. Share Holders whose shares are deposited with Central Depository System (CDS) are requested to bring their Computerized National Identity Card (CNIC) along with their Account Number in CDS for verification. In case of corporate entity, the Board of Directors' Resolution/Power of Attorney with specimen signatures of the nominee shall be produced (unless provided earlier) at the time of the meeting.
4. Physical Share Holders who have not yet provided their "International Bank Account Number (IBAN)" are required to provide immediately their IBAN containing the title of account, along with Name of Bank, Branch Name and Address.
5. Shareholders who have not collected their Dividend/Physical shares so far, are advised to contact our Share Registrar to collect/enquire about their Unclaimed Dividend or Share, if any.
6. 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 hereinabove at least (7) days prior to the date of the meeting on the Standard Form available on the Company's website: www.masoodtextile.com
7. Pursuant to the provision of Section 223(6) of the Companies Act, 2017, the Companies are permitted to Circulate their annual financial statements, along with the Auditor's report, director review report etc. ("Annual Report") and the notice of Annual General Meeting ("Notice") to its shareholders by email. Shareholders of the Company who wish to receive the Company's Annual Report and Notice of Annual General Meeting by E-mail are requested to provide the complete Electronic Communication Consent Form (available at the Company's Website) to the Company's Share Registrar.

CHAIRMAN'S REVIEW

Dear Shareholders

It is a great pleasure for me to present the Chairman's Review on the overall performance of the Board.

Their collective efforts are reflected through Annual Report for the financial year ended 30th June, 2020.

This year has been plagued by an unfortunate pandemic which has caused havoc all over the world. Apart from the tragic loss of many valuable lives the economic losses of the world are being measured in the trillions of dollars. Many businesses have gone under resulting in millions of people becoming unemployed. Although the severity of the pandemic has been relatively less in Pakistan, our country has also suffered considerably.

I wish to thank all stakeholders, for their untiring efforts in sustaining the Company during the difficult circumstances. May Allah continue to bless us.

I am pleased to express that the overall performance of the Board remained satisfactory and the Directors have played their role effectively while fulfilling their responsibilities and achieving the company's objectives.

Faisalabad:
05 October, 2020

CHAIRMAN

چیرمین کا جائزہ:-

محترم حصص یافتگان:-

بورڈ کی مجموعی کارکردگی پر چیرمین کا جائزہ پیش کرنا میرے لئے باعث مسرت ہے۔ ہماری اجتماعی کاوش 30 جون 2020 کو ختم ہونے والے مالی سال کی سالانہ رپورٹ سے آیا ہے۔ یہ سال بد قسمتی سے ایک وبائی بیماری سے دوچار رہا ہے جس نے پوری دنیا میں تباہی مچا دی ہے کئی قیمتی جانوں کے المناک نقصان کے علاوہ دنیا کا معاشی نقصان کھربوں ڈالر میں ماپا جا رہا ہے بہت سے کاروبار بند ہو چکے ہیں جس کے نتیجے میں لاکھوں افراد بے روگار ہو چکے ہیں۔ اگرچہ پاکستان میں وبائی شدت دنیا کے مقابلے میں کم رہی ہے لیکن ہمارے ملک کو بھی کافی نقصان ہوا ہے۔

میں تمام حصص یافتگان کا شکریہ ادا کرنا چاہتا ہوں کہ انہوں نے مشکل حالات میں کمپنی کو برقرار رکھنے کی انتھک کوشش کی اللہ تعالیٰ ہم سب کو برکت عطا فرمائے۔

مجھے یہ بیان کرتے ہوئے خوشی ہے کہ بورڈ کی مجموعی کارکردگی تسلی بخش رہی اور ڈائریکٹرز نے اپنی ذمہ داریوں کو نبھاتے ہوئے اور کمپنی کے مقاصد کو حاصل کرتے ہوئے موثر طریقے سے اپنا کردار ادا کیا۔

چیرمین

فیصل آباد

05 اکتوبر 2020

DIRECTORS' REPORT TO THE MEMBERS

The directors of your Company are pleased to present the 36th Directors' Report together with audited Financial Statements and auditors report thereon for the year ended June 30, 2020 along with other required information prescribed under the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Companies Act, 2017.

Market Overview

Economic & Business Environment

The unprecedented outbreak of pandemic Covid-19 taking over the world in FY20, the global economy slid into recession with overall economic growth declined sharply. The economy was locked down at a large scale as the health infrastructure was overwhelmed with number of cases. As a result of the output gap, the forecasts for economic growth were lowered to -0.40%. Large Scale Manufacturing (LSM) and Services sector had to bear the major brunt resulting from lockdowns. Large scale manufacturing contracts 10.2% in FY20 largely due to significant decline in textile, food, beverages and tobacco, petroleum products, pharmaceuticals, automobiles, iron and steel products and electronics. Textile with the largest weight in LSM, contracted by 11.0% after global lockdown, put a halt on exports.

However, on the external front, global trade being affected by Covid-19, Pakistan was able to bring down the Current Account Deficit. This significant relief was due to measures taken by the government to restrict import of certain commodities and dip in global oil price, resulted a decline in overall bill import (including goods and services). Furthermore, remittances also supported this external sector, registering a major growth on year over year basis.

The losses sustained by the KSE 100 were a combined result of Pakistan's macro-economic situation, which worsened gradually due to late entry in IMF program, and also because of Covid-19 pandemic that brought world markets down.

Company's Performance

During the year ended June 30, 2020, net sale amounting to Rs. 28.669 billion as compared to Rs. 34.211 billion of previous year, showing a decrease of 16.20 %. During the financial year ended by 30 June 2020, the Company earned a gross profit of Rs. 1.366 billion as compared to gross profit of Rs. 3.794 billion for the Same Period Last Year (SPLY). The company incurred loss after tax of Rs. 4.120 billion (Loss per share: Rs. 61.75 per share) as compared to profit after tax of Rs. 1.332 billion (Earnings per share: Rs. 19.24 per share) for the SPLY. During the current period, the increase in other operating expenses is mainly due to recording of provision for doubtful debts.

Financial Highlights

| | 2020 | 2019 |
|--|----------------------|--------------|
| | (RUPEES IN THOUSAND) | |
| REVENUE | 28,668,642 | 34,211,379 |
| COST OF SALES | (27,302,890) | (30,417,532) |
| GROSS PROFIT | 1,365,752 | 3,793,847 |
| DISTRIBUTION COST | (2,149,418) | (2,449,678) |
| ADMINISTRATIVE EXPENSES | (716,404) | (697,674) |
| OTHER EXPENSES | (972,665) | (48,649) |
| OTHER INCOME | 420,371 | 2,353,372 |
| FINANCE COST | (1,699,286) | (1,203,112) |
| (LOSS) / PROFIT BEFORE TAXATION | (3,751,650) | 1,748,106 |
| TAXATION | (368,629) | (415,698) |
| (LOSS) / PROFIT AFTER TAXATION | (4,120,279) | 1,332,408 |
| (LOSS) / EARNINGS PER SHARE - BASIC (RUPEES) | (61.75) | 19.24 |
| - DILUTED (RUPEES) | (56.90) | 17.70 |

The current economic situation adversely affected the overall market growth, sales volume and profitability of the company. Losses incurred during the year were mainly due to Coronavirus COVID-19 pandemic, which resulted cancelation and deferment of orders from customers, reduction of business due to low demand in export orders, delay in export receivables, filing of bankruptcy by our major customer, provision for uncertain recoverable of export proceeds, low capacity utilization in last quarter, under absorption of fixed cost and loss incurred on valuation of stocks. Moreover, extensive lockdown situation globally, hit hard the textile industry, which were already facing the problems of high cost of energy, finance cost, low GDP growth, high inflation rate, uncertain policy rate etc.

The Government support in the form of lowering policy rate by 625 bps, rupee valuation in line with other emerging markets, deferment and rescheduling of banks payments, State Bank of Pakistan's incentive scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns that committed to not lay off workers. reduced rates temporary finances and quick payment of duty drawbacks and tax refunds had helped the industry. This has relieved the already stressed corporate sector off the burdening financial charges at one hand and had also made opportunities for further investments. Foreign remittances have also started improving in recent months.

Future Plans:

Keeping in view the circumstances of the market, management of the company have taking various steps, including planning for arranging of fresh liquidity of around Rs 2 billion from different sources, concentrate on fabric and yarn sale along with denim exports, interest rates reduction from banks as a relief and availing of SBP scheme for long term loan deferment, conversion of certain ongoing loans into export running finance where interest rates are comparatively low.

Moreover, our Company is building a strategy focused on time of COVID-19, and in anticipation of post COVID-19, with a focus on ease of both operations and customer access to information and our team, during periods of lockdown and with an emphasis on virtual, safer communications and elimination of paper for reasons of health and safety, as well as to be a more sustainable, purpose-driven, eco-friendly role model.

Our objective for the year is to grow the company through an effective virtual, social media driven sales strategy.

Dividend

The Board of Directors in its meeting held have not proposed payment of ordinary dividend due to losses incurred in current year and to meet working capital requirements of the company.

The Company had issued 60.000 million Preference Shares of the value of Rupees 600.000 million, redemption of these preference shares after the expiry of their maturity is at the option of the Company. During FY2020, no redemption of Preference Shares was affected. Preference dividend is payable on the basis of the average six months KIBOR+200 bps per annum and accordingly Preference Dividend of Rupee 1.53 per share has been computed and accounted for in books of accounts against balance of 31,166,668 Preference shares. Due to losses incurred during current year payment of preference dividend is accumulated.

Corporate Governance

The board of directors and management are aware of their responsibilities under the Listed Companies (Code of Corporate Governance) Regulation 2019 and Rule Book of Pakistan Stock Exchange. The company remain committed to the principles of good corporate management practice with emphasis on transparency and disclosures. Your Company is cognizant to monitor its operations and performance to enhance the accuracy, comprehensiveness, transparency of financial and non-financial information.

In compliance of corporate laws, the Board Member / Directors are pleased to confirm the followings:

- a) The financial statement prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and change in equity.
- b) Proper books of accounts have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of the financial statement and accounting estimates are based on reasonable and prudent judgment.
- d) International Financial Reporting Standard, as applicable in Pakistan, have been followed in the preparation of financial statements.
- e) The system of internal controls is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the company's ability to continue as going concern.
- g) Statement of pattern of Shareholding has been included as part of this annual report.

Key Operating and Financial Data

The key operating and financial data for last six years is given in this report.

Composition of the Board

In line with the requirements of the Code of Corporate Governance, the company encourages representation of independent and non-executive directors, as well gender diversity on its Board.

The composition of the Board is as follows:

Total Number of Directors: 7 including

- | | | |
|-----|--------|----|
| (a) | Male | 06 |
| (b) | Female | 01 |

Composition of the Board:

- | | | |
|-----|-------------------------|----|
| (a) | Independent Directors | 02 |
| (b) | Non-Executive Directors | 04 |
| (c) | Executive Director | 01 |

Board of Directors Meetings

Six meetings of the Board of Directors were held during the financial year, with the following attendance:

| S.No | Name of Directors | Designation | No. of Meetings Attended |
|------|---|-------------------------|--------------------------|
| 1 | Mr. Naseer Ahmad Shah | Chairman | 6 |
| 2 | Mr. Shahid Nazir Ahmad | Chief Executive Officer | 4 |
| 3 | Mr. Shabir Ahmad Abid | Independent Director | 6 |
| 4 | Mr. Shahid Iqbal | Independent Director | 6 |
| 5 | Mr. Shoaib Ahmad Khan (Nominee-NIT) | Director | 4 |
| 6 | Ms. Chen Yan (Nominee-Shanghai Challenge Tex.Co.Ltd.) | Director | 6 |
| 7 | Mr. Shibin Yang (Nominee-Shanghai Challenge Tex.Co.Ltd.) | Director | 1 |

Audit Committee Meetings

Five meetings of the Audit Committee were held during the financial year, with the following attendance:

| S.No | Name of Members | Designation | No. of Meetings Attended |
|------|-----------------------|-------------|--------------------------|
| 1. | Mr. Shabir Ahmad Abid | Chairman | 5 |
| 2. | Mr. Naseer Ahmad Shah | Member | 5 |
| 3. | Mr. Shahid Iqbal | Member | 5 |

Human Resource & Remuneration Committee

One meeting of the Human Resource & Remuneration Committee was held during the financial year, with the following attendance:

| S.No | Name of Members | Designation | No. of Meetings Attended |
|------|------------------------|-------------|--------------------------|
| 1. | Mr. Shahid Iqbal | Chairman | 1 |
| 2. | Mr. Shahid Nazir Ahmad | Member | 1 |
| 3. | Mr. Shabir Ahmad Abid | Member | 1 |

Risk Management Committee

No meeting of the Risk Management Committee was held during the financial year; Composition of the Committee is as under:

| S.No | Name of Members | Designation |
|------|------------------------|-------------|
| 1 | Mr. Shahid Nazir Ahmad | Chairman |
| 2 | Mr. Naseer Ahmad Shah | Member |
| 3 | Mr. Shahid Iqbal | Member |

Nomination Committee

No meeting of the Nomination Committee was held during the financial year; Composition of the Committee is as under:

| S.No | Name of Members | Designation |
|------|-----------------------|-------------|
| 1 | Mr. Naseer Ahmad Shah | Chairman |
| 2 | Mr. Shabir Ahmad Abid | Member |
| 3 | Mr. Shahid Iqbal | Member |

The Board is responsible for making decision with respect to important management matters, including the execution of important business activities and other matters as prescribed by law. These decisions are made after deliberating such matter according to the established criteria, assessing risks and giving such matters due consideration. The Board is also responsible for supervising and monitoring the conduct of duties.

Director's Remuneration

The Board of Directors has devised the policy for the determination of remuneration. Following are its salient features.

The Company will not pay any remuneration to its Non-Executive Directors except as meeting fee for attending the Board and its committee meetings.

The remuneration of directors and meeting fee shall be determined and approved by the Board of Directors. Remuneration package is designed to attract suitable candidate and talent on the Board.

A Director is provided or reimbursed for all travelling, boarding, lodging and other expenses incurred by him for attending meetings of the Board, its committees.

Adequacy of Internal and Financial Controls

The Board of Directors has established an effective system of Internal and Financial Controls that ensure:

- Effective and efficient conduct of operations
- Safeguarding company assets
- Compliance with applicable Laws and Regulations
- Reliable Financial Reporting

Internal audit function of the Company regularly appraises and monitors the implementation of Standard Operating Procedures and respective financial controls.

Internal audit reports are presented to the Audit Committee, as per internal audit plan. Accordingly, the Audit Committee reviews the effectiveness of the internal control framework and financial statement in its meetings.

External Auditors

The auditor's M/s Riaz Ahmed & Company, Chartered Accountants, retires and being eligible, has offered themselves for their re-appointment. The Audit Committee, the Board of Directors has recommended their re-appointment as auditors of the Company for the next financial year ending 30th June, 2021.

Health, Safety, Environment and CSR

Health, Safety & Environment is our core value and the Company regularly takes initiatives towards the improvement of environment and well-being of society. We carry out regular health and safety awareness

programs. The Company has also provided firefighting equipment and vehicles at all of its manufacturing facilities. A dedicated clinic / dispensary are managed by the qualified team where 24/7 emergency services are provided. We also ensure the compliance of our production facility with all the environmental standards.

CSR is strategic, building long term relationships with neighboring communities and stakeholders. Relationships that are mutually beneficial enhance corporate reputation and respect for the Company's business and products, and provide a sustainable competitive advantage.

Acknowledgement

On behalf of the Board of Directors, I would take this opportunity to thanks all our partners and employees for their continued support. I would also take this opportunity to express my gratitude to the Board for their valuable insight and guidance.

Faisalabad
05 October 2020

CHIEF EXECUTIVE OFFICER

DIRECTOR

ڈائریکٹر رپورٹ برائے حصص یافتگان

آپ کی کمپنی کے ڈائریکٹر 30 جون 2020 کو اختتام پذیر ہونے والے مالی سال کی 36 ویں ڈائریکٹر رپورٹ ساتھ آڈٹ شدہ مالیاتی گوشوارے، کمپنی کے کاروبار اور کاروائی کے نتائج کے ساتھ کوڈ آف کارپوریٹ گورنس (ریگولیشن) اور کمپنیز ایکٹ 2017ء کے تحت دیگر مطلوبہ معلومات فراہم کرتے ہوئے خوشی محسوس کر رہے ہیں۔

مارکیٹ کا جائزہ۔

معاشی اور کاروباری حالات :-

مالیاتی سال 2020 میں کوویڈ-19 جیسی غیر معمولی وبائے پوری دنیا کو اپنی لپیٹ میں لے لیا تھا۔ جس سے عالمی معیشت کساد بازاری کا شکار ہو گئی اور مجموعی معاشی نمونے میں واقع ہوئی۔ جس سے معیشت بڑے پیمانے پر بند ہو گئی تھی۔ کیونکہ کوویڈ-19 کے کس بڑھنے سے صحت کا بنیادی ڈھانچہ متاثر ہو گیا تھا۔ پیداوار میں کمی کے فرق کے نتیجے میں معاشی نمونے میں پیش گوئی (0.40%) تک کم کر دی گئی۔ لاک ڈاؤن کے نتیجے میں بڑے پیداواری یونٹ اور خدمات کے شعبے کو بڑا نقصان برداشت کرنا پڑا۔ مالی سال 2020 میں بڑے پیمانے والے پیداواری شعبے جیسے کے ٹیکسٹائل، خوراک، مشروبات، تمباکو، پیٹرولیم مصنوعات، دوا سازی، آٹوموبائل اور سٹیل کی مصنوعات میں %10.2 تک نمایاں کمی واقع ہوئی۔ عالمی سطح پر لاک ڈاؤن کے بعد بڑے پیمانے والے پیداواری شعبوں میں سب سے زیادہ وزن رکھنے والے ٹیکسٹائل کی مصنوعات میں %11.0 کمی واقع ہوئی جس سے برآمدات متاثر ہوئی۔

تاہم بیرونی محاز پر عالمی سطح پر تجارت کوویڈ-19 سے متاثر ہوئی جب کے پاکستان اپنے کرنٹ اکاؤنٹ کے خسارے کو کم کرنے میں کامیاب رہا۔ یہ اہم ریلیف تیل کی عالمی قیمت میں کمی اور حکومت کی جانب سے کچھ اشیاء کی درآمدات پر پابندی جیسے اقدامات کی بدولت ہوا۔ جس کے نتیجے میں مجموعی طور پر درآمدات کے بل میں نمایاں کمی واقع ہوئی۔ مزید برآں ترسیلات زر میں بھی اس بیرونی شعبے کو سپورٹ کیا جس سے سالانہ بنیاد پر پچھلے سالوں کی نسبت کافی اضافہ ہوا۔ کے ایس سی-100 انڈیکس نے جو نقصانات برداشت کیے وہ پاکستان کی معاشی صورت حال، آئی ایم ایف پروگرام میں تاخیر سے داخل ہونے اور کوویڈ-19 جیسی عالمی وباء جس نے عالمی منڈیوں کو بھی نیچے لایا کے مشترکہ نتیجے تھے۔

کمپنی کی کارکردگی :-

30 جون 2020 کو اختتام پذیر ہونے والے سال کے دوران خالص فروخت 28.669 بلین روپے رہی جو کہ پچھلی اسی مدت کے دوران 34.211 بلین روپے تھی جس میں %16.20 نمایاں کمی واقع ہوئی۔ 30 جون 2020 کو اختتام پذیر ہونے والے مالی سال کے دوران کمپنی کو 1.366 بلین روپے آمدن ہوئی جو گزشتہ اسی مدت کے مقابلے میں 3.794 بلین روپے آمدن تھی۔ کمپنی نے ٹیکس کے بعد 4.120 بلین نقصان برداشت کیا (61.75 روپے فی حصص نقصان) جو گزشتہ اسی مدت کے مقابلے میں ٹیکس کے بعد 1.332 بلین روپے آمدن تھی (19.24 روپے فی حصص آمدنی)۔ موجودہ حالات کے دوران آپریٹنگ اخراجات میں اضافہ بنیادی طور پر فروخت کی مشکوک وصولی کی پرویشن کی وجہ سے ہوا۔

مالی سرخیاں :-

کمپنی کے مالی نتائج کا موازنہ درج ذیل ہے۔

| 2019 | 2020 | تفصیل |
|-----------------|-----------------|--|
| روپے ہزاروں میں | روپے ہزاروں میں | |
| 34,211,379 | 28,668,642 | آمدنی |
| (30,417,532) | (27,302,890) | لاگت بلز |
| 3,793,847 | 1,365,752 | جموئی نفع |
| (2,449,678) | (2,149,418) | ذمہ داریوں پر |
| (697,674) | (716,404) | کاروبار کے انتظامی اخراجات |
| (48,649) | (972,665) | دیگر اخراجات |
| 2,353,372 | 420,371 | دیگر آمدن |
| (1,203,112) | (1,699,286) | مالی لاگت |
| 1,748,106 | (3,751,650) | نقصان / نفع ٹیکس سے پہلے |
| (415,698) | (368,629) | ادارہ کیسز |
| 1,332,408 | (4,120,279) | نقصان / نفع ٹیکس کی ادائیگی کے بعد |
| 19.24 | (61.75) | نقصان / آمدن فی حصص بنیادی (روپیہ) |
| 17.70 | (56.90) | نقصان / آمدن فی حصص ڈیویڈنڈ کی (روپیہ) |

