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VISION AND MISSION STATEMENT

THE VISION

To be the leader in interlining industry by building companies image through Quality improvement, Customer satisfaction and by maintaining a high level of ethical and professional standards through Optimum use of resources.

MISSION STATEMENT

1. Endeavoring to be the Market leader and international player by enhancing market share and to conduct business in the best possible manner by using high level of ethical professionalism.
2. Seeking long term and good trading relation with customers and suppliers with fair, honest and mutually profitable dealings.
3. Building an excellent repute of our organization and to maintain high professional and ethical standards with eyes on the future.
4. Offering high quality products according to the highest international standards.
5. Continuous enhancement in shareholders' value through team work and constant improvement in performance in all operating areas in competitive business
6. Providing congenial work environment, where employees are treated with respect and dignity and work as a team of common goals.
7. Contributing to the national economy by uplifting and skills diversification of the people through fulfillment of our social responsibility

COMPANY PROFILE

BOARD OF DIRECTORS

- | | | |
|-------------------------------|---|-----------------|
| 1. Mr. Maqsood Ahmad Butt FCA | : | Chair Person |
| 2. Mr. Faisal Khan | : | Chief Executive |
| 3. Mrs. Naseem Maqsood Butt | : | Director |
| 4. Mr. Ali Maqsood | : | Director |
| 5. Mrs. Durray Zara Butt | : | Director |
| 6. Dr. Aruj Butt | : | Director |
| 7. Muhammad Saeed Akhtar | : | Director |

CHIEF FINANCIAL OFFICER

Mrs. Durray Zara Butt

COMPANY SECRETARY

Mr. Muhammad Sajjad Hussain

SHARE REGISTRARS

M/s. Corplink (Pvt.) Ltd.
Wings Arcade, 1-K, Commercial
Model Town Lahore.
Tel: 35839182, 35869037

LEGAL ADVISOR

Mr. Mian Waheed Akhtar,
Advocate High Court/ Supreme Court
Lahore.

AUDITORS

M/s. Qadeer & Co.
Chartered Accountants,
32-A Lawrence Road,
Lahore.

REGISTERED OFFICE

2-KM Off Raiwind-Manga Road,
Raiwind, Lahore.
Tel: (92 - 42) 35393125-6, 38102800
Fax: (92 - 42) 35393127
E-mail: info@aruj.com
Website: www.aruj.com

AUDIT COMMITTEE

Muhammad Saeed Akhtar	Chairman
Mr. Maqsood Ahmad Butt FCA	Member
Mr. Ali Maqsood Butt	Member

REGISTERED OFFICE

2-KM Off Raiwind-Manga Road,
Raiwind, Lahore.
Tel: (92 - 42) 35393125-6, 38102800
Fax: (92 - 42) 35393127
E-mail: info@aruj.com
Website: www.aruj.com

HR & REMUNERATION COMMITTEE

Muhammad Saeed Akhtar	Chairman
Mrs. Naseem Maqsood Butt	Member
Dr. Aruj Butt	Member

BANKERS

Standard Chartered Bank (Pakistan) Ltd.
Habib Bank Limited.
Bank Alfalah Limited.
Bank of Punjab.
JS Bank Limited.
Faysal Bank Limited.
Meezan Bank

NOTICE OF 28th ANNUAL GENERAL MEETING.

Notice is hereby given that 28th Annual General Meeting of Aruj Industries Limited will be held on Friday, November 27, 2020 at 9:00 AM at the Registered Office of the Company at 2-KM, Off: Raiwind Manga Road, Raiwind, Lahore to transact the following business:-

ORDINARY BUSINESS:

1. To Confirm the Minutes of last Annual General Meeting held on 28th October, 2019.
2. To receive and adopt the Annual Audited Accounts for the year ended June 30, 2020 along with Directors and Auditors report thereon.
3. To appoint Auditors of the Company to hold office till the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider dissemination of information regarding Annual Audited Accounts to the shareholders in soft form i.e. CD/DVD/USB instead of transmitting the same in the form of hard copies.

“RESOLVED THAT dissemination of information regarding Annual Audited Accounts to the shareholders in soft form i.e. CD/DVD/USB as notified by Securities and Exchange Commission of Pakistan (SECP) vide its SRO No. 470(1)/2016 dated 31 May 2016 be and is hereby approved”.

Any Other Business

5. To transact any other business with the permission of the Chair.

A statement under Section 134(3) of the Companies Act, 2017 in connection with the above special business is being sent to the shareholders alongwith the notice.

Lahore.
November 05, 2020

By order of the Board
Muhammad Sajjad Hussain
Company Secretary

NOTES:

- 1) Share Transfer Books of the Company will remain closed from November 21, 2020 to November 27, 2020 (both days inclusive). Transfers received in order at company's Shares Registrar Office at the close of business on November 20, 2020 will be treated as in time.
- 2) Members who have not yet submitted photocopies of Computerized National Identity Card (CNIC) are requested to send the same at the earliest.
- 3) A member eligible to attend and vote at this meeting may appoint another member as his / her proxy to attend and vote instead of him / her. Proxies in order to be effective must be received at the Company's Registered Office, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

- 4) Due to current COVID-19 situation, the Securities and Exchange Commission of Pakistan (SECP) in terms of circular No.5 of 2020 issued on March 17, 2020 has advised companies to modify their usual planning for general meeting for the safety and well being of shareholders and the public at large. Considering the SECP directives, the Company has decided to convene this AGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements and request the members to consolidate their attendance at the AGM through proxies.
- 5) Members can also avail video conference facility. In this regard please fill the following and submit to registered address of the Company 10 days before the general meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.
- 6) The Company will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting alongwith complete information necessary to enable them to access such facility.

I/We _____
Of _____, being a member of Aruj Industries Limited, holder of _____ ordinary shares as per Register Folio / CDC account No. _____ hereby opt for video conference facility at _____.

Signature of Member

- 7) In terms of the Companies Act, 2017, member residing in a city holding at least 10% of the total paid up share capital may demand the facility of video link for participating in the Annual General Meeting
- 8) Shareholders are requested to immediately notify the change in address, if any to Company Shares Registrar i.e. M/s Corplink (Pvt.) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore Tel: 042-35916714-35916719

Statement under Section 134(3) of the Companies Act, 2017

The statement sets out the material facts concerning the special business to be transacted at 28th Annual General Meeting of Aruj Industries Limited to be held on November 27, 2020.

AGENDA ITEM No.4

Transmission of Annual Audited Financial Statement through CD/DVD/USB

The SECP through SRO 470(1)/2016 dated May 31, 2016 has allowed Companies to circulate the Balance Sheet and profit and loss accounts, Auditors Report, Director Report etc. (Annual Audited Accounts) alongwith notice of Annual General Meeting to its shareholders in electronic form through CD/DVD/USB at the registered address. This result in timely delivery of Annual Audited Accounts to the shareholders. The Company has placed on its website i.e. www.aruj.com a standard request form containing postal and email address of the company, so that shareholders may request a hard copy of the Annual Audited Accounts. The Company will provide one hard copy free of cost to the requesting shareholders at their registered address within one week of the request.

Interest of Directors:

The Directors of the Company have no direct or indirect interest in the above-mentioned special business.

عروج انڈسٹریز لمیٹڈ اطلاع برائے 28 واں سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ عروج انڈسٹریز لمیٹڈ کا 28 واں سالانہ اجلاس عام بروز جمعہ 27 نومبر 2020ء بوقت دن 9:00 بجے کمپنی کے رجسٹرڈ دفتر بواقع Off:2-KM: رانیونڈ مانگا روڈ، رانیونڈ، لاہور میں درج امور کی انجام دہی کیلئے منعقد ہوگا۔

عام امور:

- 1- 28 اکتوبر 2019 کو منعقدہ کمپنی کے گزشتہ سالانہ اجلاس عام کی کاروائی کی توثیق کرنا۔
- 2- 30 جون 2020ء کو ختمہ سال کیلئے کمپنی کے سالانہ نظر ثانی شدہ حسابات مع ڈائریکٹران اور آڈیٹران کی رپورٹس کی وصولی غور و خوض اور ان کی قبولیت۔
- 3- اگلے سالانہ اجلاس عام کے اختتام تک دفتر ہولڈر کھنے کے لئے آڈیٹرز کا تقرر اور ان کے مشاہرے کا تعین کرنا۔

خصوصی امور:

- 4- حصص یافتگان کو سالانہ آڈٹ شدہ کھاتوں سے متعلق معلومات کو پھیلائے کے بارے میں سی ڈی / ڈی وی ڈی / یو ایس بی کو اسی طرح کا پیوں کی شکل میں منتقل کرنے کی بجائے غور کرنا۔ مزید قرار پایا ہے کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کے ذریعہ 31 مئی 2016 کو اس کے ایس آر او نمبر 470(1)/2016 کے تحت مطابقت پانے والے ہصداران میں سی ڈی / ڈی وی ڈی / یو ایس بی کے مطلع کردہ سالانہ آڈٹ شدہ کھاتوں کے بارے میں معلومات کی نشاندہی کی گئی۔

کوئی دیگر امور:

- 5- صدر نشین کی اجازت سے کوئی اور امور نمٹانا۔
- مذکورہ خصوصی کاروبار کے سلسلے میں کمپنیز ایکٹ 2017 کی دفعہ 134(3) کے تحت ایک بیان حصص یافتگان کو نوٹس کے ساتھ بھیجا جا رہا ہے۔
- لاہور 05 نومبر 2020ء
- حسب الحکم بورڈ (محمد سجاد حسین) کمپنی سیکرٹری
- نوٹ:

- 1- کمپنی کی منتقلی حصص کی کتابیں، 21 نومبر 2020 تا 27 نومبر 2020 (بشمول ہر دو ایام) بند رہیں گی۔ منتقلیاں کمپنی کے شیئر رجسٹرار کے دفتر میں 20 نومبر 2020ء کو کاروبار کے اختتام تک وصول ہونیوالی بروقت تصور ہوں گی۔
- 2- ارکان جنہوں نے ابھی تک کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی نقول جمع نہیں کرائیں جلد از جلد جمع کرائیں۔
- 3- اجلاس ہذا میں شرکت اور ووٹ دینے کا اہل ممبر اپنی بجائے شرکت اور ووٹ دینے کیلئے کسی دوسرے ممبر کو اپنا پراکسی مقرر کر سکتا / سکتی ہے۔ پراکسیاں تا آنکہ موثر ہو سکیں باقاعدہ مہر، دستخط اور گواہی شدہ اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ دفتر میں لازماً وصول ہو جانی چاہئیں۔
- 4- کوویڈ 19 کی صورت حال کے باعث، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے اپنے سرکلر نمبر 5 مورخہ 17 مارچ 2020 کی شرائط میں کمپنیوں کو حصص داروں اور عام عوام کی حفاظت اور فلاح کے لئے عام اجلاسوں کی اپنی معمول کی منصوبہ بندی کو تبدیل کرنے کی SECP کی ہدایات پر غور کرتے ہوئے، کمپنی نے قورم ضروریات کی تعمیل کو یقینی بناتے ہوئے حصص داران کی کم از کم مادی انٹرکشن کے ساتھ یہ AGM بلانے کا فیصلہ کیا ہے اور ارکان سے AGM میں اپنی حاضری کو پراکسیز کے ذریعے مستحکم کرنے کی درخواست کی ہے۔

5- ارکان و ڈیوکانفرنس سہولت سے بھی مستفید ہو سکتے ہیں۔ اس سلسلہ میں درج ذیل فارم پُر کر کے کمپنی کے رجسٹرڈ دفتر میں اجلاس عام کے انعقاد سے 10 یوم قبل جمع کرائیں۔ اگر کمپنی مجموعی دس فیصدہ 10% یا زیادہ شیئر ہولڈنگ کے مالک جغرافیائی محل وقوع میں سکونتی حصص دارن سے اجلاس میں وڈیو کانفرنس کے ذریعے شرکت کی رضامندی اجلاس کی تاریخ سے کم از کم 10 یوم قبل وصول کرتی ہے، تو کمپنی اس شہر میں ایسی سہولت کی دستیابی کے حوالہ سے شہر میں وڈیو کانفرنس سہولت کا انتظام کرے گی۔

6- کمپنی ارکان کو وڈیو کانفرنس سہولت کے مقام معاً نہیں ایسی سہولت تک رسائی کے قابل بنانے کے لئے مکمل ضروری معلومات کے بارے میں اجلاس عام کی تاریخ سے کم از کم 5 یوم قبل مطلع کر دے گی۔