موجودہ معاشی صورتحال نے مارکیٹ کی جموئی نمو فروخت کا حجم اور کمپنی کے منافع کو بری طرح متاثر کیا۔ سال کے دوران ہونے والے نقصانات بنیادی طور پر کوویڈ-19 وبا کی مرض کی وجہ سے تھے۔ جس کا نتیجہ صارفین کی طرف سے آرڈر کی منسوخی، برآمدگی آرڈر میں کمی، برآمدگی وصولی میں تاخیر، ہمارے ایک بڑے گاہک کا بینک دیوالیہ، برآمدگی وصولیوں کی غیر یقینی واپسی، پچھلی سہ ماہی میں کم صلاحیت کے استعمال، طے شدہ لاگت اور شاک کی قیمت تعین کرنے پر ہونے والے نقصانات کی شکل میں سامنے آئے۔ مزید یہ کہ عالمی سطح پر لاک ڈاؤن کی جموئی صورت حال کی وجہ سے ٹیکسٹائل کی صنعت کو سخت نقصان پہنچا ہے۔ جو پہلے ہی توانائی کی ذائد قیمت، ٹیکس مالیت لاگت، کم GDP نمو اور افراط زر میں اضافہ جیسے مسائل کا سامنا کر رہی ہے۔

پالیسی کی شرح کو 625-BPS تک کم کرنے، دیگر ابھرتی ہوئی مارکیٹوں کے مطابق روپے کی قدر کی تشخیص، بینکوں کی ادائیگیوں کو موخر کرنے اور دوبارہ ترتیب دینے، سٹیٹ بینک آف پاکستان کی طرف سے کاروباری اداروں کو اپنے ملازمین کو فارغ نہ کرنے کی یقین دہانی پراگتی خواہوں کے لئے قرضوں کی فراہمی جیسے اقدامات کے لئے حکومت مدد کر رہی ہے۔ کم شرح پر عارضی قرضوں کی فراہمی، ٹیکس ریٹیفیڈ اور ڈیوٹی ڈرا ایک کی فوری ادائیگی جیسے اقدامات سے صنعت کو مدد ملی ہے۔ اس سے ایک طرف پہلے ہی مالی دباؤ میں آئے ہوئے کارپوریٹ سیکٹر کو ٹیکس مالیتی لاگت کے بوجھ سے نجات ملی اور دوسری طرف مزید مالی مدد کے مواقع بھی ملے۔ حالیہ مہینوں میں غیر ملکی ترسیلات زر میں بھی بہتری آنے لگی ہے۔

مستقبل کے منصوبے :-

مارکیٹ کے حالات کو مد نظر رکھتے ہوئے کمپنی کی انتظامیہ نے مختلف اقدامات اٹھائے ہیں۔ جس میں تقریباً 2 ارب روپے کا تازہ سرمایہ مختلف ذرائع سے اکٹھا کرنے کی منصوبہ بندی، ڈیٹیم کی ایکسپورٹس کے ساتھ کپڑے اور دھاگے کی فروخت پر توجہ مرکوز کرنا، اور بینکنگوں سے شرح سود کم کرنا اور طویل مدتی قرضے موخر کرنے کے لئے اسٹیٹ بینک سیکموں سے فائدے اٹھانے جیسے اقدامات شامل ہیں۔ کچھ جاری قرضوں کو ایکسپورٹ ری فنانسنگ میں تبدیل کرنا جہاں سود کی شرح نسبتاً کم ہوں، شامل ہیں۔ مزید یہ کہ ہماری کمپنی کوویڈ-19 کے وقت اور اس کے بعد متوقع وقت پر نظر رکھے حکمت عملی تیار کر رہی ہے۔ جس میں لاک ڈاؤن کے دوران گاہک کی معلومات اور ہماری ٹیم تک رسائی شامل ہے۔ اس کے ساتھ دیرپا اور محفوظ موصلاتی رابطے اور صحت کی حفاظت کو مد نظر رکھتے ہوئے کاغذ کے خاتمے کے ساتھ زیادہ پائیدار اور ماحول دوست رول ماڈل بننے کے لئے کوشاں ہیں۔ آئندہ سال کے لئے ہمارا مقصد ایک موثر، پائیدار اور سوشل میڈیا کے ذریعے فروخت کی حکمت عملی ترتیب دے کر کمپنی کو ترقی کی راہ پر ڈالنا ہے۔

حصہ ا منافع :-

بورڈ آف ڈائریکٹرز نے اپنے منعقدہ اجلاس میں رواں سال ہونے والے نقصانات اور کمپنی کے درکنگ سرمایہ کی ضروریات کو پورا کرنے کے لئے ordinary منافع کی ادائیگی کی تجویز پیش نہیں کی۔ کمپنی نے 600.000 ملین روپے کی مالیت کے 60.000 ملین ترجیحی حصص جاری کیے تھے ان ترجیحی حصص کی مدت پوری ہونے کے بعد ان کی واپسی کمپنی کے اختیار میں ہے۔ مالی سال 2020 کے دوران ترجیحی حصص کی واپسی متاثر نہیں ہوئی۔ ترجیحی منافع سالانہ اوسط چھ ماہ کے KIBOR+200BPS کی بنیاد پر قابل ادائیگی ہے اور اس حساب سے فی حصص 1.53 روپے کی ترجیحی منافع کا حساب کیا گیا ہے اور بقایا 31,166,668 31 ترجیحی حصص کا حساب اکاؤنٹس کی کتابوں میں کیا گیا ہے۔ موجودہ مالی سال کے دوران مشکلات کی وجہ سے ترجیحی منافع کی ادائیگی جمع کی گئی ہے۔

کارپوریٹ گورننس :-

بورڈ آف ڈائریکٹرز اینڈ مینجمنٹ سلیڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2019 اور رول بک آف پاکستان اسٹاک ایکسچینج کے تحت اپنی ذمہ داریوں سے آگاہ ہیں۔ کمپنی شفافیت اور انکشافات پر زور دینے کے ساتھ کارپوریٹ گورننس کی اچھی پریکٹس کے اصولوں کے پابند ہے آپ کی کمپنی مالی اور غیر مالی معاملات کی درستگی، جامعیت اور شفافیت کو بڑھانے کے لئے اپنے کاموں اور کارکردگی کی نگرانی کرنے میں سنجیدہ ہے

کارپوریٹ گورننس کی تعمیل میں بورڈ ممبر، ڈائریکٹرز نیچے بیان کیے گئے بیانات پر عمل پیرا رہتے ہیں۔

- 1- کمپنی کی انتظامیہ کے پیش کردہ مالیاتی بیانات کی صورت حال، کاروباری سرگرمیوں کے نتائج، یکیش فلوز اور ایکویٹی میں بدلاؤ کے بارے میں ایک عمدہ نظریہ پیش کرتے ہیں۔
- 2- اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔

3- مالیاتی بیانات کی تیاری میں اکاؤنٹنگ کی پالیسیاں مستقل طور لاگو ہوتی ہیں۔ اور محاسبہ کا تخمینہ معقول اور محتاط فیصلے پر مبنی ہوتا ہے۔

4- مالیاتی بیانات کی تیاری کے سلسلے میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات جو پاکستان میں قابل اطلاق ہیں، عمل کیا گیا ہے۔

5- انٹرنل کنٹرول کا نافذ نظام، بہترین انداز سے بنایا گیا ہے اور اسے موثر انداز میں لاگو کیا گیا ہے۔

6- کمپنی کے کاروبار کے دواں دواں رکھنے کی صلاحیت شکوک و شبہات سے بالاتر ہے۔

7- حصص یافتگان کا طریقہ کار کو بھی اس سالانہ رپورٹ میں شامل کیا گیا ہے۔

کلیدی آپریٹنگ اور مالیاتی اعداد و شمار :-

اس رپورٹ میں پچھلے 6 سالوں کے اہم آپریٹنگ اور مالی اعداد و شمار دیے گئے ہیں۔

بورڈ کی تشکیل :-

کوڈ آف کارپوریٹ گورننس کی ضروریات کے مطابق کمپنی اپنے بورڈ میں آزاد اور نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کے ساتھ ساتھ Gender diversity کی بھی حوصلہ افزائی کرتی ہے۔

بورڈ کی تشکیل کی پیروی :-

کل ڈائریکٹرز کی تعداد۔ 7

(الف) میل 6

(ب) فی میل 1

بورڈ کی تشکیل :-

آزاد ڈائریکٹرز

نان ایگزیکٹو ڈائریکٹرز

ایگزیکٹو ڈائریکٹرز

ڈائریکٹرز کا اجلاس :-

ڈائریکٹرز کی چھ مہینہ نامی سال کیلئے منعقد ہونی جو درج ذیل ہیں۔

| نمبر شمار | ڈائریکٹر کا نام | عہدہ | اجلاس حاضری کی تعداد |
|-----------|--|--------------------|----------------------|
| 1 | جناب نصیر احمد شاہ | چیئرمین | 6 |
| 2 | جناب شاہد نذیر احمد | چیف ایگزیکٹو آفیسر | 4 |
| 3 | جناب شبیر احمد عابد | آزاد ڈائریکٹرز | 6 |
| 4 | جناب شاہد اقبال | آزاد ڈائریکٹرز | 6 |
| 5 | جناب شعیب احمد خان (منتخب NIT) | ڈائریکٹرز | 4 |
| 6 | مس جن یان (منتخب شنگھائی چینج ٹیکنالوجی کمپنی لمیٹڈ) | ڈائریکٹرز | 6 |
| 7 | جناب شیامین یاگ (منتخب شنگھائی چینج ٹیکنالوجی کمپنی لمیٹڈ) | ڈائریکٹرز | 1 |

آڈٹ کمیٹی کا اجلاس :-

مالی سال کے دوران آڈٹ کمیٹی کے پانچ اجلاس منعقد ہوئے جس کی حاضری مندرجہ ذیل ہے۔

| نمبر شمار | ممبر کے نام | عہدہ | اجلاس حاضری کی تعداد |
|-----------|---------------------|---------|----------------------|
| 1 | جناب شبیر احمد عابد | چیئرمین | 5 |
| 2 | جناب نصیر احمد شاہ | ممبر | 5 |
| 3 | جناب شاہد اقبال | ممبر | 5 |

انسانی وسائل اور معاوضے کی کمیٹی :-

مالی سال کے دوران انسانی وسائل اور معاوضے کی کمیٹی کا ایک اجلاس منعقد ہوا جس کی حاضری مندرجہ ذیل ہے۔

| نمبر شمار | ممبر کے نام | عہدہ | اجلاس حاضری کی تعداد |
|-----------|---------------------|---------|----------------------|
| 1 | جناب شاہد اقبال | چیئرمین | 1 |
| 2 | جناب شاہد نذیر احمد | ممبر | 1 |
| 3 | جناب شبیر احمد عابد | ممبر | 1 |

ریک منجٹ کمیٹی:-

مالی سال کے دوران ریک منجٹ کمیٹی کا کوئی اجلاس منعقد نہیں ہوا ہے کمیٹی کی تشکیل مندرجہ ذیل ہے۔

| نمبر شمار | ممبرز کے نام | عہدہ |
|-----------|---------------------|----------|
| 1 | جناب شاہد براء احمد | چیئر مین |
| 2 | جناب نصیر احمد شاہ | ممبر |
| 3 | جناب شاہد اقبال | ممبر |

نامزدگی کمیٹی:-

مالی سال کے دوران نامزدگی کمیٹی کا کوئی اجلاس منعقد نہیں ہوا ہے کمیٹی کی تشکیل مندرجہ ذیل ہے۔

| نمبر شمار | ممبرز کے نام | عہدہ |
|-----------|---------------------|----------|
| 1 | جناب نصیر احمد شاہ | چیئر مین |
| 2 | جناب شبیر احمد عابد | ممبر |
| 3 | جناب شاہد اقبال | ممبر |

بورڈ انتظامیہ کے اہم امور کے حوالے سے فیصلہ کرنے کا ذمہ دار ہے۔ بشمول اہم کاروباری سرگرمیوں پر عمل درآمد اور دیگر معاملات جو قانون کے ذریعہ تجویز کردہ ہیں یہ فیصلے طے شدہ معیارات کے مطابق اس طرح کے معاملے پر غور و فکر، خطرات کا جائزہ لینے اور اس طرح کے معاملات پر مناسب غور کرنے کے بعد کیے جاتے ہیں۔ بورڈ فرائض کی انجام دہی کے لئے بھی نگرانی کرنے کا ذمہ دار ہے۔

ڈائریکٹرز کا معاوضہ:-

بورڈ آف ڈائریکٹرز نے معاوضے کے عزم کے لیے پالیسی مرتب کی ہے۔ اس کی نمایاں خصوصیات مندرجہ ذیل ہیں۔
 کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز کو مساوی بورڈ اور اس کی کمیٹی کے اجلاس کی فیس کے علاوہ کوئی معاوضہ ادا نہیں کرے گی۔ ڈائریکٹرز کے معاوضے اور اجلاسوں کی فیس کا تعین بورڈ آف ڈائریکٹرز کی منظوری کے ذریعے دی جائے گی۔ معاوضہ پیکیج بورڈ میں مناسب امیدوار اور صلاحیتوں کو راغب کرنے کے لیے ڈیزائن کیا گیا ہے۔
 ایک ڈائریکٹرز کو سفر کے اخراجات، بورڈنگ، رہائش اور دیگر اخراجات بورڈ کے اجلاس میں شرکت کے لئے ادا کیے جاتے ہیں۔

داخلی اور مالیاتی کنٹرول کی قابلیت:-

بورڈ آف ڈائریکٹرز نے اندرونی اور مالیاتی کنٹرول کا ایک موثر نظام قائم کیا ہے جس کو اس طرح یقینی بنایا جاتا ہے۔

موثر اور پائیدار طریقہ عمل کو بروئے کار لانا

کمپنی کے اثاثوں کی حفاظت

قابل اطلاق قوانین اور ضوابط کی تعمیل

قابل اعتماد مالیاتی جائزے

کمپنی کا اندرونی آڈٹ فنکشن باقاعدہ طور پر معیاری آپریٹنگ طریقہ کار اور اس سے متعلقہ مالی کنٹرولوں کے نفاذ کی نگرانی کرتا ہے۔

داخلی آڈٹ کی رپورٹ داخلی آڈٹ پلان کے مطابق، آڈٹ کمیٹی اپنے اجلاسوں میں اندرونی کنٹرول فریم ورک کا تھیر اور مالی بیان کا جائزہ لیتی ہے۔

آڈیٹر :-

آڈیٹرز میسرز ریاض احمد اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، ریٹائرڈ ہو رہے ہیں۔ اور اہل ہونے کے بعد انہوں نے دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے 30 جون 2021 کو ختم ہونے والے اگلے مالی سال کے لئے کمپنی کے آڈیٹر کے طور پر دوبارہ تقرری کی سفارش کی ہے۔

صحت، حفاظتی اور ماحولیاتی ذمہ داری :-

صحت، حفاظتی اور ماحولیاتی ذمہ داری ہماری بنیادی قدر ہے اور کمپنی معاشرے کی فلاح و بہبود اور ماحول کی بہتری کے لئے باقاعدگی سے اقدامات کرتی ہے۔ ہم صحت اور حفاظت سے متعلق آگاہی کے باقاعدہ پروگرام چلاتے رہتے ہیں۔ کمپنی نے اپنی فراہم مینوفیکچرنگ کی تمام سہولیات پر فائر فائٹنگ کا سامان اور گاڑیاں بھی فراہم کی ہیں، تعلیم یافتہ ٹیم کے ذریعے ایک مرتبہ، کلینک / ڈسپنسری کا انتظام ہے۔ جہاں 24/7 ہنگامی خدمات کی جاتی ہیں ہم ماحولیاتی معیارات کے ساتھ اپنی پیداواری سہولت کی تعمیل کو بھی یقینی بناتے ہیں۔ CRS حکمت عملی ہے، ہمسایہ معاشروں اور اسٹیک ہولڈرز کے ساتھ طویل مدتی تعلقات استوار کرتا ہے۔ باہمی فائدہ مند ہونے والے رشتے کارپوریٹ ساکھ میں اضافہ کے ساتھ کمپنی کے کاروبار اور مصنوعات کے احترام میں اضافہ کرتے ہیں اور ایک مستقل مسابقتی فائدہ مہیا کرتے ہیں۔

اعتراف :-

بورڈ آف ڈائریکٹرز کی جانب سے، میں اس موقع پر اپنے تمام شراکت داروں اور ملازمین کی مسلسل حمایت کے لئے ان کا شکریہ ادا کرنا چاہوں گا۔ میں اس موقع پر ان کی قیمتی بصیرت اور رہنمائی کے لئے بورڈ سے اظہار تشکر بھی کرنا چاہوں گا۔

چیف ایگزیکٹو آفیسر

ڈائریکٹر

فیصل آباد 5- اکتوبر 2020

SIX YEARS FINANCIAL RESULTS

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|-------------------------------|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| | ----- (RUPEES IN THOUSAND) ----- | | | | | |
| REVENUE | 28,668,642 | 34,211,379 | 30,842,159 | 23,393,876 | 23,183,485 | 26,702,735 |
| COST OF SALES | (27,302,890) | (30,417,532) | (26,990,855) | (20,008,592) | (19,971,238) | (22,988,317) |
| GROSS PROFIT | 1,365,752 | 3,793,847 | 3,851,304 | 3,385,284 | 3,212,247 | 3,714,418 |
| DISTRIBUTION COST | (2,149,418) | (2,449,678) | (2,063,381) | (1,478,067) | (1,396,012) | (1,472,973) |
| ADMINISTRATIVE EXPENSES | (716,404) | (697,674) | (549,235) | (480,722) | (472,516) | (477,492) |
| OTHER EXPENSES | (972,665) | (48,649) | (108,238) | (10,675) | (48,644) | (54,498) |
| OTHER INCOME | 420,371 | 2,353,372 | 1,070,524 | 218,041 | 341,212 | 325,588 |
| FINANCE COST | (1,699,286) | (1,203,112) | (896,395) | (640,673) | (718,568) | (1,002,893) |
| (LOSS)/PROFIT BEFORE TAXATION | (3,751,650) | 1,748,106 | 1,304,579 | 993,188 | 917,719 | 1,032,150 |

VISION STATEMENT

- A leading producer of textile products by providing the highest quality of products and services to its customers.
- To strive excellence through commitment, integrity, honesty and team work.
- Highly ethical company and be respected corporate citizen to continue playing due role in the social and environmental sectors of the company.
- To develop and extremely motivated and professional trained work force, which would drive growth through innovation and renovation.
- Sustained growth in earning in real terms.

MISSION STATEMENT

Our mission is to be a dynamic, profitable and growth oriented company by providing good return on investment to its shareholders and investors, quality products to its customers, a secured and friendly environment place of work to its employees and to project Pakistan's image in the international market.

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of company Masood Textile Mills Limited
Year Ended 30-Jun-20

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

1. The total number of directors are Seven (7) as per the following:
 - a) Six (6) Male
 - b) One (1) Female
2. The composition of board is as follows:
 - 1) Mr. Shahid Nazir Ahmad Executive Director
 - 2) Mr. Shabir Ahmad Abid Independent Director
 - 3) Mr. Shahid Iqbal Independent Director
 - 4) Mr. Naseer Ahmad Shah Non-Executive Director
 - 5) Ms. Chen Yan Female Director
 - 6) Mr. Shubin Yang Non-Executive Director
 - 7) Mr. Shoaib Ahmad Khan Non-Executive Director
3. The directors have confirmed that none of them is serving as a director on more than Seven listed companies, including this company.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of significant policies along with 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 board /shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board has arranged Directors' Training Program for two Independent Directors during this year. Moreover, one Board member has already completed Directors' Training Program in previous year and one Board member is exempted from Directors' Training Program, criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies. The Company will arrange Directors' Training Program for remaining Directors in due course of time.
10. The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

| | |
|----------------------------------|----------|
| a) Audit Committee | |
| i) Mr. Shabir Ahmad Abid | Chairman |
| ii) Mr. Naseer Ahmad Shah | Member |
| iii) Mr. Shahid Iqbal | Member |
| b) HR and Remuneration Committee | |
| i) Mr. Shahid Iqbal | Chairman |
| ii) Mr. Shahid Nazir Ahmad | Member |
| iii) Mr. Shabir Ahmad Abid | Member |
| c) Nomination Committee | |
| i) Mr. Naseer Ahmad Shah | Chairman |
| ii) Mr. Shabir Ahmad Abid | Member |
| iii) Mr. Shahid Iqbal | Member |
| d) Risk Management Committee | |
| i) Mr. Shahid Nazir Ahmad | Chairman |
| ii) Mr. Naseer Ahmad Shah | Member |
| iii) Mr. Shahid Iqbal | 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 committee were as per following:

| | |
|----------------------------------|---------------|
| a) Audit Committee | Every Quarter |
| b) HR and Remuneration Committee | Once a year |
| c) Nomination Committee | Once a year |
| d) Risk Management Committee | Once a year |

15. The board has set up an effective internal audit function, which are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan 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 finance 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 other requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the regulations have been complied with, except for the Independent directors in which fraction is not rounded up as one because the fraction (0.33) was less than 0.5.

Faisalabad:
05 October, 2020

CHAIRMAN

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Masood 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 Masood 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: 05 October, 2020



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

September 25, 2020

The purpose of this report is to provide an opinion on the Shariah Compliance of the Sukuk investment and operational activities with respect to Shariah guidelines provided.

It is the core responsibility of the Company to Manage the Sukuk in such a manner which is in compliance with the Shariah principles as laid out in the Shariah guidelines. In the capacity of the Shariah Advisor, our responsibility lies in providing Shariah guidelines and ensuring compliance with the same by review of activities of the Sukuk. We express our opinion based on the review of the information, provided by the management company, to an extent where compliance with the Shariah guidelines can be objectively verified.