”میں رہم سنکنہ بحیثیت رکن عروج انڈسٹریز لمیٹڈ، مالک عام حصص بمطابق رجسٹرڈ فلیو نمبر / سی ڈی سی اکاؤنٹ نمبر بذریعہ ہذا میں وڈیو کانفرنس سہولت اختیار کرنا چاہتا ہوں / چاہتے ہیں۔“

دستخط رکن
7- کمپنیز ایکٹ 2017 کی شرائط میں، کل پیڈ اپ شیئر کیپٹل کے کم از کم 10% کے مالک شہر میں سکونت رکن سالانہ اجلاس عام میں شرکت کے لئے وڈیو لنک سہولت کا مطالبہ کر سکتے ہیں۔

8- حصص داران سے التماس ہے کہ اپنے پتہ میں تبدیلی اگر کوئی ہو، فی الفور کمپنی کے شیئر رجسٹرار یعنی میسرز کارپ لنک (پرائیویٹ) لمیٹڈ ونگز آرکیڈ، K-1، کمرشل، ماڈل ٹاؤن، لاہور فون: 35916719-35916714-042 کو مطلع کریں۔

کمپنیز ایکٹ، 2017 کی دفعہ (3) 134 کے تحت بیان

بیان ہذا میں 27 نومبر 2020 کو منعقد ہونے والے عروج انڈسٹریز لمیٹڈ کے 28 ویں سالانہ اجلاس عام میں خصوصی امور سے متعلق مادی حقائق کا تعین کیا گیا ہے۔

ایجنڈا آئٹم نمبر 4

USB/DVD/CD کے ذریعہ سالانہ نظر ثانی شدہ مالیاتی حسابات کی ترسیل SECP نے 31 مئی، 2016 کو SRO 470(1)/2016 کے ذریعہ کمپنیوں کو بلینس شیٹ اور منافع اور نقصان کے حسابات، آڈیٹرز کی رپورٹ، ڈائریکٹرز رپورٹ وغیرہ (سالانہ نظر ثانی شدہ حسابات) مع سالانہ اجلاس عام نوٹس اپنے حصص یافتگان کو رجسٹرڈ ایڈریس پر الیکٹرانک شکل میں USB/DVD/CD کے ذریعہ ترسیل کرنے کی اجازت دی ہے۔ اس کے نتیجے میں حصص یافتگان کو سالانہ نظر ثانی شدہ حسابات کی بروقت فراہمی ہوگی۔ کمپنی نے اپنی ویب سائٹ یعنی www.aruj.com پر کمپنی کا پوسٹل اور ای میل ایڈریس پر مشتمل ایک معیاری درخواست فارم رکھ دیا ہے، تاکہ حصص داران سالانہ نظر ثانی شدہ حسابات کی ہارڈ کاپی کی درخواست کر سکیں۔ کمپنی درخواست کرنے والے حصص داروں کو درخواست کے ایک ہفتہ کے اندر ان کے رجسٹرڈ ایڈریس پر مفت ایک ہارڈ کاپی فراہم کرے گی۔

ڈائریکٹرز کی دلچسپی: مذکورہ بالا خصوصی کاروبار میں کمپنی کے ڈائریکٹرز کی کوئی براہ راست یا بالواسطہ دلچسپی نہیں ہے۔

CHAIRPERSON'S REVIEW

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of **ARUJ INDUSTRIES LIMITED** is carried out. The objective of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of goals set for the Company.

For the financial year ended June 30, 2020, the Board's overall performance and effectiveness has been assessed as satisfactory. The Board also identifies areas of improvement in line with the best practices.

The Board received wide-ranging agendas and supporting papers in a timely manner for its meetings.

The Board was fully involved in the strategic planning process and in developing the vision for the Company. All Directors, including Independent Director, fully took part in and made contributions to the decision-making process of the Board. The Board has in place comprehensive policies for all relevant areas of the Company's operation and these policies are reviewed and updated from time to time.

The Audit Committee and Human Resources & Remuneration Committee met regularly to fortify the functions of the board.

The company has an independent Internal Audit department, which leads the Internal Audit function and follows a risk based Audit methodology. Audit reports are presented to the Board for review and actions where necessary.

In the closing, on behalf of the Board I wish to acknowledge the contribution of all our employees in the success of the Company. I would like to thank our shareholders, bankers, customers, suppliers and other business partners for their confidence and support.