Keeping in view the above; we certify that:

We have reviewed all the rental and operational activities of the Sukuk including all transactions and found them to comply with the Shariah guidelines. On the basis of information provided by the company, all operations of the Sukuk for the year ended June 30, 2020 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in Sukuk offered by Masood Textile Mill Limited are halal and in accordance with Shariah principles.

May Allah (SWT) bless us and forgive our mistakes and accept our sincere efforts in accomplishment of cherished tasks and keep us away from sinful acts.

For and on behalf of Shariah Supervisory Council of Al-Hilal Shariah Advisors (Pvt.) Limited.

Mufti Irfad Ahmed-Aijaz
Member Shariah Council



Faraz Younus Bandukda, CFA
Chief Executive

STATEMENT OF COMPLIANCE WITH THE SUKUK (PRIVATELY PLACED) REGULATIONS, 2017 AND ISSUE OF SUKUK REGULATIONS, 2015

This statement is being presented to comply with the requirements under "Issue of Sukuk Regulations, 2015" and "Sukuk (Privately Placed) Regulations, 2017" (the Regulations) issued by the Securities and Exchange Commission of Pakistan (SECP). This Statement of Compliance is for the year ended 30 June 2020.

Masood Textile Mills Limited entered into an arrangement for issue of Sukuk amounting to Rs. 2,500 Million inclusive of Green Shoe Option of PKR 1,000 Million, on December 09, 2019 for a period of 5 years including a grace period of 18 months. We state that the Company is in compliance with the Sukuk Features and Shari'ah Requirements in accordance with the Regulations.

We specifically confirm that:

The Company has established policies and procedures for all Sukuk related transactions to comply with Sukuk Features and Shari'ah Requirements.

The Company has implemented and maintained such internal control and risk management systems that are necessary to mitigate the risk of non-compliances of the Sukuk Features and Shari'ah Requirements, whether due to fraud or error;

The Company has a process to ensure that the management and where appropriate the Board of Directors, and personnel responsible to ensure the Company's compliance with the Sukuk Features and Shari'ah Requirements are properly trained and systems are properly updated.

The Sukuk Features and Shari'ah Requirements in accordance with issue of the Regulations comprises of the following:

a. Requirements of Shariah Structure and Transaction Documents to issuance of Sukuk:

- Trust Deed
- Musharka Agreements
- Payment Agreements
- Purchase Undertaking
- Asset Purchase Agreement
- Investment Agency Agreement
- Collection arrangement Agreement
- Security Documents

b. Guidelines of the relevant Shariah Standards, issued by the Accounting and Auditing Organization of the Islamic Financial Institutions, as notified by the SECP;

c. Requirements of the relevant Islamic Financial Accounting Standard as notified by the SECP; and

d. Other compliances specified in the Regulations as issued by the SECP.

The above Statement has been duly endorsed by the Board of Directors of the Company.

INDEPENDENT ASSURANCE REPORT

To the Board of Directors of Masood Textile Mills Limited

Report on Shari'ah Compliance of Privately Placed Sukuk

Introduction

We were engaged by the Board of Directors (the Board) of Masood Textile Mills Limited (the Company) to express an opinion on the annexed Statement of Compliance (Statement) prepared by the management for the year ended 30 June 2020, with Sukuk Features and Shari'ah Requirements as required under Issue of Sukuk Regulations, 2015 (repealed) and Sukuk (Privately Placed) Regulations, 2017 (the Regulations) and Shari'ah Opinion (Fatwa) as issued by the Shari'ah Advisor and to the extent applicable, the guidelines of Shari'ah Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), in all material respects.

Applicable Criteria

The criteria against which the subject matter information (the statement) is assessed comprises of the provisions of the Regulations and Shari'ah Opinion (Fatwa) as issued by the Shari'ah Advisor.

Company's Responsibilities for Shari'ah Compliance

The Board and management of the Company are responsible for the preparation of the annexed Statement and to ensure that it is free from material misstatement. It is the responsibility of the Company's Board and management to ensure that all Sukuk arrangements, contracts and transactions are in substance and in their legal form, in compliance with the Sukuk Features and Shari'ah Requirements as specified above. The Company's Board and management are responsible for prevention and detection of fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its Sukuk related activities and also for designing, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant records and such risk management system as the management determines is necessary to mitigate the risk of non-compliance of Sukuk Features and Shari'ah requirements whether due to fraud or error. They are also responsible for ensuring that personnel involved with the compliance with the Sukuk Features and Shari'ah Requirements are properly trained and systems are properly updated.

Our Independence and Quality Control

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. The firms apply International standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Statements, And Other Assurance and Related Service Engagements" and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to examine the annexed Statement prepared by management and to report thereon in the form of independent assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standards on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information", issued by

the International Auditing and Assurance Standards Board of the International Federation of Accountants. The Standards requires that we plan and perform the engagement to obtain reasonable assurance regarding the subject matter i.e. about whether the annexed Statement presents fairly the status of compliance with Sukuk Features and Shari'ah Requirements as required under the Regulation and Shari'ah Opinion (Fatwa) issued by Shari'ah Advisor and to the extent applicable, the guidelines of Shari'ah Standards issued by AAOIFI, in all material respects.

The procedures selected depend upon our professional judgement including the assessment of the risk of the Company's non-compliance with the Sukuk Features and Shari'ah Requirements, whether due to fraud or error. In making those risk assessment, we have considered internal control relevant to ensure compliance with Sukuk Features and Shari'ah Requirements, in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion as to the effectiveness of the Company's internal control over ensuring compliance with Sukuk Features and Shari'ah Requirements.

A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Sukuk Features and Shari'ah Requirements, and consequently cannot provide absolute assurance that the objective of compliance with Sukuk Features and Shari'ah Requirement will be met.

The procedures performed included;

- Evaluation of the systems, procedures and practices in place with respect to Sukuk related transactions against the Features and Shari'ah Requirements;
- Test for a sample of transactions to help ensure that these are carried out in accordance with the laid down procedures and practices; and
- Review of the Statement based on our procedures performed and conclusion reached.

Conclusion

Our conclusion has been formed on the basis of, and subject to, the matters outlined in the report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis of our conclusion.

In our opinion, the annexed Statement prepared by management, for the year ended 30 June 2020, presents fairly the status of compliance with Sukuk Features and Shari'ah Requirements as required under the Regulation and Shari'ah Opinion (Fatwa) issued by Shari'ah Advisor, and to the extent applicable, the guidelines of Shari'ah Standards issued by AAOIFI, in all material respects.

RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad

Date: 05 October, 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Masood Textile Mills limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Masood 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 10,372.840 million represented a material position in the statement of financial position, break up of which is as follows:</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 |

| Sr. No. | Key audit matters | How the matters were addressed in our audit |
|---------|--|--|
| | <ul style="list-style-type: none"> - Stores, spare parts and loose tools of Rupees 2,247.674 million - Stock in trade of Rupees 8,125.166 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 28.04% of 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 2.8 to the financial statements). - Stores, spare parts and loose tools (Note 19) and Stock in trade (Note 20) to the financial statements. | <p>quantities counted by us with the results of the counts of the management.</p> <ul style="list-style-type: none"> • For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice. • 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. • We also assessed the adequacy of the disclosures made in respect of the accounting policies and related notes to the financial statements. |
| 2. | <p>Capital expenditure</p> <p>The Company is investing significant amounts in its operations and there are a number of areas where management judgement impacts the carrying value of property, plant and equipment and its respective depreciation profile. These include among others, the decision to capitalize or expense costs; and review of useful life of the assets including the impact of changes in the Company's strategy.</p> <p>We focused on this area since the amounts have a significant impact on the financial position of the Company and there is significant management judgment required that has significant impact on the reporting of the financial position for the Company. Therefore, considered as one of the key</p> | <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We tested operating effectiveness of controls in place over the property, plant and equipment cycle including the controls over whether costs incurred on activities is capital or operating in nature. • We evaluated the appropriateness of capitalization policies and depreciation rates. • We performed tests of details on costs capitalized. • We verified the accuracy of management's calculation used for the impairment testing. |

| Sr. No. | Key audit matters | How the matters were addressed in our audit |
|---------|--|--|
| | <p>audit matters.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Property, Plant, Equipment and Deprecation (Note 2.5 to the financial statements). - Property, Plant and Equipment (Note 15 to the financial statements). | |
| 3. | <p>Revenue recognition</p> <p>The Company recognized revenue of Rupees 28,668.642 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 indicator 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 on revenue recognition, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Revenue from contracts with customers (Note 2.12 to the financial statements). - Revenue (Note 27 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 and deposited in Central Zakat Fund established under section 7 of that Ordinance.
- The engagement partner on the audit resulting in this independent auditor's report is Liaqat Ali Panwar.

RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad

Date: 05 October, 2020

STATEMENT OF FINANCIAL

NOTE 2020 2019
(RUPEES IN THOUSAND)

EQUITY AND LIABILITIES**SHARE CAPITAL AND RESERVES****Authorized share capital**

125 000 000 (2019: 125 000 000) ordinary shares of
Rupees 10 each

1,250,000 1,250,000

60 000 000 (2019: 60 000 000) preference shares of
Rupees 10 each

600,000 600,000

1,850,000 1,850,000

Issued, subscribed and paid up share capital

3 986,666 986,666

Capital reserves

Share premium

4 1,375,000 1,375,000

Redemption fund

4 128,333 128,333

Surplus on revaluation of freehold land

2,447,552 900,234

Revenue reserves

5 3,872,614 8,107,506

Total equity

8,810,165 11,497,739

LIABILITIES**NON-CURRENT LIABILITIES**

Long term financing

6 7,254,526 4,299,484

Liabilities against assets subject to finance lease

7 - 21,701

Lease liabilities

8 210,712 -

Deferred liability for gratuity

9 964,354 770,256

8,429,592 5,091,441

CURRENT LIABILITIES

Trade and other payables

10 2,461,960 3,889,182

Unclaimed dividend

65,262 33,213

Accrued mark-up

11 394,784 257,624

Short term borrowings

12 15,835,860 14,280,366

Current portion of non-current liabilities

13 630,857 1,669,188

Provision for taxation

368,629 415,698

19,757,352 20,545,271

TOTAL LIABILITIES

28,186,944 25,636,712

CONTINGENCIES AND COMMITMENTS

14

TOTAL EQUITY AND LIABILITIES

36,997,109 37,134,451

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

POSITION AS AT 30 JUNE 2020

| | NOTE | 2020 (RUPEES IN THOUSAND) | 2019 |
|-------------------------------------|------|--------------------------------|--------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 15 | 13,612,031 | 11,162,527 |
| Right-of-use assets | 16 | 320,505 | - |
| Long term advances | 17 | 8,060 | 660 |
| Long term investment | 18 | - | 476,076 |
| Long term security deposits | | 98,775 | 75,511 |
| | | <u>14,039,371</u> | <u>11,714,774</u> |
| CURRENT ASSETS | | | |
| Stores, spare parts and loose tools | 19 | 2,247,674 | 1,780,174 |
| Stock in trade | 20 | 8,125,166 | 7,746,252 |
| Trade debts | 21 | 7,763,851 | 10,708,309 |
| Loans and advances | 22 | 537,886 | 362,144 |
| Short term deposits and prepayments | 23 | 1,072,743 | 1,171,004 |
| Other receivables | 24 | 1,834,186 | 3,171,331 |
| Short term investments | 25 | 203,218 | 100,000 |
| Cash and bank balances | 26 | 1,173,014 | 380,463 |
| | | <u>22,957,738</u> | <u>25,419,677</u> |
| TOTAL ASSETS | | <u><u>36,997,109</u></u> | <u><u>37,134,451</u></u> |

CHIEF FINANCIAL OFFICER

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

| | NOTE | 2020 (RUPEES IN THOUSAND) | 2019 |
|--|------|------------------------------|---------------------|
| REVENUE | 27 | 28,668,642 | 34,211,379 |
| COST OF SALES | 28 | <u>(27,302,890)</u> | <u>(30,417,532)</u> |
| GROSS PROFIT | | 1,365,752 | 3,793,847 |
| DISTRIBUTION COST | 29 | (2,149,418) | (2,449,678) |
| ADMINISTRATIVE EXPENSES | 30 | (716,404) | (697,674) |
| OTHER EXPENSES | 31 | (972,665) | (48,649) |
| OTHER INCOME | 32 | 420,371 | 2,353,372 |
| FINANCE COST | 33 | <u>(1,699,286)</u> | <u>(1,203,112)</u> |
| (LOSS) / PROFIT BEFORE TAXATION | | (3,751,650) | 1,748,106 |
| TAXATION | 34 | <u>(368,629)</u> | <u>(415,698)</u> |
| (LOSS) / PROFIT AFTER TAXATION | | <u>(4,120,279)</u> | <u>1,332,408</u> |
| (LOSS) / EARNINGS PER SHARE - BASIC (RUPEES) | 35 | <u>(61.75)</u> | <u>19.24</u> |
| - DILUTED (RUPEES) | 35 | <u>(56.90)</u> | <u>17.70</u> |

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

 CHIEF EXECUTIVE OFFICER

 DIRECTOR

 CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

| | 2020 | 2019 |
|---|----------------------|-----------|
| | (RUPEES IN THOUSAND) | |
| (LOSS) / PROFIT AFTER TAXATION | (4,120,279) | 1,332,408 |
| OTHER COMPREHENSIVE INCOME / (LOSS) | | |
| Items that will not be reclassified subsequently to profit or loss: | | |
| Remeasurements arising on defined benefit obligation | 20,623 | (34,305) |
| Surplus on revaluation of freehold land | 1,547,318 | - |
| | 1,567,941 | (34,305) |
| Items that may be reclassified subsequently to profit or loss | - | - |
| Other comprehensive income / (loss) for the year | 1,567,941 | (34,305) |
| TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR | (2,552,338) | 1,298,103 |

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

 CHIEF EXECUTIVE OFFICER

 DIRECTOR

 CHIEF FINANCIAL OFFICER

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

| SHARE CAPITAL | RESERVES | | | | | | | | TOTAL EQUITY | |
|---|---------------|-----------------|---|-----------|-----------|-----------------------|-------------|-------------|--------------|-------------|
| | CAPITAL | | | | REVENUE | | | | | |
| | Share premium | Redemption fund | Surplus on revaluation of freehold land | Sub total | General | Unappropriated profit | Sub total | TOTAL | | |
| (RUPEES IN THOUSAND) | | | | | | | | | | |
| Balance as at 01 July 2018 | 986,666 | 1,375,000 | 128,333 | 900,234 | 2,403,567 | 714,500 | 6,221,647 | 6,936,147 | 9,339,714 | 10,326,380 |
| Transactions with owners: | | | | | | | | | | |
| Dividend at the rate of Rupees 1.50 per share (Ordinary shares) | - | - | - | - | - | - | (101,250) | (101,250) | (101,250) | (101,250) |
| Dividend at the rate of Rupee 0.82 per share (Preference shares) | - | - | - | - | - | - | (25,494) | (25,494) | (25,494) | (25,494) |
| Profit for the year | - | - | - | - | - | - | 1,332,408 | 1,332,408 | 1,332,408 | 1,332,408 |
| Other comprehensive loss for the year | - | - | - | - | - | - | (34,305) | (34,305) | (34,305) | (34,305) |
| Total comprehensive income for the year | - | - | - | - | - | - | 1,298,103 | 1,298,103 | 1,298,103 | 1,298,103 |
| Balance as at 30 June 2019 | 986,666 | 1,375,000 | 128,333 | 900,234 | 2,403,567 | 714,500 | 7,393,006 | 8,107,506 | 10,511,073 | 11,497,739 |
| Transactions with owners: | | | | | | | | | | |
| Dividend at the rate of Rupees 1.50 per share (Ordinary shares) | - | - | - | - | - | - | (101,250) | (101,250) | (101,250) | (101,250) |
| Dividend at the rate of Rupees 1.09 per share (Preference shares) | - | - | - | - | - | - | (33,986) | (33,986) | (33,986) | (33,986) |
| Loss for the year | - | - | - | - | - | - | (4,120,279) | (4,120,279) | (4,120,279) | (4,120,279) |
| Other comprehensive income for the year | - | - | - | 1,547,318 | 1,547,318 | - | 20,623 | 20,623 | 1,567,941 | 1,567,941 |
| Total comprehensive loss for the year | - | - | - | 1,547,318 | 1,547,318 | - | (4,099,656) | (4,099,656) | (2,552,338) | (2,552,338) |
| Balance as at 30 June 2020 | 986,666 | 1,375,000 | 128,333 | 2,447,552 | 3,950,885 | 714,500 | 3,158,114 | 3,872,614 | 7,823,499 | 8,810,165 |

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL 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 operations | 36 | 1,601,208 | 1,464,793 |
| Finance cost paid | | (1,537,128) | (1,134,171) |
| Markup paid against lease liabilities | | (24,998) | (3085) |
| Income tax paid | | (354,539) | (356,556) |
| Dividend paid to ordinary shareholders | | (69,201) | (78,850) |
| Dividend paid to preference shareholders | | (33,986) | (25,494) |
| Gratuity paid | | (77,377) | (221,501) |
| Net (increase) / decrease in long term advances | | (7,400) | 1,154 |
| Net increase in long term security deposits | | (23,264) | (28,401) |
| Net cash used in operating activities | | (526,685) | (382,110) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale of property, plant and equipment | | 595,568 | 55,327 |
| Capital expenditure on property, plant and equipment | | (2,385,083) | (1,966,936) |
| Investment made | | (103,218) | (100,000) |
| Net cash used in investing activities | | (1,892,733) | (2,011,609) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from long term financing | | 3,067,377 | 1,049,138 |
| Repayment of long term financing | | (1,270,297) | (1,195,945) |
| Repayment of lease liabilities | | (140,605) | (16,879) |
| Short term borrowings - net | | 1,555,494 | 2,317,488 |
| Net cash from financing activities | | 3,211,969 | 2,153,802 |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | | 792,551 | (239,917) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | | 380,463 | 620,380 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 26) | | 1,173,014 | 380,463 |

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

 CHIEF EXECUTIVE OFFICER

 DIRECTOR

 CHIEF FINANCIAL OFFICER

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

1. THE COMPANY AND ITS OPERATIONS

Masood Textile Mills Limited is a public limited company incorporated under the Companies Act, 1913 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited (PSX). Its registered office is situated at Universal House, P-17/1, New Civil Lines, Bilal Road, Faisalabad. The main objects of the Company are manufacturing and sale of cotton / synthetic fiber yarn, knitted / dyed fabrics and garments.

Geographical locations and addresses of all business units (except for the registered office) of the Company are as follows:

| <u>Manufacturing units and offices</u> | <u>Address</u> |
|--|--|
| Spinning, Knitting and dyeing units | 32 Kilometers, Sheikhpura Road, Faisalabad |
| Spinning Unit | Satyana Road, Faisalabad |
| Stitching Unit | Sargodha Road, Faisalabad |
| Stitching Units | Nishatabad, Faisalabad |
| Stitching Unit | Chak Jhumra Road, Nishatabad, Faisalabad |
| Stitching Units | Hajiabad, Sheikhpura Road, Faisalabad |
| Stitching Unit | Faisalabad Garments City Company, Khurrianwala, Faisalabad |
| Stitching Unit | Small Scale Industrial Estate, Faisalabad |
| Knitting Unit | 35 Kilometers, Sheikhpura Road, Faisalabad |
| Liason office | 13-Kilometer, Bhubatian Chowk, Defence Road, Lahore |
| Liason office | Office No. 306 - 307, Gul Tower, I.I. Chundrigar Road, Karachi |

1.1 Impact of COVID-19 on the 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. On 24 March 2020, Punjab Government 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 of different units for one to two months. The lockdown caused disruptions in supply chain including supply of goods to the customers resulting in a decline in sales. The suspension of operations and lockdown in foreign countries resulted in more than 16 percent decrease in revenue of the Company in comparison to last year which significantly affected the results of the Company. 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. Moreover, at the start of outbreak, State Bank of Pakistan vide its circular No. ERD/M&PRD/PR/01/2020-32 dated 26 March 2020 allowed deferment of principal repayments on loan obligations due to banks by a period of one year. The Company has availed this opportunity and the repayments of long term financing and leases as given in Note 6 and Note 8 have been deferred for one year. The Company has also assessed expected credit losses on receivable balances due to the pandemic situation and a suitable allowance for expected credit losses has been made as given in Note 21. Moreover certain stock in trade was valued at net realizable value as mentioned in Note 20.5 and Note 20.6 to the financial statements. Apart from these, 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) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan (ICAP), 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 and IFASs, 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 otherwise stated.

c) Critical accounting estimates and judgments

The preparation of these financial statements in conformity with the accounting and reporting standards, as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about the judgements made by the management in the application of accounting policies, that have the most significant effect on the amounts recognized in these financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of assets and liabilities in the next year are as follows:

Deferred liability for gratuity

Certain actuarial assumptions have been adopted as disclosed in Note 9 to the financial statements for determination of present value of gratuity. Any change in these assumptions in future years might affect the current and remeasurement gains and losses in those years.

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.

Useful lives, patterns of economic benefits and impairments

The estimate for revalued amount of freehold land is based on valuation performed by external professional valuer and recommendation 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 might affect the carrying amount 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. Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions.

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.

d) Standards, interpretation and amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following standards, 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 9 '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 Company had to change its accounting policies and make certain amendments without restating prior year results following the adoption of IFRS 16. These are stated in Note 2.6 to these financial statements. However, the 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. The 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.

Following Annual Improvements to IFRSs: 2018 - 2020 are effective for annual reporting periods beginning on or after 01 January 2022:

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

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

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

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 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 Company's obligation under this scheme is determined through actuarial valuation carried under Projected Unit Credit Method. Latest actuarial valuation has been carried on 30 June 2020. 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. Significant assumptions used to carry out the actuarial valuation have been disclosed in Note 9.4 to these financial statements.