Maqsood Ahmed Butt FCA
Chairperson
Dated: November 04, 2020

چیرمین کا جائزہ

جیسا کہ کارپوریٹ گورننس کے تحت ضروری ہے، عروج انڈسٹریز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی سالانہ کارکردگی کا جائزہ لیا جاتا ہے۔ اس جائزے کا مقصد اس بات کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور اثر کو کمپنی کے لئے مقرر کردہ مقاصد کے تناظر میں پرکھا جائے۔

30 جون، 2020 کو ختم ہونے والے مالی سال کے لئے، بورڈ کی مجموعی کارکردگی اور اثر تسلی بخش رہی ہے۔ بورڈ بہترین طریقوں کے تناظر کے ساتھ بہتری کیلئے بھی نشاندہی کرتا ہے۔

بورڈ نے اپنی میٹنگ کے لئے بروقت انداز میں وسیع ایجنڈا اور متعلقہ کاغذات وصول کیے ہیں۔ بورڈ اسٹریٹجک منصوبہ بندی کے عمل میں اور کمپنی کے نقطہ نظر کو فروغ دینے میں مکمل طور پر شریک تھا۔ تمام ڈائریکٹرز، بشمول آزاد ڈائریکٹرز نے مکمل طور پر بورڈ کے فیصلے سازی کے عمل میں حصہ لیا۔ بورڈ کمپنی کے آپریشن کے تمام متعلقہ شعبوں کے لئے جامع پالیسیاں بناتا ہے اور ان پالیسیوں کا وقفوں سے جائزہ لیا جاتا ہے اور اپ ڈیٹ کیا جاتا ہے۔ آڈٹ کمیٹی اور انسانی وسائل اور معاوضہ کمیٹی نے باقاعدگی سے بورڈ کے افعال کو مضبوط بنانے کے لئے میٹنگز کی تھیں۔

کمپنی میں ایک اندرونی آڈٹ ڈیپارٹمنٹ ہے، جو اندرونی آڈٹ کی قیادت کرتا ہے اور خطرے کی بنیاد پر آڈٹ کے طریقہ کار کی پیروی کرتا ہے۔ آڈٹ کی رپورٹوں کو جائزہ لینے اور اقدامات کے لئے بورڈ کو پیش کیا جاتا ہے۔

آخر میں بورڈ کی طرف سے اپنے تمام ملازموں کے تعاون کو تسلیم کرنا چاہتا ہوں۔ میں اپنے حصص داروں، بینکوں، گاہکوں، سپلائرز اور دیگر کاروباری شراکت داروں کو ان کے اعتماد اور حمایت کے لئے شکریہ ادا کرنا چاہتا ہوں۔

مقصود احمد بٹ ایف۔سی۔ اے

چیرمین

تاریخ: 04 نومبر، 2020

DIRECTOR'S REPORT

The Directors of your Company would like to present to you the 28th Annual General Meeting of **Aruj Industries Ltd.** and would like to present their report along with the audited accounts for the year ended 30th June, 2020.

OPERATING RESULTS:

	For the year ended June 30, 2020 Rupees	For the year ended June 30, 2019 Rupees
Sales	1,171,354,766	1,433,016,290
Gross Profit	149,845,624	114,289,776
Profit/(Loss) Before Taxation	23,062,847	15,057,026
Taxation	12,555,483	1,932,098
Profit/(Loss) After Taxation	10,507,364	13,124,928
Earnings per Share	1.00	1.26

SALIENT FEATURES:

After some adjustments during the last financial year, though our sales contracted by 18% but we managed to increase the net profit before tax.

The financial year 2019-2020 has drastically been impacted with COVID-19 and its after effects. Your Company had been feeling a shortage of supply and higher raw material prices from China since the Q2. While we had initially faced cancellations, we want to assure our shareholders that we have successfully regained all orders and are track to hit pre-COVID19 figures for sales beyond Q2 2020-21.

Our Processing Division has remained in demand even during the worst affected months after the lockdown in Pakistan. We have been able to add two product lines to cater for current needs. In the Garment Division; as said earlier, we did face a sudden drop in orders at the height of the pandemic. Your Company does not foresee any such drastic measures to be taken by our customers. Our customers in the UK and Germany rely on our products, which means their business would not be affected as severely as brick and mortar stores would be.

Although we have avoided a lot of the pitfalls the last 2 quarters of the financial year, some problems had been exasperated due to the pandemic. We have already mentioned the increase in raw material prices due to decrease in supply.

While the world had never before seen the situation that unfolded, we believe Your Company has managed to stay above the water. We have firm demand for both our divisions in the coming year, and shall hopefully make up for lost ground in the coming quarters.

STATEMENT OF COMPLIANCE ON CORPORATE AND FINANCIAL FRAME WORK:

The management is fully aware of the compliance with code of corporate governance as incorporated in the additional listings regulations of the stock exchanges and necessary steps have been taken for their effective implementations which are as follows:

PRESENTATION OF FINANCIAL STATEMENTS:

The financial statements prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

BOOKS OF ACCOUNTS:

Proper books of account of the Company have been maintained.

ACCOUNTING POLICIES:

Appropriate accounting policies have been consistently applied in preparation of financial and accounting estimate are based on reasonable and prudent judgment.

COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS:

International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

INTERNAL CONTROL SYSTEM:

The system of internal control of the Company is sound and has been effectively implemented and is being monitored by the qualified internal auditors.

GOING CONCERN:

There are no significant doubts upon the Company's ability to continue as a going concern.

BEST PRACTICES OF CORPORATE GOVERNANCE:

There has been no material departure from the best practices of corporate governance, as described in the listing regulations of the stock exchanges.

FINANCIAL DATA OF LAST SIX YEARS:

Key operating and financial data of last six years is annexed.

OUTSTANDING STATUTORY DUES:

The Company is regular payer of all Government dues and previous record is quite evident and clear in this regard.

SIGNIFICANT PLANS AND DECISIONS:

As part of its balancing modernization and replacement plan, the Company has added certain machinery to increase the quality of its products.

MEETINGS OF BOARD OF DIRECTORS:

During the year Seven meetings of the board of Directors of the Company were held. Attendance by each Director in the meeting is as follows:

Name of Directors	Meeting Attended
1. Mr. Maqsood Ahmad Butt	5
2. Dr. Mrs. Naseem Maqsood	5
3. Mr. Ali Maqsood Butt	5
4. Mr. Faisal Khan	5
5. Mrs. Durray Zara Butt	5
6. Dr. Aruj Butt	3
7. Mr. Muhammad Saeed Akhtar (Appointed)	5

Leave of absence was granted to the directors who could not attend the meeting of the board.

AUDIT COMMITTEE:

The Board of Directors in compliance to the code of corporate governance has established an audit committee and the following directors are its members.

1. Muhammad Saeed Akhtar	Chairperson
2. Mr. Maqsood Ahmad Butt	Member
3. Mr. Ali Maqsood Butt	Member

EARNING PER SHARES:

Earning per share for the period ended 30th June 2020 works out to Rs. 1.00 as compared to Rs. 1.26 per share of the last year.

AUDITORS:

The auditors, M/s Qadeer & Company, Chartered Accountants have retired and being eligible, have offered themselves for re-appointment.

The audit committee of the board has recommended to the board their appointment as auditors of the Company for the year 2020-21.

PATTERN OF SHAREHOLDING:

Statements showing the Pattern of Shareholding as at 30 June, 2020 required under the Company Act, 2017 and the code of corporate governance are annexed.

TRADING IN COMPANY'S SHARES:

The Directors, CEO, traded in the shares of the Company during the year have been disclosed in form 34 attached in this annual report.

ACKNOWLEDGEMENT:

We would like to take this opportunity to express our appreciation to the management and employees of the Company for their hard work and dedication. We would also like to express our gratitude to our valued shareholders, customers, suppliers and financial institutions for their cooperation, constant support and trust reposed in your Company.