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

2.3 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 dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.4 Taxation

Current

The Company falls in the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001. Provision for income tax is made in the financial statements accordingly. However, provision for tax on other income is based on taxable income at the current rates after considering the rebates and tax credits available, if any. 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.

2.5 Property, plant, equipment and depreciation

a) Owned

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss except freehold land which is stated at cost / revalued amount less any identified impairment loss. Capital work-in-progress is stated at cost less any identified impairment loss. Cost of property, plant and equipment signifies historical cost, revalued amount, borrowing cost pertaining to erection / construction period as referred in Note 2.9 and directly attributable cost of bringing the assets to working condition.

Increases in the carrying amounts arising on revaluation of freehold land are recognized 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.

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

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. Maintenance and normal repairs are charged to the statement of profit or loss during the period they are incurred.

b) Depreciation

Depreciation on property, plant and equipment is charged to the statement of profit or loss applying the reducing balance method at the rates given in Note 15.1 to write off the cost over their expected useful life. The Company charges depreciation on additions from the date when the asset is available for use and on deletions up to the date when 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.

c) De-recognition

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

2.6 IFRS 16 "Leases"

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

Right-of-use assets

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

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

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

Lease liabilities

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

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

Impacts on adoption of IFRS 16 on these financial statements as on 01 July 2019

IFRS 16 has been adopted using the modified retrospective approach and as such the comparatives have not been restated. The impacts of adoption as at 01 July 2019 are as follows:

| | Rupees in Thousand |
|--|--------------------|
| Property, plant and equipment decreased by | 59,627 |
| Right-of-use assets increased by | 270,314 |
| Lease liability increased by | 242,621 |
| Liabilities against assets subject to finance lease decreased by | 31,934 |

2.7 Ijarah Contracts

Under the Ijarah contracts, the Company obtains usufruct of an asset for an agreed period and consideration. The Company accounts for its Ijarah contracts in accordance with the requirements of IFAS 2 'Ijarah'. Accordingly, the Company as a Mustaj'ir (lesser) in the Ijarah contract recognizes the Ujrah (lease) payments as an expense in the statement of profit or loss on straight line lease over the Ijarah term.

2.8 Inventories

Inventories, except for stock in transit and waste stock / rags, 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 cost comprising invoice value 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 - | Annual average basis. |
| (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 / rags are valued at net realizable value.

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

2.9 Borrowing cost

Interest, markup and other charges on long term financing are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long term financing. All other interests, mark-up and other charges are recognized in statement of profit or loss.

2.10 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

2.11 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less cost to sell, is estimated. For the purpose of impairment testing, assets which cannot be tested individually are grouped together into smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash flows of other assets or group of assets. An impairment loss is recognized whenever, the carrying amount of an asset exceeds its recoverable amount. Impairment loss is charged to the statement of profit or loss. Reversal 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, if impairment loss had not been recognized. Reversal of impairment loss is also recognized in the statement of profit or loss.

2.12 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. Related Government grant is recognized when there is reasonable assurance that Company will comply with the conditions attached to it and grant will be received.

Rendering of services

Revenue from a contract to provide services is recognized over time as the services are rendered based on either a fixed price or an hourly rate.

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.

Dividend

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

Other revenue

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

ii) Contract assets

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

iii) 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.

2.13 Share capital

Ordinary and preference shares are classified as equity.

2.14 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**Investments and other financial assets****a) Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at the fair value through profit or loss; and
- those to be measured 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.

For assets measured at fair value, gain and losses are recognized in statement of profit or loss.

For investments in debt instruments, this will depend on the business model in which the investment is held. The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value, in the case of a financial asset at its fair value plus transaction plus, in the case of a financial asset not at fair value through profit or loss, transaction cost that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instrument

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset.

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. Any gain or loss arising on de-recognition is recognized directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses.

Equity Instruments

The Company subsequently measures all equity instruments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price.

At fair value through profit or loss

Changes in the fair value of equity instruments at fair value through profit or loss are recognized in other income / (other expenses).

Dividends from such investments continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

Financial liabilities**Classification and measurement**

Financial liabilities are classified at amortized cost. These are also subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

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 derecognized 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 set off and the net amount is reported in the financial statements when there is a legal 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.

2.15 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 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

2.17 Trade and other payables

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

2.18 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit 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.

2.19 Dividend and transfer of reserves

Dividend to the shareholders is recognized 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.

2.20 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its segments separately for the purpose of making decisions regarding resource allocation and performance assessment.

Segment results that are reported to management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those income, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has three reportable operating segments: i) Spinning (Producing different qualities of yarn), ii) Knitting (Producing knitted fabric from yarn), iii) Processing and Garments (Processing of greige fabric for production of dyed and white fabric and manufacturing of variety of garments from processed fabric).

Transactions among the operating segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

2.21 Earnings per share

The Company presents basic and diluted Earnings per Share (EPS). Basic EPS is calculated by dividing profit attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting profit attributable to shareholders and the weighted average number of ordinary shares outstanding with the effects of all dilutive potential ordinary shares.

2.22 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.

2.23 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 |
|----------------------------|-------------------|---|------------------------------|----------------|
| 67 500 000 | 67 500 000 | Ordinary shares of Rupees 10 each fully paid in cash | 675,000 | 675,000 |
| 31 166 668 | 31 166 668 | Cumulative preference shares (non-voting) of Rupees 10 each fully paid in cash (Note 3.1) | 311,666 | 311,666 |
| <u>98 666 668</u> | <u>98 666 668</u> | | <u>986,666</u> | <u>986,666</u> |

- 3.1 The Company issued cumulative preference shares as at 30 June 2005, which are listed on Pakistan Stock Exchange Limited, to finance the working capital requirements and fixed capital expenditure.

Terms of redemption

a) Conversion option

Preference shareholders have the option to serve a notice to the Company to convert one third of the preference shares along with accumulated dividend into ordinary shares of the Company after the expiry of four years from the date of issuance in any conversion year at a discount of 15 percent to immediately preceding 30 calendar days' average market value. Upon receiving the conversion notice, the Company will have the option to repay the preference shares along with the accumulated dividend for which conversion notice has been issued within one month of receiving thereof or issue ordinary shares to preference shareholders.

b) Call option

The Company has the option to redeem the preference shares after four years of the issuance in part in multiples of 10 percent upto 100 percent from the preference shareholders. The call price would be Rupees 10 per share plus the entire accumulated preference share dividend, if any.

c) Rate of dividend

The preference dividend is payable at the average rate of six months KIBOR plus 2 percent per annum on cumulative basis. According to the terms of issuance, dividend to ordinary shareholders could only be paid after the payment of preference dividend to preference shareholders.

d) Sinking fund reserve

The Company has created a sinking fund reserve (capital redemption reserve fund) from the profits of the Company to make payments against any call option. The Company has built-up this sinking fund reserve to ensure that at the end of the fourth year from the issuance date, the reserve is equal to one third of the total amount of preference shares. This reserve account will subsequently be replenished to ensure that one third of the outstanding preference shares amount is available in the reserve account.

- 3.2 17 396 833 ordinary shares (2019: 17 396 833) of the Company are held by Shanghai Challenge Textile Company Limited - associated company.

| | 2020 | 2019 |
|---|------------------------|------------------|
| | (RUPEES IN THOUSAND) | |
| 4. CAPITAL RESERVES | | |
| Share premium (Note 4.1) | 1,375,000 | 1,375,000 |
| Capital redemption reserve fund (Note 4.2) | 128,333 | 128,333 |
| Surplus on revaluation of freehold land (Note 4.3) | <u>2,447,552</u> | <u>900,234</u> |
| | <u>3,950,885</u> | <u>2,403,567</u> |
| | | |
| 4.1 This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017. | | |
| 4.2 The Company has created this reserve from its profits to make payments against any call option of preference shares. | | |
| 4.3 Surplus on revaluation of freehold land | | |
| Opening balance | 900,234 | 900,234 |
| Add: Surplus on revaluation of freehold land | 1,547,318 | - |
| | <u>2,447,552</u> | <u>900,234</u> |
| | | |
| 5. REVENUE RESERVES | | |
| General | 714,500 | 714,500 |
| Unappropriated profit | <u>3,158,114</u> | <u>7,393,006</u> |
| | <u>3,872,614</u> | <u>8,107,506</u> |
| | | |
| 6. LONG TERM FINANCING | | |
| From banking companies - secured | | |
| Long term loans (Note 6.1) | 4,844,061 | 5,489,689 |
| Sukuk / Diminishing musharika (Note 6.2) | <u>2,911,458</u> | <u>468,750</u> |
| | 7,755,519 | 5,958,439 |
| Less: Current portion shown under current liabilities (Note 13) | <u>500,993</u> | <u>1,658,955</u> |
| | <u>7,254,526</u> | <u>4,299,484</u> |

6.1 Long term loans

| LENDER | 2020 | 2019 | RATE OF INTEREST PER ANNUM | NUMBER OF INSTALLMENTS | INTEREST REPRICING | INTEREST PAYABLE | SECURITY |
|---|-----------|-----------|----------------------------|--|--------------------|------------------|---|
| (RUPEES IN THOUSAND) | | | | | | | |
| Medium Term Loan / Demand Finances / Long Term Finances for Export Oriented Projects: | | | | | | | |
| Bank Alfalah Limited | 107,651 | - | 3 Month KIBOR+1.50% | Twenty quarterly installments starting from 5 August 2020 and ending on 5 May 2025 | Quarterly | Quarterly | First exclusive charge on fixed assets of the Company and personal guarantee of Chief Executive Officer of the Company |
| National Bank of Pakistan | 111,021 | - | 3 Month KIBOR+2.00% | Sixteen quarterly installment starting from 13 August 2021 and ending on 13 May 2025 | Quarterly | Quarterly | Specific charge on machinery |
| National Bank of Pakistan | 1,750,000 | 2,125,000 | 3 Month KIBOR+1.00% | Twenty quarterly installments starting from 22 September 2018 and ending on 22 June 2024 due to deferment of one year | Quarterly | Quarterly | First joint pari passu charge over fixed assets of the Company and personal guarantee of Chief Executive Officer of the Company |
| National Bank of Pakistan | 268,160 | 301,680 | 3 Month KIBOR+1.50% | Twenty quarterly installments starting from 10 March 2019 and ending on 10 December 2024 due to deferment of one year | Quarterly | Quarterly | First joint pari passu charge over fixed assets of the Company |
| Standard Chartered Bank (Pakistan) Limited | 400,000 | 600,000 | 6 Month KIBOR+1.25% | Ten equal semi annual installments starting from 31 July 2017 and ending on 31 January 2023 due to deferment of one year | Semi Annually | Semi Annually | Joint pari passu charge over fixed assets of the Company |
| Samba Bank Limited | 93,750 | 234,375 | 6 Month KIBOR+1.50% | Sixteen quarterly installments starting from 30 September 2018 and ending on 01 July 2021 due to deferment of one year | Quarterly | Quarterly | Pari passu charge on fixed assets and personal guarantee of Chief Executive Officer of the Company. |
| United Bank Limited | 16,576 | 49,727 | 5.00% | Sixteen quarterly installments starting from 22 February 2017 and ending on 22 November 2021 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| United Bank Limited | 12,044 | 20,073 | 5.00% | Sixteen quarterly installments starting from 31 December 2017 and ending on 30 September 2022 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| United Bank Limited | 11,263 | 15,359 | 5.00% | Sixteen quarterly installments starting from 11 May 2019 and ending on 11 February 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| United Bank Limited | 3,554 | 4,847 | 5.00% | Sixteen quarterly installments starting from 30 March 2019 and ending on 31 December 2023 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| United Bank Limited | 9,844 | 13,125 | 5.00% | Sixteen quarterly installments starting from 25 July 2019 and ending on 25 April 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| United Bank Limited | 7,145 | 9,526 | 5.00% | Sixteen quarterly installments starting from 27 August 2019 and ending on 27 May 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| United Bank Limited | 53,708 | 71,610 | 5.00% | Sixteen quarterly installments starting from 26 August 2019 and ending on 26 May 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |

| LENDER | 2020 | 2019 | RATE OF INTEREST PER ANNUM | NUMBER OF INSTALLMENTS | INTEREST REPRICING | INTEREST PAYABLE | SECURITY |
|---------------------|----------------------|--------|----------------------------|--|--------------------|------------------|------------------------------------|
| | (RUPEES IN THOUSAND) | | | | | | |
| United Bank Limited | 1,678 | 2,237 | 5.00% | Sixteen quarterly installments starting from 05 September 2019 and ending on 05 June 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| United Bank Limited | 30,096 | 37,041 | 5.00% | Sixteen quarterly installments starting from 19 September 2019 and ending on 19 June 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| United Bank Limited | 6,395 | 7,871 | 5.00% | Sixteen quarterly installments starting from 20 September 2019 and ending on 20 June 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| United Bank Limited | 47,683 | 58,686 | 5.00% | Sixteen quarterly installments starting from 18 October 2019 and ending on 18 July 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| United Bank Limited | 22,546 | 27,750 | 5.00% | Sixteen quarterly installments starting from 28 November 2019 and ending on 28 August 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| United Bank Limited | 5,938 | 6,787 | 5.00% | Sixteen quarterly installments starting from 18 January 2020 and ending on 18 October 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| United Bank Limited | 53,944 | 61,650 | 5.00% | Sixteen quarterly installments starting from 08 March 2020 and ending on 08 January 2025 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| The Bank of Punjab | 1,038 | 1,660 | 5.00% | Seventeen quarterly installments starting from 12 July 2017 and ending on 12 April 2022 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| The Bank of Punjab | 1,078 | 1,724 | 5.00% | Seventeen quarterly installments starting from 05 August 2017 and ending on 05 May 2022 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| The Bank of Punjab | 1,194 | 1,911 | 5.00% | Seventeen quarterly installments starting from 11 August 2017 and ending on 11 May 2022 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| The Bank of Punjab | 2,461 | 3,939 | 5.00% | Seventeen quarterly installments starting from 11 August 2017 and ending on 11 May 2022 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| The Bank of Punjab | 786 | 1,258 | 5.00% | Seventeen quarterly installments starting from 08 September 2017 and ending on 08 June 2022 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| The Bank of Punjab | 557 | 795 | 5.00% | Eighteen quarterly installments starting from 28 November 2017 and ending on 30 October 2022 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| The Bank of Punjab | 782 | 1,118 | 5.00% | Eighteen quarterly installments starting from 27 November 2017 and ending on 06 November 2022 due to deferment of one year | - | Quarterly | First charge on specific machinery |

| LENDER | 2020 | 2019 | RATE OF INTEREST PER ANNUM | NUMBER OF INSTALLMENTS | INTEREST REPRICING | INTEREST PAYABLE | SECURITY |
|----------------------|---------|---------|----------------------------|---|--------------------|------------------|---|
| (RUPEES IN THOUSAND) | | | | | | | |
| The Bank of Punjab | 1,009 | 1,441 | 5.00% | Eighteen quarterly installments starting from 28 November 2017 and ending on 05 November 2022 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| The Bank of Punjab | 5,628 | 8,040 | 5.00% | Eighteen quarterly installments starting from 28 November 2017 and ending on 16 November 2022 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| The Bank of Punjab | 2,323 | 3,319 | 5.00% | Seventeen quarterly installments starting from 28 November 2017 and ending on 05 December 2022 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| The Bank of Punjab | 1,570 | 2,243 | 5.00% | Seventeen quarterly installments starting from 28 November 2017 and ending on 14 December 2022 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| The Bank of Punjab | 12,773 | 18,247 | 5.00% | Eighteen quarterly installments starting from 28 November 2017 and ending on 14 December 2022 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| The Bank of Punjab | 13,843 | 19,034 | 5.00% | Eighteen quarterly installments starting from 28 November 2017 and ending on 29 January 2023 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| The Bank of Punjab | 11,853 | 16,298 | 5.00% | Nineteen quarterly installments starting from 28 November 2017 and ending on 27 February 2023 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| The Bank of Punjab | 23,993 | 32,991 | 5.00% | Eighteen quarterly installments starting from 28 November 2017 and ending on 27 February 2023 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| The Bank of Punjab | 12,538 | 16,299 | 5.00% | Nineteen quarterly installments starting from 10 February 2018 and ending on 10 August 2023 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| The Bank of Punjab | 100,897 | 128,414 | 5.00% | Twenty quarterly installments starting from 14 March 2018 and ending on 14 December 2023 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| The Bank of Punjab | 16,925 | 23,079 | 5.00% | Twenty quarterly installments starting from 21 April 2018 and ending on 21 January 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| The Bank of Punjab | 3,744 | 4,680 | 5.00% | Twenty quarterly installments starting from 12 May 2018 and ending on 12 February 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| The Bank of Punjab | 26,393 | 32,991 | 5.00% | Twenty quarterly installments starting from 06 June 2018 and ending on 06 March 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| Askari Bank Limited | 8,078 | 12,924 | 5.00% | Sixteen quarterly installments starting from 01 October 2017 and ending on 01 July 2022 due to deferment of one year | - | Quarterly | First charge on specific machinery and personal guarantee of certain directors of the Company |

| LENDER | 2020 | 2019 | RATE OF INTEREST PER ANNUM | NUMBER OF INSTALLMENTS | INTEREST REPRICING | INTEREST PAYABLE | SECURITY |
|---------------------|----------------------|--------|----------------------------|---|--------------------|------------------|---|
| | (RUPEES IN THOUSAND) | | | | | | |
| Askari Bank Limited | 6,863 | 10,295 | 5.00% | Sixteen quarterly installments starting from 04 December 2017 and ending on 04 September 2022 due to deferment of one year | - | Quarterly | First charge on specific machinery and personal guarantee of certain directors of the Company |
| Askari Bank Limited | 5,356 | 8,927 | 5.00% | Seventeen quarterly installments starting from 29 December 2017 and ending on 01 November 2022 due to deferment of one year | - | Quarterly | First charge on specific machinery and personal guarantee of certain directors of the Company |
| Askari Bank Limited | 12,523 | 20,871 | 5.00% | Sixteen quarterly installments starting from 01 February 2018 and ending on 01 November 2022 due to deferment of one year | - | Quarterly | First charge on specific machinery and personal guarantee of certain directors of the Company |
| Askari Bank Limited | 45,914 | 72,150 | 5.00% | Sixteen quarterly installments starting from 10 April 2018 and ending on 10 January 2023 due to deferment of one year | - | Quarterly | First charge on specific machinery and personal guarantee of certain directors of the Company |
| Askari Bank Limited | 12,755 | 17,006 | 5.00% | Sixteen quarterly installments starting from 18 August 2018 and ending on 18 May 2023 due to deferment of one year | - | Quarterly | First charge on specific machinery and personal guarantee of certain directors of the Company |
| Askari Bank Limited | 15,888 | 21,290 | 5.00% | Sixteen quarterly installments starting from 15 September 2018 and ending on 15 June 2023 due to deferment of one year | - | Quarterly | First charge on specific machinery and personal guarantee of certain directors of the Company |
| Askari Bank Limited | 2,862 | 3,816 | 5.00% | Sixteen quarterly installments starting from 20 September 2018 and ending on 20 June 2023 due to deferment of one year | - | Quarterly | First charge on specific machinery and personal guarantee of certain directors of the Company |
| Askari Bank Limited | 10,249 | 13,977 | 5.00% | Sixteen quarterly installments starting from 17 April 2019 and ending on 17 January 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery and personal guarantee of certain directors of the Company |
| Askari Bank Limited | 3,806 | 5,075 | 5.00% | Sixteen quarterly installments starting from 15 July 2019 and ending on 15 April 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery and personal guarantee of certain directors of the Company |
| Askari Bank Limited | 10,747 | 13,227 | 5.00% | Sixteen quarterly installments starting from 11 September 2018 and ending on 11 June 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery and personal guarantee of certain directors of the Company |
| Askari Bank Limited | 5,270 | 6,486 | 5.00% | Sixteen quarterly installments starting from 27 September 2019 and ending on 27 June 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery and personal guarantee of certain directors of the Company |
| Askari Bank Limited | 2,330 | 2,868 | 5.00% | Sixteen quarterly installments starting from 22 September 2019 and ending on 22 June 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery and personal guarantee of certain directors of the Company |
| Askari Bank Limited | 12,717 | 15,603 | 5.00% | Eighteen quarterly installments starting from 26 August 2019 and ending on 26 November 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery and personal guarantee of certain directors of the Company |
| Askari Bank Limited | 17,230 | 17,230 | 5.00% | Sixteen quarterly installments starting from 21 June 2021 and ending on 21 March 2025 due to deferment of one year | - | Quarterly | First charge on specific machinery and personal guarantee of certain directors of the Company |

| LENDER | 2020 | 2019 | RATE OF INTEREST PER ANNUM | NUMBER OF INSTALLMENTS | INTEREST REPRICING | INTEREST PAYABLE | SECURITY |
|---------------------------|--------|--------|----------------------------|---|--------------------|------------------|---|
| (RUPEES IN THOUSAND) | | | | | | | |
| Askari Bank Limited | 33,087 | 33,087 | 5.00% | Sixteen quarterly installments starting from 20 June 2021 and ending on 20 March 2025 due to deferment of one year | - | Quarterly | First charge on specific machinery and personal guarantee of certain directors of the Company |
| National Bank of Pakistan | 89,154 | 88,014 | 5.00% | Twenty quarterly installments starting from 28 March 2018 and ending on 28 December 2023 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 14,448 | 19,701 | 5.00% | Twenty quarterly installments starting from 08 April 2018 and ending on 08 January 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 10,857 | 14,805 | 5.00% | Twenty quarterly installments starting from 22 April 2018 and ending on 22 January 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 22,733 | 31,000 | 5.00% | Twenty quarterly installments starting from 30 April 2018 and ending on 30 January 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 7,798 | 10,634 | 5.00% | Twenty quarterly installments starting from 01 June 2018 and ending on 01 March 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 433 | 590 | 5.00% | Twenty quarterly installments starting from 12 June 2018 and ending on 12 March 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 6,754 | 9,210 | 5.00% | Twenty quarterly installments starting from 20 June 2018 and ending on 20 March 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 31,330 | 39,162 | 5.00% | Twenty quarterly installments starting from 26 June 2018 and ending on 26 March 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 36,659 | 48,879 | 5.00% | Twenty quarterly installments starting from 16 August 2018 and ending on 16 May 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 11,343 | 15,125 | 5.00% | Twenty quarterly installments starting from 24 August 2018 and ending on 24 May 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 23,281 | 31,042 | 5.00% | Twenty quarterly installments starting from 25 April 2018 and ending on 25 April 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 25,210 | 33,613 | 5.00% | Twenty quarterly installments starting from 03 July 2018 and ending on 03 April 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 7,931 | 10,575 | 5.00% | Twenty quarterly installments starting from 07 August 2018 and ending on 07 May 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |

| LENDER | 2020 | 2019 | RATE OF INTEREST PER ANNUM | NUMBER OF INSTALLMENTS | INTEREST REPRICING | INTEREST PAYABLE | SECURITY |
|---------------------------|----------------------|--------|----------------------------|---|--------------------|------------------|------------------------------------|
| | (RUPEES IN THOUSAND) | | | | | | |
| National Bank of Pakistan | 7,866 | 10,488 | 5.00% | Twenty quarterly installments starting from 29 August 2018 and ending on 29 May 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 4,755 | 6,340 | 5.00% | Twenty quarterly installments starting from 06 September 2018 and ending on 06 June 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 4,466 | 5,955 | 5.00% | Twenty quarterly installments starting from 14 September 2018 and ending on 14 June 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 10,382 | 13,577 | 5.00% | Twenty quarterly installments starting from 03 October 2018 and ending on 03 July 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 55,166 | 72,140 | 5.00% | Twenty quarterly installments starting from 04 December 2018 and ending on 04 September 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 50,283 | 65,755 | 5.00% | Twenty quarterly installments starting from 11 December 2018 and ending on 11 September 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 5,816 | 7,477 | 5.00% | Twenty quarterly installments starting from 21 February 2019 and ending on 21 November 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 2,329 | 3,105 | 5.00% | Twenty quarterly installments starting from 01 September 2018 and ending on 01 June 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 6,968 | 9,112 | 5.00% | Twenty quarterly installments starting from 15 December 2018 and ending on 15 September 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 46,404 | 59,683 | 5.00% | Twenty quarterly installments starting from 21 February 2019 and ending on 21 November 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 2,932 | 3,834 | 5.00% | Twenty quarterly installments starting from 04 October 2018 and ending on 04 July 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 2,175 | 2,900 | 5.00% | Nineteen quarterly installments starting from 25 October 2018 and ending on 25 April 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 29,314 | 38,334 | 5.00% | Twenty quarterly installments starting from 07 December 2018 and ending on 07 September 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 66,569 | 85,589 | 5.00% | Twenty quarterly installments starting from 19 March 2019 and ending on 19 December 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |

| LENDER | 2020 | 2019 | RATE OF INTEREST PER ANNUM | NUMBER OF INSTALLMENTS | INTEREST REPRICING | INTEREST PAYABLE | SECURITY |
|---------------------------------|---------|---------|----------------------------|--|--------------------|------------------|------------------------------------|
| (RUPEES IN THOUSAND) | | | | | | | |
| National Bank of Pakistan | 18,330 | 24,440 | 5.00% | Nineteen quarterly installments starting from 17 November 2018 and ending on 17 May 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 3,958 | 5,175 | 5.00% | Nineteen quarterly installments starting from 11 February 2019 and ending on 11 August 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 16,402 | 21,869 | 5.00% | Eighteen quarterly installments starting from 17 January 2019 and ending on 17 April 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 7,637 | 9,987 | 5.00% | Nineteen quarterly installments starting from 17 February 2019 and ending on 17 August 2024 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 43,577 | - | 5.00% | Sixteen quarterly installments starting from 15 April 2021 and ending on 15 January 2025 | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 50,890 | - | 5.00% | Sixteen quarterly installments starting from 27 April 2021 and ending on 27 January 2025 | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 49,931 | - | 5.00% | Sixteen quarterly installments starting from 13 May 2021 and ending on 13 February 2025 | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 53,710 | - | 5.00% | Sixteen quarterly installments starting from 24 May 2021 and ending on 24 February 2025 | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 33,239 | - | 5.00% | Sixteen quarterly installments starting from 05 June 2021 and ending on 05 March 2025 | - | Quarterly | First charge on specific machinery |
| National Bank of Pakistan | 45,586 | - | 5.00% | Sixteen quarterly installments starting from 11 June 2021 and ending on 11 March 2025 | - | Quarterly | First charge on specific machinery |
| Habib Metropolitan Bank Limited | 79,420 | 84,715 | 5.00% | Sixteen quarterly installments starting from 12 May 2020 and ending on 14 February 2025 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| Habib Metropolitan Bank Limited | 17,600 | 18,773 | 5.00% | Sixteen quarterly installments starting from 14 May 2020 and ending on 14 February 2025 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| Habib Metropolitan Bank Limited | 104,941 | 110,464 | 5.00% | Twenty quarterly installments starting from 28 May 2020 and ending on 28 February 2026 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| Habib Metropolitan Bank Limited | 54,604 | 57,478 | 5.00% | Twenty quarterly installments starting from 22 June 2020 and ending on 22 March 2026 due to deferment of one year | - | Quarterly | First charge on specific machinery |

| LENDER | 2020 | 2019 | RATE OF INTEREST PER ANNUM | NUMBER OF INSTALLMENTS | INTEREST REPRICING | INTEREST PAYABLE | SECURITY |
|--|------------------|------------------|----------------------------|---|--------------------|------------------|--|
| (RUPEES IN THOUSAND) | | | | | | | |
| Habib Metropolitan Bank Limited | 28,512 | 28,512 | 5.00% | Twenty quarterly installments starting from 07 July 2020 and ending on 07 April 2026 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| Bank Alfalah Ltd | 38,802 | - | 5.00% | Twenty quarterly installments starting from 04 December 2019 and ending on 04 September 2025 due to deferment of one year | - | Quarterly | First exclusive charge on fixed assets of the Company and personal guarantee of Chief Executive Officer of the Company |
| Bank Alfalah Ltd | 9,699 | - | 5.00% | Twenty quarterly installments starting from 26 December 2019 and ending on 26 September 2025 due to deferment of one year | - | Quarterly | First exclusive charge on fixed assets of the Company and personal guarantee of Chief Executive Officer of the Company |
| Bank Alfalah Ltd | 13,811 | - | 5.00% | Twenty quarterly installments starting from 19 February 2020 and ending on 19 November 2025 due to deferment of one year | - | Quarterly | First exclusive charge on fixed assets of the Company and personal guarantee of Chief Executive Officer of the Company |
| Pakistan Kuwait Investment Company (Private) Limited | 56,324 | 56,324 | 5.00% | Sixteen quarterly installments starting from 03 August 2021 and ending on 03 May 2025 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| Pakistan Kuwait Investment Company (Private) Limited | 93,676 | 93,676 | 5.00% | Sixteen quarterly installments starting from 23 August 2021 and ending on 23 May 2025 due to deferment of one year | - | Quarterly | First charge on specific machinery |
| | <u>4,844,061</u> | <u>5,489,689</u> | | | | | |

6.2 Sukuk / Diminishing Musharika:

| | | | | | | | |
|--------------------------------------|------------------|----------------|---------------------|---|-----------|-----------|---|
| Orix Modaraba | 34,375 | 68,750 | Base Rate+2.95% | Twenty four monthly installments starting from 30 May 2019 and ending on 01 November 2021 due to deferment of six months | Quarterly | Monthly | First charge on specific machinery and personal guarantee of some directors |
| Orix Modaraba | 27,083 | 50,000 | Base Rate+2.95% | Twenty four monthly installments starting from 25 July 2019 and ending on 27 December 2021 due to deferment of six months | Quarterly | Monthly | First charge on specific machinery and personal guarantee of some directors |
| Orix Modaraba | 50,000 | 50,000 | Base Rate+2.95% | Nineteen monthly installments starting from 28 December 2020 and ending on 28 June 2022 | Quarterly | Monthly | First charge on specific machinery and personal guarantee of some directors |
| Meezan Bank Limited | 300,000 | 300,000 | 3 Month KIBOR+1.50% | Twenty quarterly installments starting from 25 June 2021 and ending on 25 March 2025 due to deferment of one year | Quarterly | Quarterly | First equitable charge over specific property |
| Shariah Compliant Sukuk (Note 6.2.1) | 2,500,000 | - | 3 Month KIBOR+2.00% | Fourteen quarterly installments starting from 17 September 2021 and ending on 17 December 2024 | Quarterly | Quarterly | First pari passu charge over all present and future fixed assets of the Company and equitable mortgage over the mortgaged properties. |
| | <u>2,911,458</u> | <u>468,750</u> | | | | | |

6.2.1 These represent redeemable capital in terms of 2 500 Shariah Compliant Sukuk Certificates issued to various institutions and other investors by way of private placement in accordance with the provisions of section 66 of the Companies Act, 2017. These are issued to repay existing conventional debts and for meeting working capital requirement of the Company. Pakistan Kuwait Investment Company (Private) Limited was the lead financial advisor and arranger while Al-Hilal Shariah Advisors (Private) Limited is acting as Shariah structuring advisor for the Sukuk.

6.3 Repayment period of certain long term financing was deferred by one year as mentioned in 'Number of Installments' column above in accordance with the State Bank of Pakistan (SBP) Circular No. ERD/M&PRD/PR/01/2020-32 dated 26 March 2020.

| 7 | 2020 | 2019 |
|---|----------------------|----------|
| LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE | (RUPEES IN THOUSAND) | |
| Future minimum lease payments | - | 37,286 |
| Less: Un-amortized financial charge | - | 5,352 |
| Present value of minimum lease rental payments | - | 31,934 |
| Less: Current portion shown under current liabilities | - | (10,233) |
| | - | 21,701 |

7.1 As on 01 July 2019, the Company has adopted IFRS 16 'Leases', hence, liabilities against assets subject to finance lease have been classified as lease liabilities (Note 8 to these financial statements). The value of minimum lease payments were discounted using implicit interest rate ranged from 7.70 percent to 12.99 percent per annum. Rentals were payable in monthly and quarterly installments. In case of default in any payment, an additional charge at the rate of 0.1 percent per day shall be paid. Taxes, repairs and insurance costs were to be borne by the Company. Liabilities were secured against deposits of Rupees 8.766 million.

7.2 Minimum lease payments and their present values are regrouped as under:

| | 2020 | | 2019 | |
|--|----------------------------------|---|-------------------------|---|
| | Not later than one year | Later than one year but not later than five years | Not later than one year | Later than one year but not later than five years |
| | ----- (RUPEES IN THOUSAND) ----- | | | |
| Future minimum lease payments | - | - | 12,413 | 24,873 |
| Less: Un-amortized finance charge | - | - | (2,180) | (3,172) |
| Present value of future minimum lease payments | - | - | 10,233 | 21,701 |

| 8 | 2020 | 2019 |
|---|----------------------|------|
| LEASE LIABILITIES | (RUPEES IN THOUSAND) | |
| Total lease liabilities (Note 8.1.1 and Note 8.1.2) | 340,576 | - |
| Less: Current portion shown under current liabilities (Note 13) | (129,864) | - |
| | 210,712 | - |

| 8.1 Reconciliation of lease liabilities | 2020 | 2019 |
|--|----------------------|----------|
| | (RUPEES IN THOUSAND) | |
| Opening balance | - | - |
| Add: Adjustment on adoption of IFRS 16 on 01 July 2019 | 242,621 | - |
| Add: Additions during the year | 238,560 | - |
| Add: Interest accrued on lease liabilities | 24,998 | - |
| Less: Payments during the period | (165,603) | - |
| Closing balance | 340,576 | - |
| Less: Current portion shown under current liabilities | (129,864) | - |
| Non-current portion | <u>210,712</u> | <u>-</u> |

8.1.1 The value of minimum lease payments of lease amounting to Rupees 22.286 million has been discounted using implicit interest rate of 12.25 percent to 15.85 percent per annum. Balance rentals are payable in monthly and quarterly installments. In case of default in any payment, an additional charge at the rate of 0.1 percent per day shall be paid. Taxes, repairs and insurance costs are to be borne by the Company. In case of termination of the agreement, the Company shall pay entire amount of rentals for unexpired period of lease agreement. Lease agreement is renewable at the option of the lessor on such terms as may be agreed upon. Liabilities are secured against deposits of Rupees 6.778 million included in long term security deposits. The principal repayments of lease amounting to Rupees 16.018 million has been deferred for one year.

8.1.2 The value of minimum lease payments of lease amounting to Rupees 318.290 million has been discounted using incremental borrowing rate of 8.3 percent per annum. Balance rentals are payable in monthly installments. Repairs and insurance costs are to be borne by the Company. In case of termination of the agreement, three months notice is to be given. Lease agreement is renewable at the mutual consent of both parties on such terms as may be agreed upon. Liabilities are secured against deposits of Rupees 19.978 million included in long term security deposits.

8.2 Minimum lease payments and their present values are regrouped as under:

| | 2020 | | 2019 | |
|--|----------------------------------|---|-------------------------|---|
| | Not later than one year | Later than one year but not later than five years | Not later than one year | Later than one year but not later than five years |
| | ----- (RUPEES IN THOUSAND) ----- | | | |
| Future minimum lease payments | 151,140 | 237,571 | - | - |
| Less: Un-amortized finance charge | (21,276) | (26,859) | - | - |
| Present value of future minimum lease payments | <u>129,864</u> | <u>210,712</u> | <u>-</u> | <u>-</u> |

| | 2020 | 2019 |
|--|----------------------|------------------|
| | (RUPEES IN THOUSAND) | |
| 9. DEFERRED LIABILITY FOR GRATUITY | | |
| Opening balance | 770,256 | 724,353 |
| Add: | | |
| Provision for the year (Note 9.1) | 312,384 | 239,202 |
| Remeasurements recognized in other comprehensive income (Note 9.2) | <u>(20,623)</u> | <u>34,305</u> |
| Closing Balance | 1,062,017 | 997,860 |
| Less: | | |
| Payments made during the year | <u>(77,377)</u> | <u>(221,501)</u> |
| Increase in current liability - net | <u>(20,286)</u> | <u>(6,103)</u> |
| | <u>(97,663)</u> | <u>(227,604)</u> |
| | <u>964,354</u> | <u>770,256</u> |
| 9.1 Provision for the year: | | |
| Current service cost | 209,581 | 184,252 |
| Interest cost | <u>102,803</u> | <u>54,950</u> |
| | <u>312,384</u> | <u>239,202</u> |
| 9.2 Remeasurements recognized in other comprehensive income | | |
| Actuarial gain from changes in financial assumptions | 10,991 | (8,252) |
| Experience adjustment | <u>(31,614)</u> | <u>42,557</u> |
| | <u>(20,623)</u> | <u>34,305</u> |
| 9.3 Reconciliation of present value of defined benefit obligation as at 30 June is given below: | | |
| | 2020 | 2019 |
| | (RUPEES IN THOUSAND) | |
| Present value of defined benefit obligation as at 01 July | 770,256 | 724,353 |
| Current service cost | 209,581 | 184,252 |
| Interest cost | 102,803 | 54,950 |
| Benefits paid during the year | (77,377) | (221,501) |
| Increase in current liability - net | (20,286) | (6,103) |
| Remeasurements: | | |
| Actuarial gain / (loss) from changes in financial assumptions | <u>10,991</u> | <u>(8,252)</u> |
| Experience adjustment | <u>(31,614)</u> | <u>42,557</u> |
| | <u>(20,623)</u> | <u>34,305</u> |
| Present value of defined benefit obligation as at 30 June | <u>964,354</u> | <u>770,256</u> |

| 9.4 Principal actuarial assumptions used | 2020 | 2019 |
|--|---------------------------------|---------------------------------|
| Discount rate for interest cost in 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 salary (per annum) | 7.50% | 13.25% |
| Average duration of the benefit (years) | 8 | 8 |
| 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 |

9.5 Sensitivity analysis for actuarial assumptions:

The sensitivity of the defined benefit obligation as at reporting date to changes in the weighted principal assumption is:

| | | |
|---|----------|----------|
| Discount rate | 1.00% | 1.00% |
| Increase in assumption (Rupees in thousand) | (70,395) | (54,004) |
| Decrease in assumption (Rupees in thousand) | 81,684 | 62,318 |
| Future salary increase | 1.00% | 1.00% |
| Increase in assumption (Rupees in thousand) | 78,903 | 60,208 |
| Decrease in assumption (Rupees in thousand) | (69,035) | (52,931) |

9.6 Expected Maturity Profile

Followings are the expected distribution and timing of benefit payments at year end:

| Description | 2020 | 2019 |
|------------------|------------------------|------------|
| | (RUPEES IN THOUSAND) | |
| 2020 | - | 133,154 |
| 2021 | 163,963 | 149,415 |
| 2022 | 161,977 | 150,886 |
| 2023 | 153,379 | 147,669 |
| 2024 to 2028 | 688,838 | 797,947 |
| 2029 and onwards | 7,523,408 | 20,511,580 |

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 the previous year except for certain changes as given in Note 9.4.

- 9.7 The estimated expenses to be charged to profit and loss account for the year ending on 30 June 2021 is Rupees 302.745 million.

9.8 Risks associated with the scheme

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.

Demographic risks

- **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.

- **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.

| | 2020 | 2019 |
|--|----------------------|------------------|
| | (RUPEES IN THOUSAND) | |
| 10. TRADE AND OTHER PAYABLES | | |
| Creditors | 1,067,363 | 2,548,741 |
| Advances from customers | 89,670 | 27,726 |
| Accrued liabilities | 1,205,614 | 1,198,602 |
| Income tax deducted at source | 22,231 | 17,581 |
| Sales tax deducted at source | 77,082 | 47,205 |
| Workers' profit participation fund (Note 10.1) | - | 49,327 |
| | <u>2,461,960</u> | <u>3,889,182</u> |
| 10.1 Workers' Profit Participation Fund | | |
| Balance as at 01 July | 49,327 | 68,696 |
| Less: Adjustment on adoption of IFRS 15 | - | 379 |
| | <u>49,327</u> | <u>68,317</u> |
| Add: Provision for the year | - | 47,579 |
| Interest for the year (Note 33) | 6,575 | 2,127 |
| | <u>55,902</u> | <u>118,023</u> |
| Less: Payments during the year | 55,902 | 68,696 |
| Balance as at 30 June | <u>-</u> | <u>49,327</u> |
| 10.1.1 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. | | |
| | 2020 | 2019 |
| | (RUPEES IN THOUSAND) | |
| 11. ACCRUED MARK-UP | | |
| Long term financing | 225,235 | 138,124 |
| Liabilities against assets subject to finance lease | - | 130 |
| Short term borrowings | 169,549 | 119,370 |
| | <u>394,784</u> | <u>257,624</u> |

12 SHORT TERM BORROWINGS - SECURED

These represent the finances obtained from banking companies which are secured by way of first joint pari passu charge over current assets of the Company, pledge and personal guarantee of directors. Mark-up is paid at the rate of 2.75% per annum to 16.42% per annum (2019: 2.75% per annum to 15.62% per annum). The sanctioned credit facilities are Rupees 17,905 million (2019: Rupees 15,955 million).

13. CURRENT PORTION OF NON-CURRENT LIABILITIES

| | | |
|---|----------------|------------------|
| Long term financing (Note 6) | 500,993 | 1,658,955 |
| Liabilities against assets subject to finance lease | - | 10,233 |
| Lease liabilities (Note 8) | 129,864 | - |
| | <u>630,857</u> | <u>1,669,188</u> |

14. CONTINGENCIES AND COMMITMENTS**a) Contingencies**

i) Guarantees of Rupees 259.995 million (2019: Rupees 259.995 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited (SNGPL) against gas connections and Total Parco Pakistan Limited against fuel cards.

ii) 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 14 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 20.200 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.

b) Commitments

i) Contracts for capital expenditure are amounting to Rupees 167.148 million (2019: Rupees 337.588 million) and other than capital expenditure are of Rupees 628.862 million (2019: Rupees 1,481.010 million).

ii) Ijarah (operating lease) commitments - Company as lessee

The Company obtained vehicles under ijarah (operating lease) agreement. The lease terms are three to five years. The Company has given undertaking to purchase the leased vehicles on agreed purchase price at maturity.

2020 2019

(RUPEES IN THOUSAND)

The future aggregate minimum lease payments under ijarah (operating lease) are as follows:

| | | |
|---|----------------|----------------|
| Not later than one year | 38,327 | 37,542 |
| Later than one year and not later than five years | 84,578 | 93,902 |
| | <u>122,905</u> | <u>131,444</u> |

15. PROPERTY, PLANT AND EQUIPMENT

| | | |
|--------------------------------------|-------------------|-------------------|
| Operating fixed assets | | |
| -Owned (Note 15.1) | 13,161,273 | 10,492,605 |
| -Leased (Note 15.1) | - | 59,627 |
| Capital work-in-progress (Note 15.2) | 450,758 | 610,295 |
| | <u>13,612,031</u> | <u>11,162,527</u> |

15.1 OPERATING FIXED ASSETS

| | OWNED | | | | | | | | | | LEASED | | | |
|----------------------------------|---------------|----------------------------|---------------------|--------------------------------|-------------------|-------------------------|------------------------|------------------|--------------------|-----------|-------------|---------------------|----------|----------|
| | Freehold land | Buildings on freehold land | Plant and machinery | Electric and gas installations | Factory equipment | Telephone installations | Furniture and fixtures | Office equipment | Computer equipment | Vehicles | Total | Plant and machinery | Vehicles | Total |
| (RUPEES IN THOUSAND) | | | | | | | | | | | | | | |
| At 30 June 2018 | | | | | | | | | | | | | | |
| Cost / revalued amount | 1,462,233 | 2,075,459 | 8,884,527 | 698,031 | 112,937 | 22,540 | 280,295 | 11,133 | 319,949 | 245,083 | 14,112,287 | 66,810 | 19,882 | 86,692 |
| Accumulated depreciation | - | (526,575) | (3,435,187) | (268,635) | (62,661) | (17,464) | (138,920) | (5,401) | (215,444) | (159,071) | (4,829,358) | (16,418) | (10,426) | (26,844) |
| Net book value | 1,462,233 | 1,548,884 | 5,449,340 | 429,396 | 50,276 | 5,176 | 141,375 | 5,732 | 104,505 | 85,012 | 9,282,929 | 50,392 | 9,456 | 59,846 |
| Year ended 30 June 2019 | | | | | | | | | | | | | | |
| Opening net book value | 1,462,233 | 1,548,884 | 5,449,340 | 429,396 | 50,276 | 5,176 | 141,375 | 5,732 | 104,505 | 86,012 | 9,282,929 | 50,392 | 9,456 | 59,846 |
| Additions | - | 304,754 | 1,443,598 | 149,504 | 12,891 | 1,597 | 57,009 | 514 | 36,770 | 35,564 | 2,042,201 | - | 27,112 | 27,112 |
| Transfer: | | | | | | | | | | | | | | |
| Cost | - | 31,000 | - | - | - | - | - | - | - | - | 31,000 | (31,000) | - | (31,000) |
| Accumulated depreciation | - | (12,282) | - | - | - | - | - | - | - | - | (12,282) | 12,282 | - | 12,282 |
| Disposals: | | | | | | | | | | | | | | |
| Cost | - | (1,016) | (133) | (71,29) | (123) | - | (21,067) | - | (1,850) | (17,206) | (48,524) | - | - | - |
| Accumulated depreciation | - | 686 | 7 | 923 | 8 | - | 4,086 | - | 412 | 8,395 | 14,516 | - | - | - |
| Depreciation charge | - | (330) | (126) | (6,206) | (115) | - | (16,982) | - | (1,738) | (8,811) | (34,008) | - | - | - |
| Closing net book value | 1,462,233 | 1,764,929 | 6,305,329 | 522,912 | 57,386 | 5,853 | 157,746 | 5,350 | 116,043 | 94,824 | 10,492,605 | 28,492 | 31,135 | 59,627 |
| At 30 June 2019 | | | | | | | | | | | | | | |
| Cost / revalued amount | 1,462,233 | 2,379,197 | 10,358,992 | 840,406 | 125,705 | 24,237 | 316,237 | 11,647 | 354,869 | 263,441 | 16,136,964 | 35,810 | 46,994 | 82,804 |
| Accumulated depreciation | - | (614,268) | (4,053,663) | (317,494) | (68,319) | (18,384) | (158,491) | (6,297) | (238,826) | (168,617) | (5,644,355) | (7,118) | (15,859) | (23,177) |
| Net book value | 1,462,233 | 1,764,929 | 6,305,329 | 522,912 | 57,386 | 5,853 | 157,746 | 5,350 | 116,043 | 94,824 | 10,492,605 | 28,492 | 31,135 | 59,627 |
| Year ended 30 June 2020 | | | | | | | | | | | | | | |
| Opening net book value | 1,462,233 | 1,764,929 | 6,305,329 | 522,912 | 57,386 | 5,853 | 157,746 | 5,350 | 116,043 | 94,824 | 10,492,605 | 28,492 | 31,135 | 59,627 |
| Effect of surplus on revaluation | 1,547,318 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Additions | 596,128 | 62,892 | 1,573,965 | 165,500 | 10,283 | 1,890 | 44,992 | 1,402 | 60,910 | 26,658 | 2,544,620 | - | - | - |
| Transfer: | | | | | | | | | | | | | | |
| Cost | - | 35,810 | - | - | - | - | - | - | - | 19,881 | 55,691 | - | - | - |
| Accumulated depreciation | - | (8,496) | - | - | - | - | - | - | - | (12,753) | (21,249) | - | - | - |
| Disposals: | | | | | | | | | | | | | | |
| Cost | - | (832,313) | (19,600) | (3,308) | (45) | (21,408) | (19) | (11,057) | (17,841) | (17,841) | (905,591) | - | - | - |
| Accumulated depreciation | - | 315,574 | 4,348 | 1,130 | 4 | 10,513 | 12 | 6,485 | 9,778 | 347,844 | 347,844 | - | - | - |
| Depreciation charge | - | (516,739) | (15,252) | (2,178) | (41) | (10,895) | (7) | (4,572) | (8,063) | (8,063) | (557,747) | - | - | - |
| Closing net book value | 3,605,679 | 1,737,780 | 6,727,879 | 611,231 | 59,244 | 6,712 | 164,569 | 5,796 | 142,126 | 100,257 | 13,161,273 | - | - | - |
| At 30 June 2020 | | | | | | | | | | | | | | |
| Cost / revalued amount | 3,605,679 | 2,442,089 | 11,136,454 | 986,306 | 132,680 | 26,082 | 339,821 | 13,050 | 404,722 | 292,139 | 19,379,002 | - | - | - |
| Accumulated depreciation | - | (704,309) | (4,408,575) | (375,075) | (73,436) | (19,370) | (175,252) | (7,234) | (262,596) | (191,882) | (6,217,759) | - | - | - |
| Net book value | 3,605,679 | 1,737,780 | 6,727,879 | 611,231 | 59,244 | 6,712 | 164,569 | 5,796 | 142,126 | 100,257 | 13,161,273 | - | - | - |
| Annual rate of depreciation (%) | - | 5 | 10 | 10 | 10 | 15 | 15 | 20 | 20 | 10 | 10 | 20 | 20 | 20 |

15.1.1 Value of freehold land of the Company has been determined by an independent valuer on 30 June 2020 using market value method. Previously, it was revalued by an independent valuer as at 30 June 2016, 28 June 2013, 30 June 2007 and 30 September 1995. Had there been no revaluation, the value of freehold land would have been lower by Rupees 2,447,552 million (2019: Rupees 900,234 million). The book value of freehold land on cost basis is Rupees 1,158,127 million (2019: Rupees 561,999 million).

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

| | 2020 | 2019 |
|-----------------------------------|----------------------|----------------|
| | (RUPEES IN THOUSAND) | |
| Owned: | | |
| Cost of sales (Note 28) | 820,207 | 750,028 |
| Distribution cost (Note 29) | 835 | 725 |
| Administrative expenses (Note 30) | 78,923 | 66,482 |
| | <u>899,965</u> | <u>817,235</u> |
| Leased: | | |
| Cost of sales | - | 3,182 |
| Distribution cost | - | 1,110 |
| Administrative expenses | - | 4,323 |
| | <u>-</u> | <u>8,615</u> |
| | <u>899,965</u> | <u>825,850</u> |

15.1.3 Particulars of immovable properties (i.e. land and buildings) in the name of the Company are as follows:

| Particulars | Location | Area | Covered area |
|-------------------------------------|---|--------|--------------|
| | | Acres | Sq. ft. |
| Apparel Unit | Sargodha Road, Faisalabad | 2.56 | 175,936 * |
| Spinning, Knitting and Dyeing Units | 32- KM, Sheikhpura Road, Faisalabad | 131.08 | 1,724,915 |
| Spinning Unit | Satyana Road, Faisalabad | 1.50 | 35,114 |
| Office | New Civil Lines, Bilal Road, Faisalabad | 0.225 | 52,484 * |
| Office | Regency Plaza, Mall Road, Faisalabad | - | 3,654 ** |

* Covered area at these locations consists of multi-storey buildings.

** Covered area at this location consists of building only, because of multi-storey plaza.

15.1.4 Forced sales value of freehold land given by the independent valuer as at 30 June 2020 was Rupees 3,064.828 million.

15.1.5 Detail of operating fixed assets, exceeding the book value of Rupees 500,000 disposed of during the year is as follows:

| Description | Cost | Accumulated Depreciation | Net book value | Sale proceeds | Gain / (loss) | Mode of disposal | Particulars of purchasers |
|-------------|------|--------------------------|----------------|---------------|---------------|------------------|---------------------------|
|-------------|------|--------------------------|----------------|---------------|---------------|------------------|---------------------------|

----- (RUPEES IN THOUSAND) -----

Plant and machinery

| | | | | | | | |
|------------------------------------|--------|--------|--------|--------|----------|-------------|--|
| Babcock Stenter Frame | 76,192 | 44,367 | 31,825 | 7,500 | (24,325) | Negotiation | Sargodha Cloth Processing, Faisalabad |
| Elastic Machines | 20,476 | 2,950 | 17,526 | 18,790 | 1,264 | Negotiation | Beacon Impex (Private) Limited, Faisalabad |
| Narrow Fabric Looms | 75,093 | 10,820 | 64,273 | 68,911 | 4,638 | Negotiation | Beacon Impex (Private) Limited, Faisalabad |
| Weaves Belt Shrinking Machine Sets | 13,558 | 1,954 | 11,604 | 12,442 | 838 | Negotiation | Beacon Impex (Private) Limited, Faisalabad |
| Knitting Machines | 77,672 | 40,266 | 37,406 | 41,186 | 3,780 | Negotiation | Beacon Impex (Private) Limited, Faisalabad |
| Generators | 13,415 | 5,806 | 7,609 | 8,368 | 759 | Negotiation | Beacon Impex (Private) Limited, Faisalabad |
| Air Compressors | 8,646 | 2,188 | 6,458 | 6,961 | 503 | Negotiation | Beacon Impex (Private) Limited, Faisalabad |
| Knitting Machines | 61,115 | 31,478 | 29,637 | 33,835 | 4,198 | Negotiation | Beacon Impex (Private) Limited, Faisalabad |
| Narrow Fabric Looms | 80,484 | 10,144 | 70,340 | 75,417 | 5,077 | Negotiation | Beacon Impex (Private) Limited, Faisalabad |

| Description | Cost | Accumulated Depreciation | Net book value | Sale proceeds | Gain / (loss) | Mode of disposal | Particulars of purchasers |
|---------------------------------------|--------|--------------------------|----------------|---------------|---------------|------------------|---|
| Fabric Spreading Machines | 9,655 | 293 | 9,362 | 10,486 | 1,124 | Negotiation | Beacon Impex (Private) Limited, Faisalabad |
| Knitting Machines | 87,520 | 22,497 | 65,023 | 72,426 | 7,403 | Negotiation | Beacon Impex (Private) Limited, Faisalabad |
| Electric and gas installations | | | | | | | |
| LT Panel Boxes | 2,955 | 430 | 2,525 | 2,707 | 182 | Negotiation | Beacon Impex (Private) Limited, Faisalabad |
| Protection Panel and UPS | 1,239 | 180 | 1,059 | 1,135 | 76 | Negotiation | Beacon Impex (Private) Limited, Faisalabad |
| Vehicles | | | | | | | |
| Toyota - Corolla Fd-15-127 | 703 | 50 | 653 | 904 | 251 | Company's Policy | Mr. Muhammad Afzaal, House No 197, WAPDA Town Block E-1, Lahore |
| Toyota - Corolla Aly-195 | 1,862 | 48 | 1,814 | 1,732 | (82) | Negotiation | Mr. Qaiser Iqbal Ahmad, Thekriwala, Chak 70/J.B., Mansuran, Faisalabad |
| Toyota - Corolla Fd-17-102 | 2,034 | 977 | 1,057 | 925 | (132) | Company's Policy | Syed Ali Raza, House No E-17, Block Ayesha, Abdullah Garden, Faisalabad |
| Toyota - Corolla Fda-16-175 | 2,010 | 1,078 | 932 | 935 | 3 | Negotiation | Tracko Interactive Services (Private) Limited, Faisalabad |

| | 2020 | 2019 |
|--|------------------------|----------------|
| | (RUPEES IN THOUSAND) | |
| 15.2 CAPITAL WORK-IN-PROGRESS | | |
| Buildings on freehold land | 19,857 | 24,082 |
| Plant and machinery | 79,792 | 131,302 |
| Advances against purchase of land | - | 65,688 |
| Advances against purchase of machinery | 351,109 | 389,223 |
| | <u>450,758</u> | <u>610,295</u> |

15.3 Borrowing cost of Rupees 7.146 million (2019: Rupees 5.793 million) was capitalized during the year using the capitalization rate of 5.00% to 15.60% per annum (2019: 5.00% to 15.45% per annum).

16 RIGHT-OF-USE ASSETS

| | Buildings | Vehicles | Machinery | Total |
|--|------------------------------|----------|-----------|---------|
| | -----RUPEES IN THOUSAND----- | | | |
| Net carrying amount | | | | |
| 01 July 2019 | 210,667 | 31,135 | 28,492 | 270,314 |
| 30 June 2020 | 301,620 | 18,885 | - | 320,505 |
| Depreciation expense for the year | 147,627 | 5,122 | 1,178 | 153,927 |
| Additions during the year | 238,560 | - | - | 238,560 |
| Book value of assets transferred to fixed assets - owned during the year | - | 7,128 | 27,314 | 34,442 |

Lease of buildings

The Company obtained buildings on lease for its office and business operations. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods are maximum of five years.

Lease of vehicles

The Company obtained vehicles on lease for employees. The average contract duration is five years.

Lease of machinery

The Company obtained generator on lease for use its operations.

There is no impairment against right-of-use assets.

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

| | 2020 | 2019 |
|-----------------------------------|------------------------|----------|
| | (RUPEES IN THOUSAND) | |
| Cost of sales (Note 28) | 148,805 | - |
| Distribution cost (Note 29) | 1,080 | - |
| Administrative expenses (Note 30) | 4,042 | - |
| | <u>153,927</u> | <u>-</u> |

| | 2020 | 2019 |
|---|---|------------------|
| | (RUPEES IN THOUSAND) | |
| 17. LONG TERM ADVANCES | | |
| Considered good - secured | | |
| Executives (Note 17.1) | 10,840 | 2,570 |
| Other employees | 240 | 646 |
| | <u>11,080</u> | <u>3,216</u> |
| Less : Current portion shown under current assets (Note 22) | 3,020 | 2,556 |
| | <u>8,060</u> | <u>660</u> |
| 17.1 | Maximum aggregate balance due from executives at the end of any month during the year was Rupees 11.215 million (2019: Rupees 3.675 million). | |
| 17.2 | These include the interest free advances given to Company's executives and other employees recoverable in equal monthly installments and secured against the gratuity payable of these employees. | |
| 17.3 | The fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments: Recognition and Measurement' arising in respect of advances to employees is not considered material and hence not recognized. | |
| 18. LONG TERM INVESTMENT | | |
| Debt instrument | | |
| At amortized cost | | |
| Sales Tax refund bonds (Note 18.1) | | |
| Nil (2019: 4 756) bonds of Rupees 100,000 each | - | 475,600 |
| Add: Accrued interest | - | 476 |
| | <u>-</u> | <u>476,076</u> |
| 18.1 | During the year sales tax refund bonds issued by Federal Board of Revenue (FBR) Refund Settlement Company Limited, under section 67A of Sales Tax Act, 1990 have been encashed on 05 December 2019. | |
| 19. STORES, SPARE PARTS AND LOOSE TOOLS | | |
| Stores (Note 19.1) | 1,555,586 | 1,407,626 |
| Spare parts (Note 19.2) | 686,307 | 367,880 |
| Loose tools | 5,781 | 4,668 |
| | <u>2,247,674</u> | <u>1,780,174</u> |
| 19.1 | These include stores in transit of Rupees 372.885 million (2019: Rupees 227.046 million). | |
| 19.2 | These include spare parts in transit of Rupees Nil (2019: Rupees 11.874 million). | |
| | 2020 | 2019 |
| | (RUPEES IN THOUSAND) | |
| 20. STOCK IN TRADE | | |
| Raw materials (Note 20.1 and Note 20.2) | 2,896,819 | 2,257,744 |
| Work-in-process (Note 20.3) | 1,596,125 | 2,225,565 |
| Finished goods (Note 20.4) | 3,632,222 | 3,262,943 |
| | <u>8,125,166</u> | <u>7,746,252</u> |

- 20.1 These include stock in transit of Rupees 185.515 million (2019: Rupees 2.964 million).
- 20.2 These include stock of Rupees 171.345 million (2019: Rupees 192.368 million) sent to third parties for conversion.
- 20.3 These include stock of Rupees 91.345 million (2019: Rupees 331.315 million) sent to third parties for processing.
- 20.4 These include stock of Rupees 172.505 million (2019: Rupees 6.931 million) sent to third parties for processing.
- 20.5 Stock in trade includes stocks amounting to Rupees 133.176 million (2019: Rupees 105.630 million) valued at net realizable value.
- 20.6 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 266.169 million (2019: Rupees Nil).

| | 2020 | 2019 |
|--|------------------------|------------|
| | (RUPEES IN THOUSAND) | |
| 21 TRADE DEBTS | | |
| Considered good: | | |
| Secured (against letters of credit) | 420,630 | 703,110 |
| Unsecured: | | |
| Related party (Note 21.1) | 876,761 | 865,330 |
| Others - against contract | 7,329,592 | 9,204,575 |
| | 8,206,353 | 10,069,905 |
| | 8,626,983 | 10,773,015 |
| Less: Allowance for expected credit losses (Note 21.3) | 863,132 | 64,706 |
| | 7,763,851 | 10,708,309 |

- 21.1 As at 30 June 2020, trade debts due from the related party were from Challenge Apparels Limited.
- 21.2 The maximum aggregate amount due from the related party, Challenge Apparels Limited at the end of any month during the year was Rupees 1,037.318 million (2019: Rupees 865.330 million).
- 21.3 Allowance for expected credit losses

| | 2020 | 2019 |
|---|------------------------|---------|
| | (RUPEES IN THOUSAND) | |
| Opening balance | 64,706 | 61,343 |
| Add: | | |
| Recognized as on 01 July 2018 | - | 2,293 |
| Recognized during the year (Note 31) | 798,426 | 1,070 |
| Closing balance | 863,132 | 64,706 |
| 22. LOANS AND ADVANCES | | |
| Considered good: | | |
| Employees - Interest free: | | |
| Against expenses | 206,618 | 17,795 |
| Against salary | 39,547 | 33,723 |
| | 246,165 | 51,518 |
| Current portion of long term advances (Note 17) | 3,020 | 2,556 |
| Advances to suppliers | 288,701 | 308,070 |
| | 537,886 | 362,144 |

| | 2020 | 2019 |
|---|------------------------|-------------------|
| | (RUPEES IN THOUSAND) | |
| 23. SHORT TERM DEPOSITS AND PREPAYMENTS | | |
| Letters of credit | 3,397 | 4,071 |
| Prepayments | 5,364 | 29,277 |
| Margin deposits | 111,418 | 113,974 |
| Security deposits including current portion | 19,548 | 29,507 |
| Income tax | 933,016 | 994,175 |
| | <u>1,072,743</u> | <u>1,171,004</u> |
| 24. OTHER RECEIVABLES | | |
| Considered good: | | |
| Sales tax refundable | 1,238,295 | 1,192,474 |
| Export rebate | 246,168 | 485,729 |
| Duty draw back claims | 311,593 | 1,483,359 |
| Others | 38,130 | 9,769 |
| | <u>1,834,186</u> | <u>3,171,331</u> |
| 25. SHORT TERM INVESTMENTS | | |
| At amortized cost | | |
| Habib Bank Limited (Note 25.1) | 100,000 | 100,000 |
| At fair value through profit or loss | | |
| Al Meezan Investment Management Limited | 103,218 | - |
| | <u>203,218</u> | <u>100,000</u> |
| 25.1 These represent investment in Term Finance Certificates (TFCs) issued by Habib Bank Limited at the profit rate of 3 Month KIBOR+1.60% (2019: 3 Month KIBOR+1.60%) per annum. | | |
| 26. CASH AND BANK BALANCES | | |
| With banks : | | |
| On current accounts | 43,113 | 225,553 |
| On saving accounts including US\$ 61,479 (2019: US\$ 61,387) (Note 26.1) | 527,272 | 152,694 |
| Term Deposit Receipt (Note 26.2) | 600,000 | - |
| | <u>1,170,385</u> | <u>378,247</u> |
| Cash in hand | 2,629 | 2,216 |
| | <u>1,173,014</u> | <u>380,463</u> |
| 26.1 Rate of profit on saving accounts ranges from 3.25% to 12.50% (2019: 2.40% to 10.75%) per annum. | | |
| 26.2 These represents term deposit receipt placed with a banking company having maturity of one month at profit rate of 6.50% per annum. | | |
| 27. REVENUE | | |
| Local sales | 4,449,279 | 2,773,329 |
| Export sales | 22,945,798 | 29,753,822 |
| Waste sales | 441,601 | 416,529 |
| Knitting / dyeing income | 1,543,176 | 1,311,382 |
| | <u>29,379,854</u> | <u>34,255,062</u> |
| Less: Sales tax | 711,212 | 43,683 |
| | <u>28,668,642</u> | <u>34,211,379</u> |

| | 2020 | 2019 |
|--|------------------------|--------------------|
| | (RUPEES IN THOUSAND) | |
| 28. COST OF SALES | | |
| Raw materials consumed | 10,146,862 | 13,943,741 |
| Salaries, wages and other benefits | 5,306,744 | 5,073,027 |
| Staff retirement benefit | 237,911 | 174,262 |
| Fuel and power | 2,074,859 | 1,895,616 |
| Dyes and chemicals consumed | 2,179,169 | 2,458,103 |
| Stores, spare parts and loose tools consumed | 835,471 | 848,828 |
| Packing materials and other charges | 2,274,325 | 2,647,755 |
| Outside knitting, dyeing and CMT charges | 972,117 | 1,766,931 |
| Repair and maintenance | 687,977 | 693,753 |
| Insurance | 125,255 | 137,389 |
| Other factory overheads (Note 28.1) | 1,233,027 | 1,435,315 |
| Depreciation - owned assets (Note 15.1.2) | 820,207 | 750,028 |
| Depreciation - leased assets (Note 15.1.2) | - | 3,182 |
| Depreciation - right-of-use assets (Note 16.1) | 148,805 | - |
| | <u>27,042,729</u> | <u>31,827,930</u> |
| Work-in-process: | | |
| Opening stock | 2,225,565 | 1,913,300 |
| Closing stock | (1,596,125) | (2,225,565) |
| | <u>629,440</u> | <u>(312,265)</u> |
| Cost of goods manufactured | 27,672,169 | 31,515,665 |
| Finished goods: | | |
| Opening stock | 3,262,943 | 2,164,810 |
| Closing stock | (3,632,222) | (3,262,943) |
| | <u>(369,279)</u> | <u>(1,098,133)</u> |
| | <u>27,302,890</u> | <u>30,417,532</u> |
| 28.1 This includes Ijarah (operating lease) rentals amounting to Rupees 28.781 million(2019: Rupees 17.047 million) of vehicles. | | |
| 29. DISTRIBUTION COST | | |
| Salaries and other benefits | 158,873 | 147,943 |
| Staff retirement benefit | 21,968 | 16,234 |
| Commission to selling agents | 883,883 | 1,001,855 |
| Insurance | 9,060 | 10,048 |
| Travelling and conveyance | 54,828 | 41,649 |
| Vehicles' running | 9,569 | 9,975 |
| Printing and stationery | 335 | 590 |
| Communication | 28,888 | 27,436 |
| Outward freight and distribution | 980,099 | 1,192,113 |
| Depreciation - owned assets (Note 15.1.2) | 835 | 725 |
| Depreciation - leased assets (Note 15.1.2) | - | 1,110 |
| Depreciation - right-of-use assets (Note 16.1) | 1,080 | - |
| | <u>2,149,418</u> | <u>2,449,678</u> |

| | 2020 | 2019 |
|--|---|----------------|
| | (RUPEES IN THOUSAND) | |
| 30. ADMINISTRATIVE EXPENSES | | |
| Salaries and other benefits | 414,908 | 410,923 |
| Staff retirement benefit | 52,505 | 48,706 |
| Rent, rates and taxes (Note 30.1) | 33,155 | 29,808 |
| Travelling and conveyance | 22,644 | 23,267 |
| Entertainment | 10,699 | 9,968 |
| Repair and maintenance | 6,350 | 4,454 |
| Vehicles' running | 22,562 | 21,232 |
| Printing and stationery | 9,274 | 7,769 |
| Communication | 16,625 | 17,619 |
| Legal and professional | 2,162 | 2,132 |
| Newspapers and periodicals | 73 | 139 |
| Electricity and sui gas | 15,811 | 13,824 |
| Auditor's remuneration (Note 30.2) | 4,060 | 3,710 |
| Subscription and fee | 4,531 | 9,971 |
| Advertisement | 2,584 | 5,030 |
| Insurance | 13,568 | 18,069 |
| Miscellaneous | 1,928 | 248 |
| Depreciation - owned assets (Note 15.1.2) | 78,923 | 66,482 |
| Depreciation - leased assets (Note 15.1.2) | - | 4,323 |
| Depreciation - right-of-use assets (Note 16.1) | 4,042 | - |
| | <u>716,404</u> | <u>697,674</u> |
| 30.1 | This includes ljarah (operating lease) rentals amounting to Rupees 12.627 million (2019: Rupees 9.653 million) of vehicles. | |
| 30.2 Auditors' remuneration | | |
| Annual audit fee | 3,300 | 3,000 |
| Half yearly review fee | 500 | 450 |
| Other certifications | 175 | 175 |
| Reimbursable expenses | 85 | 85 |
| | <u>4,060</u> | <u>3,710</u> |
| 31. OTHER EXPENSES | | |
| Allowance under expected credit losses (Note 21.3) | 798,426 | 1,070 |
| Workers' profit participation fund | - | 47,579 |
| Interest income on sales tax refund bonds written off | 476 | - |
| Gas Infrastructure Development Cess of previous years | 21,901 | - |
| Sales tax receivable against packing material reversed | 151,862 | - |
| | <u>972,665</u> | <u>48,649</u> |

| | 2020 | 2019 |
|--|------------------------|------------------|
| | (RUPEES IN THOUSAND) | |
| 32. OTHER INCOME | | |
| Income from financial assets | | |
| Profit on deposits with banks and TFCs | 132,135 | 42,500 |
| Dividend income | 3,218 | - |
| Interest income on sales tax refund bonds | - | 476 |
| Net exchange gain | 192,815 | 2,248,190 |
| | <u>328,168</u> | <u>2,291,166</u> |
| Income from non-financial assets | | |
| Sale of stores and scrap | 6,859 | 4,935 |
| Gain on sale of property, plant and equipment | 37,821 | 21,319 |
| Others | 47,523 | 35,952 |
| | <u>92,203</u> | <u>62,206</u> |
| | <u>420,371</u> | <u>2,353,372</u> |
| 33. FINANCE COST | | |
| Mark-up on: | | |
| Long term financing | 758,123 | 494,125 |
| Short term borrowings | 732,533 | 550,015 |
| Liabilities against assets subject to finance lease | - | 3,085 |
| Lease liabilities | 24,998 | - |
| Interest on workers' profit participation fund (Note 10.1) | 6,575 | 2,127 |
| Bank charges and commission | 177,057 | 153,760 |
| | <u>1,699,286</u> | <u>1,203,112</u> |
| 34. TAXATION | | |
| Current (Note 34.1) | 374,855 | 416,293 |
| Prior year adjustments | (6,226) | (595) |
| | <u>368,629</u> | <u>415,698</u> |

34.1 The Company falls in the ambit of final tax regime under section 169 of the Income Tax Ordinance, 2001. Provision for income tax is made accordingly. Further, provision for tax on other income is made at current tax rates after considering the rebates and tax credits, if any, and accumulated tax losses. No provision for deferred taxation is required due to final tax on exports. Reconciliation of expense and product of accounting profit multiplied by the applicable tax rate is not required in view of final tax on export.

| | | 2020 | 2019 |
|--|------------------------------------|--------------------|-------------------|
| 35. | (LOSS) / EARNINGS PER SHARE | | |
| Basic (loss) / earnings per share | | | |
| (Loss) / profit after taxation | (Rupees in thousand) | (4,120,279) | 1,332,408 |
| Dividend on preference shares | (Rupees in thousand) | <u>(47,682)</u> | <u>(33,986)</u> |
| | | <u>(4,167,961)</u> | <u>1,298,422</u> |
| Weighted average number of ordinary shares | (Numbers) | <u>67 500 000</u> | <u>67,500,000</u> |
| (Loss) / earnings per share - Basic | (Rupees) | <u>(61.75)</u> | <u>19.24</u> |
| Diluted (loss) / earnings per share | | | |
| (Loss) / profit after taxation | (Rupees in thousand) | (4,120,279) | 1,332,408 |
| Dividend on preference shares | (Rupees in thousand) | <u>(47,682)</u> | <u>(33,986)</u> |
| | | <u>(4,167,961)</u> | <u>1,298,422</u> |
| Weighted average number of ordinary shares | (Numbers) | <u>73 248 929</u> | <u>73 369 484</u> |
| (Loss) / earnings per share - Diluted | (Rupees) | <u>(56.90)</u> | <u>17.70</u> |

| | | 2020 | 2019 |
|--|---------------------------------------|------------------------|--------------------|
| | | (RUPEES IN THOUSAND) | |
| 36. | CASH GENERATED FROM OPERATIONS | | |
| (Loss) / Profit before taxation | | (3,751,650) | 1,748,106 |
| Adjustments for non-cash charges and other items: | | | |
| Depreciation | | 1,053,892 | 825,850 |
| Provision for gratuity | | 312,384 | 239,202 |
| Allowance for expected credit losses | | 798,426 | 1,070 |
| Gain on sale of property, plant and equipment | | (37,821) | (21,319) |
| Interest income on sales tax refund bonds | | - | (476) |
| Interest income on sales tax refund bonds written off | | 476 | - |
| Finance cost | | 1,699,286 | 1,203,112 |
| Working capital changes (Note 36.1) | | <u>1,526,215</u> | <u>(2,530,751)</u> |
| | | <u>1,601,208</u> | <u>1,464,793</u> |

| 36.1 Working capital changes | 2020 | 2019 |
|--|------------------------|--------------------|
| | (RUPEES IN THOUSAND) | |
| (Increase) / decrease in current assets | | |
| Stores, spare parts and loose tools | (467,500) | (201,018) |
| Stock in trade | (378,914) | (1,884,453) |
| Trade debts | 2,146,032 | (1,494,096) |
| Loans and advances | (175,742) | 18,628 |
| Short term deposits and prepayments | 37,102 | (66,209) |
| Other receivables | 1,812,745 | (110,227) |
| | 2,973,723 | (3,737,375) |
| (Decrease) / Increase in trade and other payables | | |
| | (1,447,508) | 1,206,624 |
| | <u>1,526,215</u> | <u>(2,530,751)</u> |

36.2 Reconciliation of movements of liabilities to cash flows from financing activities:

| | 2020 | | | | 2019 | | | |
|---|---------------------|-----------------------|-------------------|-------------------|---------------------|-----------------------|---|-------------------|
| | Long term financing | Short term borrowings | Lease liabilities | Total | Long term financing | Short term borrowings | Liabilities against assets subject to finance lease | Total |
| ------(RUPEES IN THOUSAND)----- | | | | | | | | |
| Balance as at 01 July | 5,958,439 | 14,280,366 | - | 20,238,805 | 6,105,246 | 11,962,878 | 21,701 | 18,089,825 |
| Transferred to lease liabilities on adoption of IFRS 16 'Leases' Lease liabilities obtained | - | - | 242,621 | 242,621 | - | - | 27,112 | 27,112 |
| Financing obtained | 3,067,377 | - | - | 3,067,377 | 1,049,138 | - | - | 1,049,138 |
| Short term borrowings obtained - net | - | 1,555,494 | - | 1,555,494 | - | 2,317,488 | - | 2,317,488 |
| Repayment of financing | (1,270,297) | - | - | (1,270,297) | (1,195,945) | - | - | (1,195,945) |
| Repayment of lease liabilities | - | - | (140,605) | (140,605) | - | - | (16,879) | (16,879) |
| Balance as at 30 June | <u>7,755,519</u> | <u>15,835,860</u> | <u>340,576</u> | <u>23,931,955</u> | <u>5,958,439</u> | <u>14,280,366</u> | <u>31,934</u> | <u>20,270,739</u> |

37 EVENTS AFTER THE REPORTING PERIOD

37.1 Board of Directors of the Company has proposed a cash dividend for the ordinary shareholders of the Company for the year ended 30 June 2020 amounting to Rupees Nil (2019: Rupees 1.50) per share and preference dividend for the preference shareholders of the Company amounting to Rupees 1.53 (2019: Rupees 1.09) per share declared but accumulated at their meeting held on 05 October 2020. However, these events have been considered as non-adjusting events under IAS-10 'Events after the Reporting Period' and have not been recognized in these financial statements.

38. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

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

| DESCRIPTION | 2020 | | | 2019 | | |
|-------------|-------------------------|-----------|------------|-------------------------|-----------|------------|
| | Chief Executive Officer | Directors | Executives | Chief Executive Officer | Directors | Executives |

------(RUPEES IN THOUSAND)-----

| | | | | | | |
|-------------------------|---------------|----------|----------------|--------------|--------------|----------------|
| Managerial remuneration | 8,000 | - | 137,872 | 4,000 | 882 | 120,924 |
| Allowances | | | | | | |
| House rent | 3,200 | - | 55,149 | 1,600 | 353 | 48,370 |
| Other allowances | 800 | - | 13,787 | 400 | 88 | 12,092 |
| | <u>12,000</u> | <u>-</u> | <u>206,808</u> | <u>6,000</u> | <u>1,324</u> | <u>181,386</u> |
| Number of persons | 1 | - | 63 | 1 | 2 | 54 |

- 38.1 The Chief Executive Officer, some of the directors and some of the executives are provided free use of Company maintained vehicles.
- 38.2 Meeting fee amounting to Rupees 0.180 million (2019: Rupees 0.210 million) has been paid to three directors (2019: six directors).

39. **TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise of associated company, 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 disclosed elsewhere in these financial statements are as follows:

| | 2020 | 2019 |
|-----------------------------------|------------------------|---------|
| | (RUPEES IN THOUSAND) | |
| Associated company | | |
| Challenge Apparels Limited | | |
| Sale of goods and services | 842,939 | 786,497 |
| Purchase of goods and services | 122,010 | - |
| Other related parties | | |
| Dividend paid | 32,959 | 33,029 |

- 39.1 Detail of compensation to key management personnel comprising of Chief Executive Officer, Directors and Executives is disclosed in Note 38.

| | 2020 | 2019 |
|---|--------|--------|
| 40. NUMBER OF EMPLOYEES | | |
| Number of employees as on 30 June | 13 027 | 14 161 |
| Average number of employees during the year | 15 574 | 13 991 |

| 41. PLANT CAPACITY AND ACTUAL PRODUCTION | 2020 | 2019 |
|---|-------------------------|-------|
| | (FIGURES IN THOUSAND) | |
| SPINNING | | |
| Production at normal capacity converted to 20s count based on three shifts per day (Kgs.) | 5757 | 5 541 |
| Actual production converted to 20s count based on three shifts per day (Kgs.) | 5019 | 5 121 |

| | | 2020 | 2019 |
|---|---------|--------|--------|
| (FIGURES IN THOUSAND) | | | |
| KNITTING | | | |
| Production at normal capacity based on three shifts per day | (Kgs.) | 43 167 | 47 555 |
| Actual production based on three shifts per day | (Kgs.) | 17 563 | 27 668 |
| DYEING / FINISHING | | | |
| Production at normal capacity on reactive dyeing basis at three shifts per day | (Kgs.) | 49 775 | 45 525 |
| Actual production converted on reactive dyeing basis at three shifts per day | (Kgs.) | 19 549 | 26 234 |
| GARMENTS | | | |
| Production at normal capacity of normal / average garments capacity based on single shift per day | (Dzn.) | 5 229 | 5 239 |
| Actual production of normal / average garments capacity basis on single shift per day | (Dzn.) | 3 012 | 3 154 |

41.1 REASONS FOR LOW PRODUCTION

Under utilization of available capacity is mainly due to spread of COVID-19 pandemic and consequently imposition of lock down by the Government of Punjab resulting in closure of plant during the lock down period. Moreover utilization of available capacity is also due to normal maintenance.

42 SEGMENT INFORMATION

| | Spinning | | Knitting | | Processing & Garments | | Elimination of inter-segment transactions | | Total-Company | |
|---|-------------|-------------|-------------|--------------|-----------------------|--------------|---|--------------|---------------|--------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| (RUPEES IN THOUSAND) | | | | | | | | | | |
| Revenue | | | | | | | | | | |
| External | 1,693,622 | 1,403,980 | 212,097 | 440,269 | 26,762,923 | 32,367,130 | - | - | 28,668,642 | 34,211,379 |
| Intersegment | 1,837,297 | 2,327,938 | 9,341,521 | 13,946,291 | 16,577 | 20,557 | (11,195,395) | (16,294,786) | - | - |
| | 3,530,919 | 3,731,918 | 9,553,618 | 14,386,560 | 26,779,500 | 32,387,687 | (11,195,395) | (16,294,786) | 28,668,642 | 34,211,379 |
| Cost of sales | (3,420,007) | (3,615,708) | (9,558,662) | (13,999,981) | (25,519,616) | (29,096,629) | 11,195,395 | 16,294,786 | (27,302,890) | (30,417,532) |
| Gross profit / (Loss) | 110,912 | 116,210 | (5,044) | 386,579 | 1,259,884 | 3,291,058 | - | - | 1,365,752 | 3,793,847 |
| Distribution cost | (44,247) | (49,918) | (97,576) | (166,128) | (2,007,595) | (2,233,632) | - | - | (2,149,418) | (2,449,678) |
| Administrative expenses | (41,680) | (42,287) | (99,367) | (132,419) | (575,357) | (522,968) | - | - | (716,404) | (697,674) |
| | (85,927) | (92,205) | (196,943) | (298,547) | (2,582,952) | (2,756,600) | - | - | (2,865,822) | (3,147,352) |
| Profit / (Loss) before taxation and unallocated income and expenses | 24,985 | 24,005 | (201,987) | 88,032 | (1,323,068) | 534,458 | - | - | (1,500,070) | 646,495 |
| Unallocated income and expenses: | | | | | | | | | | |
| Other expenses | | | | | | | | | (972,665) | (48,649) |
| Other income | | | | | | | | | 420,371 | 2,353,372 |
| Finance cost | | | | | | | | | (1,699,286) | (1,203,112) |
| Taxation | | | | | | | | | (368,629) | (415,698) |
| (Loss) / Profit after taxation | | | | | | | | | (4,120,279) | 1,332,408 |

42.1 Reconciliation of reportable segment assets and liabilities

| | Spinning | | Knitting | | Processing & Garments | | Total-Company | |
|---|-----------|-----------|-----------|-----------|-----------------------|------------|-------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| (RUPEES IN THOUSAND) | | | | | | | | |
| Segment assets | 2,712,468 | 1,814,247 | 2,498,141 | 2,697,990 | 19,094,761 | 16,176,717 | 24,305,370 | 20,688,954 |
| Unallocated assets | | | | | | | 12,691,739 | 16,445,497 |
| Total assets as per statement of financial position | | | | | | | 36,997,109 | 37,134,451 |
| Segment liabilities | 184,799 | 190,053 | 499,717 | 1,322,025 | 3,201,844 | 3,438,197 | 3,886,360 | 4,950,275 |
| Unallocated liabilities | | | | | | | 24,300,584 | 20,686,437 |
| Total liabilities as per statement of financial position | | | | | | | 28,186,944 | 25,636,712 |

42.2 Geographical Information

The Company's revenue from external customers by geographical location is detailed below:

| | Spinning | | Knitting | | Processing & Garments | | Total-Company | |
|---------------------------------|-----------|-----------|----------|---------|-----------------------|------------|---------------|------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| ------(RUPEES IN THOUSAND)----- | | | | | | | | |
| America and Canada | - | - | - | - | 18,022,088 | 19,866,338 | 18,022,088 | 19,866,338 |
| Europe | - | - | - | - | 3,392,116 | 8,040,328 | 3,392,116 | 8,040,328 |
| Asia, Africa and Australia | 73,894 | 227,322 | - | - | 1,457,701 | 1,619,834 | 1,531,594 | 1,847,156 |
| Pakistan | 1,619,729 | 1,176,658 | 212,097 | 440,269 | 3,891,019 | 2,840,630 | 5,722,844 | 4,457,557 |
| | 1,693,622 | 1,403,980 | 212,097 | 440,269 | 26,762,923 | 32,367,130 | 28,668,642 | 34,211,379 |

All non-current assets of the Company as at reporting date are located and operating in Pakistan.

42.3 Revenue from major customers

Revenue from major customers of the Company's Garments segment includes two customers (2019: two) representing Rupees 12,413 million (2019: Rupees 12,569 million). Revenue from other segments of the Company does not include any major customer.

43. FINANCIAL RISK MANAGEMENT

43.1 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.

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

| | | |
|---------------------------------|------------|------------|
| | 2020 | 2019 |
| Cash at banks - USD | 61,479 | 61,387 |
| Trade debts - USD | 38,023,019 | 56,922,240 |
| Trade debts - Euro | 342,189 | 531,976 |
| Trade and other payables - USD | (503,879) | (591,635) |
| Trade and other payables - Euro | (16,386) | - |
| Net exposure - USD | 37,580,619 | 56,391,992 |
| Net exposure - Euro | 325,803 | 531,976 |

Following significant exchange rates were applied during the year:

| | 2020 | 2019 |
|-----------------------------|--------|--------|
| Rupees per US Dollar | | |
| Average rate | 158.17 | 135.86 |
| Reporting date rate | 168.25 | 159.75 |
| Rupees per Euro | | |
| Average rate | 175.02 | 154.95 |
| Reporting date rate | 189.11 | 178.00 |

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD and Euro with all other variables held constant, the impact on (loss) / profit after taxation for the year would have been Rupees 316.147 million lower / higher (2019: Rupees 427.909 million higher / lower) and Rupees 3.081 million lower / higher (2019: Rupees 4.498 million higher / lower) respectively, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(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 instrument traded in the market. The Company is not exposed to commodity 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 long term financing, lease liabilities, short term borrowings, term finance certificates, term deposit receipt and bank balances in saving accounts. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments fixed rate expose the Company to fair value interest rate risk.

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. The external credit rating of Company's bankers is given below:

| | Rating | | | 2020 | 2019 |
|--|------------|-----------|---------|----------------------|----------------|
| | Short term | Long term | Agency | (Rupees in thousand) | |
| Banks / Term deposit receipt | | | | | |
| National Bank of Pakistan | A1+ | AAA | PACRA | 33,699 | 34,646 |
| Allied Bank Limited | AAA | A1+ | PACRA | 22,993 | 106 |
| Askari Bank Limited | A1+ | AA+ | PACRA | 22,946 | 41,986 |
| Bank Alfalah Limited | A1+ | AA+ | PACRA | 3,630 | 621 |
| First Women Bank Limited | A2 | A- | PACRA | 645,447 | 24,715 |
| Habib Bank Limited | A-1+ | AAA | VIS | 117,224 | 27,685 |
| Habib Metropolitan Bank Limited | A1+ | AA+ | PACRA | 26,813 | 80,204 |
| Bank Al-Habib Limited | A1+ | AA+ | PACRA | 5,800 | 5,925 |
| MCB Bank Limited | A1+ | AAA | PACRA | 10,576 | 20,223 |
| The Bank of Punjab | A1+ | AA | PACRA | 16,398 | 3,434 |
| Dubai Islamic Bank Pakistan Limited | A-1+ | AA | VIS | 4,254 | 5,085 |
| Standard Chartered Bank (Pakistan) Limited | A1+ | AAA | PACRA | 618 | 897 |
| United Bank Limited | A-1+ | AAA | VIS | 4,273 | 38,119 |
| AlBaraka Bank (Pakistan) Limited | A1 | A | PACRA | 1,345 | 1,411 |
| Summit Bank Limited * | N/A | N/A | VIS | 508 | 2,524 |
| Soneri Bank Limited | A1+ | AA- | PACRA | 8,130 | 11,459 |
| Samba Bank Limited | A-1 | AA | VIS | 2,042 | 62,903 |
| Industrial and Commercial Bank of China | P-1 | A1 | Moody's | 7,288 | 4,844 |
| Meezan Bank Limited | A-1+ | AA+ | VIS | 3,201 | 11,410 |
| The Bank of Khyber | A-1 | A | VIS | 180,837 | 50 |
| Khushhali Micro Finance Bank Limited | A-1 | A+ | VIS | 52,363 | - |
| | | | | <u>1,170,385</u> | <u>378,247</u> |

* VIS has suspended the credit ratings of the Bank due to non-availability of updated financial information, as no financial statements have been made available by the Bank after the period ended 31 March 2018.

As at 30 June 2020, trade debts of Rupees 1,567.760 million (2019: Rupees 1,035.306 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:

| | 2020 | 2019 |
|----------------------|----------------------|------------------|
| | (RUPEES IN THOUSAND) | |
| Related party | | |
| Upto 1 month | 9,107 | 22,983 |
| 1 to 6 months | 255,931 | 81,704 |
| More than 6 months | 567,419 | - |
| | <u>832,457</u> | <u>104,687</u> |
| Others | | |
| Upto 1 month | 549,089 | 655,281 |
| 1 to 6 months | 128,625 | 167,031 |
| More than 6 months | 57,589 | 108,307 |
| | <u>735,303</u> | <u>930,619</u> |
| | <u>1,567,760</u> | <u>1,035,306</u> |

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, 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 2,096 million (2019: Rupees 1,675 million) available borrowing limits from financial institutions and Rupees 1,173.014 million (2019: Rupees 380.463 million) cash and bank balances. 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.

Following are the contractual maturities of financial liabilities as at 30 June 2020:

| Carrying Amount | Contractual Cash flows | 6 months or less | 6-12 months | 1-2 Years | More than 2 years |
|-----------------|------------------------|------------------|-------------|-----------|-------------------|
|-----------------|------------------------|------------------|-------------|-----------|-------------------|

----- (RUPEES IN THOUSAND) -----

Non-derivative financial liabilities:

| | | | | | | |
|--------------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|
| Long term financing | 7,755,519 | 9,930,656 | 431,896 | 823,918 | 3,061,335 | 5,613,507 |
| Lease liabilities | 340,576 | 389,810 | 91,577 | 60,663 | 101,607 | 135,963 |
| Unclaimed dividend | 65,262 | 65,262 | 65,262 | - | - | - |
| Short term borrowings | 15,835,860 | 16,000,344 | 14,595,344 | 1,405,000 | - | - |
| Trade and other payables | 2,272,977 | 2,272,978 | 2,222,809 | 50,169 | - | - |
| Accrued mark-up | 394,784 | 394,784 | 394,784 | - | - | - |
| | <u>26,664,978</u> | <u>29,053,834</u> | <u>17,801,672</u> | <u>2,339,750</u> | <u>3,162,942</u> | <u>5,749,470</u> |

Following are the contractual maturities of financial liabilities as at 30 June 2019:

| Carrying Amount | Contractual Cash flows | 6 months or less | 6-12 months | 1-2 Years | More than 2 years |
|-----------------|------------------------|------------------|-------------|-----------|-------------------|
|-----------------|------------------------|------------------|-------------|-----------|-------------------|

----- (RUPEES IN THOUSAND) -----

Non-derivative financial liabilities:

| | | | | | | |
|---|-------------------|-------------------|-------------------|------------------|------------------|------------------|
| Long term financing | 5,958,439 | 7,158,416 | 1,129,816 | 1,039,075 | 1,902,244 | 3,087,281 |
| Liabilities against assets subject to finance lease | 31,934 | 37,286 | 7,790 | 4,623 | 24,873 | - |
| Unclaimed dividend | 33,213 | 33,213 | 33,213 | - | - | - |
| Short term borrowings | 14,280,366 | 14,399,737 | 13,899,737 | 500,000 | - | - |
| Trade and other payables | 3,747,343 | 3,747,343 | 3,706,436 | 40,907 | - | - |
| Accrued mark-up | 257,624 | 257,624 | 257,624 | - | - | - |
| | <u>24,308,919</u> | <u>25,633,619</u> | <u>19,034,616</u> | <u>1,584,605</u> | <u>1,927,117</u> | <u>3,087,281</u> |

Short term borrowings and trade and other payables are financial liabilities of revolving nature which will get renewed as part of working capital management. The rates of interest / mark-up have been disclosed in Note 6, Note 8 and Note 12 of these financial statements.

(d) Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

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

The Company finances its expansion projects through equity, borrowings and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

43.2 Financial instruments by categories

| | 2020 | | | 2019 |
|--|--------------------------------------|-------------------|-------|-------------------|
| | At fair value through profit or loss | At amortized cost | Total | At amortized cost |

----- (RUPEES IN THOUSAND) -----

As at 30 June

Financial assets as per statement of financial position

| | | | | |
|------------------------|----------------|------------------|------------------|-------------------|
| Investments | 103,218 | 100,000 | 203,218 | 576,076 |
| Trade debts | - | 7,763,851 | 7,763,851 | 10,711,672 |
| Loans and advances | - | 50,627 | 50,627 | 36,939 |
| Deposits | - | 215,787 | 215,787 | 205,038 |
| Other receivables | - | 38,130 | 38,130 | 9,769 |
| Cash and bank balances | - | 1,173,014 | 1,173,014 | 380,463 |
| | <u>103,218</u> | <u>9,341,409</u> | <u>9,444,627</u> | <u>11,919,957</u> |

At amortized cost

2020 2019

(RUPEES IN THOUSAND)

Financial liabilities as per statement of financial position

| | | |
|---|-------------------|-------------------|
| Long term financing | 7,755,519 | 5,958,439 |
| Lease liabilities | 340,576 | - |
| Liabilities against assets subject to finance lease | - | 31,934 |
| Unclaimed dividend | 65,262 | 33,213 |
| Short term borrowings | 15,835,860 | 14,280,366 |
| Trade and other payables | 2,272,977 | 3,747,343 |
| Accrued mark-up | 394,784 | 257,624 |
| | <u>26,664,978</u> | <u>24,308,919</u> |

43.3 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.

44. RECOGNIZED FAIR VALUE MEASUREMENTS

Judgements 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. An explanation of each level follows underneath the table:

| | Level 1 | Level 2 | Level 3 | Total |
|--|----------------|----------|----------|----------------|
| ----- (RUPEES IN THOUSAND) ----- | | | | |
| Financial assets - recurring fair value measurement | | | | |
| At fair value through profit or loss | 103,218 | - | - | 103,218 |
| At 30 June 2020 | 103,218 | - | - | 103,218 |
| At 30 June 2019 | - | - | - | - |

The above table does not include fair value information for financial assets and financial liabilities 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. There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further there was no transfer out of level 3 measurements. 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.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments 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: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

45. 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 | - | 3,605,679 | - | 3,605,679 |
| At 30 June 2019 | | | | |
| Freehold land | - | 1,462,233 | - | 1462233 |

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 measurement during the year. Further, there was no transfer in and out of level 3.

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

The Company certifies the valuation for its freehold land (classified as property, plant and equipment) regularly from independent valuer. The management updates the assessment of the fair value of freehold land, taking into account the most recent independent valuation. The management determines freehold land's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar lands.

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's freehold land. Changes in fair values are analyzed at the reporting date during the annual valuation discussion between the Chief Financial Officer and the valuers. As part of this discussion the team presents a report that explains the reason for the fair value movements.

46. DATE OF AUTHORIZATION FOR ISSUE

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

47. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.

48. GENERAL

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

FORM 34

PATTERN OF SHAREHOLDING AS ON 30 JUNE, 2020

1. Incorporation Number **0012223**
 2. Name of the Company **MASOOD TEXTILE MILLS LIMITED**
 3. Pattern of holding of the shares held by the shareholders as at **30.06.2020**

| 4. No. of shareholders | Shareholdings | Total shares held |
|-------------------------|---|-------------------|
| ORDINARY SHARES: | | |
| 585 | Shareholding from 1 to 100 Shares | 40,427 |
| 482 | Shareholding from 101 to 500 Shares | 111,562 |
| 88 | Shareholding from 501 to 1000 Shares | 68,128 |
| 103 | Shareholding from 1001 to 5000 Shares | 255,358 |
| 16 | Shareholding from 5001 to 10000 Shares | 104,272 |
| 6 | Shareholding from 10001 to 15000 Shares | 73,949 |
| 3 | Shareholding from 15001 to 20000 Shares | 50,500 |
| 4 | Shareholding from 20001 to 25000 Shares | 92,087 |
| 2 | Shareholding from 25001 to 30000 Shares | 57,000 |
| 2 | Shareholding from 30001 to 35000 Shares | 67,500 |
| 2 | Shareholding from 35001 to 40000 Shares | 76,400 |
| 1 | Shareholding from 40001 to 45000 Shares | 42,187 |
| 3 | Shareholding from 45001 to 50000 Shares | 145,600 |
| 1 | Shareholding from 50001 to 55000 Shares | 50,001 |
| 1 | Shareholding from 55001 to 60000 Shares | 55,350 |
| 1 | Shareholding from 65001 to 70000 Shares | 66,000 |
| 1 | Shareholding from 85001 to 90000 Shares | 86,637 |
| 1 | Shareholding from 90001 to 95000 Shares | 92,605 |
| 1 | Shareholding from 100001 to 105000 Shares | 104,962 |
| 1 | Shareholding from 105001 to 110000 Shares | 110,000 |
| 1 | Shareholding from 120001 to 125000 Shares | 121,374 |
| 1 | Shareholding from 150001 to 155000 Shares | 150,900 |
| 1 | Shareholding from 265001 to 270000 Shares | 267,000 |
| 1 | Shareholding from 390001 to 395000 Shares | 392,750 |
| 1 | Shareholding from 415001 to 420000 Shares | 419,625 |
| 1 | Shareholding from 635001 to 640000 Shares | 639,000 |
| 1 | Shareholding from 690001 to 695000 Shares | 692,050 |
| 1 | Shareholding from 785001 to 790000 Shares | 785,100 |
| 1 | Shareholding from 790001 to 795000 Shares | 791,000 |
| 1 | Shareholding from 1555001 to 1560000 Shares | 1,556,718 |
| 1 | Shareholding from 1670001 to 1675000 Shares | 1,673,987 |
| 1 | Shareholding from 1725001 to 1730000 Shares | 1,726,400 |
| 1 | Shareholding from 2210001 to 2215000 Shares | 2,214,169 |
| 1 | Shareholding from 4385001 to 4390000 Shares | 4,387,500 |
| 1 | Shareholding from 4535001 to 4540000 Shares | 4,536,019 |
| 1 | Shareholding from 7635001 to 7640000 Shares | 7,636,550 |
| 1 | Shareholding from 17395001 to 17400000 Shares | 17,396,833 |
| 1 | Shareholding from 20360001 to 20365000 Shares | 20,362,500 |
| 1322 | Total | 67,500,000 |

PREFERENCE SHARES:

| | | |
|---|---|-------------------|
| 1 | Shareholding from 245001 to 250000 Shares | 250,000 |
| 1 | Shareholding from 2495001 to 2500000 Shares | 2,500,000 |
| 1 | Shareholding from 3665001 to 3670000 Shares | 3,666,668 |
| 1 | Shareholding from 4435001 to 4440000 Shares | 4,440,000 |
| 3 | Shareholding from 4995001 to 5000000 Shares | 15,000,000 |
| 1 | Shareholding from 5305001 to 5310000 Shares | 5,310,000 |
| 8 | Total | 31,166,668 |

| 5. Categories of shareholders | shares held | Percentage |
|-------------------------------|-------------|------------|
|-------------------------------|-------------|------------|

ORDINARY SHARES:

| | | |
|--|-------------------|---------------|
| 5.1 Directors, Chief Executive Officer, etc. | 1,609,905 | 2.39 |
| 5.2 Associated Companies, undertakings and related parties. | 17,396,833 | 25.77 |
| 5.3 NIT and ICP | 2,215,019 | 3.28 |
| 5.4 Banks, Development Financial Institutions, Non Banking Financial Institutions. | 4,539,838 | 6.73 |
| 5.5 Insurance Companies | 400,444 | 0.59 |
| 5.6 Modarabas and Mutual Funds | 4,100 | 0.01 |
| 5.7 Share holders holding 10% | 27,999,050 | 41.48 |
| 5.8 General Public | | |
| a. Local | 6,036,855 | 8.94 |
| b. Foreign | - | - |
| 5.9 Others-Joint Stock Companies/Co-operative Societies. | 7,297,956 | 10.81 |
| Total Ordinary Shares | 67,500,000 | 100.00 |

PREFERENCE SHARES:

| | | |
|---|------------|--------|
| 5.10 Banks, Development Financial Institutions, Non Banking Financial Institutions. | 31,166,668 | 100.00 |
|---|------------|--------|

6. Signature of Chief Executive/ Secretary

7. Name of Signatory **NISAR AHMAD ALVI**

8. Designation **COMPANY SECRETARY**

9. NIC Number 3 3 1 0 4 - 2 6 9 3 4 6 0 - 9

10. Date

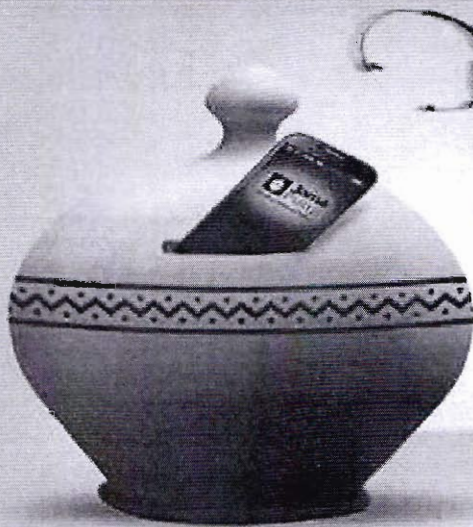
| | | |
|-----|-------|---------|
| Day | Month | Year |
| 0 5 | 1 0 | 2 0 2 0 |

NAMEWISE CATEGORIES OF SHAREHOLDERS AS ON 30-06-2020

| Name | Shares Held | Total Shares | Percentage |
|---|-------------------------|--------------|------------|
| <u>ORDINARY SHARES</u> | | | |
| <u>Directors:</u> | | | |
| MR. SHAHID NAZIR AHMAD | Chief Executive Officer | 1,556,718 | |
| MR. NASEER AHMAD SHAH | Chairman | 42,187 | |
| MR. SHAHID IQBAL | Director | 5,000 | |
| MR. SHABIR AHMAD ABID | Director | 6,000 | |
| MR. SHOAIB AHMAD KHAN (NIT Nominee) | Director | - | |
| MR. SHIBIN YANG (Shanghai Challenge - Nominee) | Director | - | |
| MS CHEN YAN (Shanghai Challenge - Nominee) | Director | - | |
| | | 1 609 905 | 2.39 |
| <u>Shareholders Holding 10% or More:</u> | | | |
| MRS. NAZIA NAZIR | | 20,362,500 | |
| ZHEJIANG XINAO INDUSTRY COMPANY LIMITED | | 7,636,550 | |
| | | 27 999 050 | 41.48 |
| <u>Associated Undertakings:</u> | | | |
| SHANGHAI CHALLENGE TEXTILE CO., LIMITED | | 17,396,833 | |
| | | 17 396 833 | 25.77 |
| <u>Investment Companies:</u> | | | |
| INVESTMENT CORPORATION OF PAKISTAN | | 850 | |
| | | 850 | 0.00 |
| <u>Financial Institutions:</u> | | | |
| <u>Banks:</u> | | | |
| IDBL (ICP UNIT) | | 3,250 | |
| NATIONAL BANK OF PAKISTAN | | 4,536,588 | |
| | | 4 539 838 | 6.73 |
| <u>Insurance Companies</u> | | | |
| AGRO GENERAL INSURANCE COMPANY LIMITED | | 7,594 | |
| DELTA INSURANCE COMPANY LIMITED | | 100 | |
| STATE LIFE INSURANCE CORPORATION OF PAKISTAN | | 392,750 | |
| | | 400 444 | 0.59 |
| <u>Modarabas</u> | | | |
| THIRD PRUDENTIAL MODARABA | | 2,900 | |
| UNICAP MODARABA | | 200 | |
| | | 3 100 | 0.00 |
| <u>Mutual Fund</u> | | | |
| CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST | | 2,214,169 | |
| CDC - TRUSTEE AKD OPPORTUNITY FUND | | 1,000 | |
| | | 2 215 169 | 3.28 |

| Name | Shares Held | Total Shares | Percentage |
|--|-------------|-------------------|---------------|
| <u>Joint Stock Companies And Others</u> | | | |
| FORTRESS TEXTILE (PVT.) LIMITED | 2,616,462 | | |
| H M INVESTMENTS (PVT.) LIMITED | 4,900 | | |
| KOHISTAN CORPORATION (PVT.) LIMITED | 4,387,500 | | |
| LIBERTY MILLS LIMITED | 13,000 | | |
| M/S RANG COMMODITIES (PVT) LIMITED | 1,000 | | |
| MAPLE LEAF CAPITAL LIMITED | 50,001 | | |
| MRA SECURITIES LIMITED - MF | 500 | | |
| NH SECURITIES (PVT) LIMITED | 5 | | |
| PASHA SECURITIES (PVT.) LIMITED | 100 | | |
| PRUDENTIAL CAP.MANAGEMENT LIMITED | 1,600 | | |
| PAKISTAN KUWAIT INVSTMENT (PVT.) LTD | 2,600 | | |
| SHAFFI SECURITIES (PVT.) LIMITED | 2,000 | | |
| SAVARI (PVT.) LIMITED | 900 | | |
| SOFTWARE CREATIONS (PVT.) LIMITED | 121,374 | | |
| TRUSTEE NBP EMP BENEVOLENT FUND TRUST | 3,249 | | |
| TRUSTEE NBP EMPLOYEES PENSION FUND | 92,605 | | |
| Y.S. SECURITIES & SERVICES (PVT.) LIMITED | 160 | 7,297,956 | 10.81 |
| General Public: | | 6,036,855 | 8.95 |
| TOTAL ORIDINANRY SHARES | | 67,500,000 | 100.00 |
| <u>PREFERENCE SHARES</u> | | | |
| <u>Banks:</u> | | | |
| ASKARI BANK LIMITED | - | 2,500,000 | |
| HABIB BANK LIMITED | - | 4,440,000 | |
| MCB BANK LIMITED | - | 5,000,000 | |
| NATIONAL BANK OF PAKISTAN | - | 5,000,000 | |
| UNITED BANK LIMITED | - | 3,666,668 | |
| | | 20,606,668 | 66.12 |
| <u>Investment Companies:</u> | | | |
| FORTRESS TEXTILE (PVT.) LIMITED | - | 5,000,000 | 16.04 |
| KOHISTAN CORPORATION (PVT.) LTD | - | 250,000 | 0.80 |
| SUNDAR IMPEX (PVT) LTD | - | 5,310,000 | 17.04 |
| TOTAL PREFERENCE SHARES | | 31,166,668 | 100.00 |

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- 📊 Financial calculator
- 📢 Subscription to Alerts (event notifications, corporate and regulatory actions)
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- 📖 Online Quizzes



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FORM OF PROXY

No. of Ordinary Shares Held. _____ Folio No. _____ CDC A/c No. _____

I/We, _____

of _____

being a member of MASOOD TEXTILE MILLS LIMITED hereby appoint _____

_____ (NAME)

of _____

(being a member of the Company) as my/our proxy to vote for me/us and on my/our behalf at the 36th Annual General Meeting of the Company to be held at its Registered Office at Universal House, P-17/1, New Civil Lines, Bilal Road, Faisalabad, on Wednesday, the 28th day of October, 2020 at 11.00 A.M. or any adjournment thereof.

As witnessed my hands this _____ day of _____ 2020

Signed by me in the presence of witness: _____

(Signature of witness)

(Member's Signature)

CNIC. _____

CNIC. _____

Five Rupees
Revenue
Stamp

Note: Proxies, in order to be effective, must be received at the Company's Registered Office not later than forty-eight hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