FOR AND ON BEHALF OF THE BOARD

(Mr. Maqsood Ahmad Butt FCA)
(Chairman)

(Mr. Faisal Khan)
(Chief Executive)

Lahore

Dated: November 04, 2020

ایک حصص کمائی:
30 جون 2020 کو ختم ہونے والے سال کیلئے ہر 10.00 روپے کے حصص پر Rs.1.00 فی حصص خالص آمدنی ہوئی جبکہ 30 جون 2019 کو ختم ہونے والے سال کیلئے ہر حصص پر آمدنی Rs.1.26 تھی،

آڈیٹرز:

میسرز قدیر اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور اہل ہونے کے ساتھ دوبارہ تعیناتی کیلئے اپنے آپ کو پیش کر رہے ہیں۔ بورڈ کی آڈٹ کمیٹی نے سال 2020-21 کے لیے میسرز قدیر اینڈ کمپنی کی تقرری کیلئے بورڈ کو تجویز کیا ہے۔

حصہ داران کی تفصیل:

کمپنی ایکٹ 2017 اور کارپوریٹ گورننس کے تحت 30 جون 2020 کو حصہ داران کی تفصیل لف ہیں۔

کمپنی کے حصص میں ٹریڈنگ:

ڈائریکٹرز، سی ای او، کمپنی سیکرٹری نے سال کے دوران کمپنی کے حصص میں ٹریڈنگ نہیں کی۔

اعتراف:

کمپنی کی انتظامیہ، ملازمین کی محنت اور لگن سے کام کرنے کیلئے تعریف کے مستحق ہیں ہم اپنے قابل قدر حصص یافتگان، گاہکوں، سپلائرز اور مالیاتی اداروں کے تعاون، مدد، مسلسل حمایت اور اعتماد کے شکرگزار ہیں۔

بورڈ کی جانب سے

(مقصود احمد بٹ FCA)

(چئیرمین)

فیصل خان

چیف ایگزیکٹو

لاہور

تاریخ: 04 نومبر 2020ء

اگرچہ دنیا نے اس سے پہلے کبھی بھی ایسی صورتحال کو نہیں دیکھا تھا، لیکن ہمیں یقین ہے کہ آپ کی کمپنی خطرات سے بچنے میں کامیاب رہی ہے۔ ہم آنے والے سال میں اپنی دونوں ڈویژنوں کی ڈیمانڈ میں پختگی دیکھ رہے ہیں، اور امید ہے کہ آنے والے دنوں میں کھوئی ہوئی فروخت کو دوبارہ بحال کر لیں گے۔

Corporate and Financial فریم ورک پر تعمیل کا بیان:

انتظامیہ کارپوریٹ اور فنانشل فریم ورک پر عمل درآمد کے بارے میں بخوبی آگاہ ہے بشمول سٹاک ایکسچینج کی اضافی لسٹنگ کے ضابطے کے جن کی تعمیل کے لیے اقدام کیے گئے ہیں۔

مالی بیانات کی پریزنٹیشن:

کمپنی کی انتظامیہ کی طرف سے تیار کیے گئے مالی بیانات، کمپنی کی کاروباری امور، اس کے آپریشنز، اور ایکویٹی کی تبدیلی کے بارے میں مناسب طور پر پیش کرتے ہیں۔

اکاؤنٹس کی کتب:

حساب کتاب کی کتابوں کو صحیح طریقے سے رکھا گیا ہے۔

اکاؤنٹنگ پالیسیاں:

مالی بیانات اور اکاؤنٹنگ تخمینہ کی تیاری میں اکاؤنٹنگ پالیسیوں کے تسلسل کو لاگو کیا گیا ہے۔ جو کہ دانشمندانہ فیصلے پر مبنی ہیں۔

بین الاقوامی اکاؤنٹنگ معیار کے ساتھ تعمیل:

انٹرنیشنل اکاؤنٹنگ سٹینڈرڈز جو کہ پاکستان میں لاگو ہیں، ان کی پیروی کرتے ہوئے مالی بیانات بنائے گئے ہیں اور جہاں پیروی نہیں کی گئی، ان کا انکشاف کر دیا گیا ہے۔

اندرونی کنٹرول کا نظام:

کمپنی کی اندرونی کنٹرول کا نظام مضبوط ہے اور موثر طریقے سے لاگو کیا گیا ہے، اور قابلیت رکھنے والے اندرونی آڈیٹرز کی نگرانی میں ہیں۔

کمپنی کی مضبوطی:

کمپنی کو اپنا کاروبار احسن طریقے سے جاری رکھنے کے بارے میں کوئی تشویش نہیں۔

کارپوریٹ گورننس کے بہترین طریقے:

اسٹاک ایکسچینج کی لسٹنگ ہدایات پر عمل کرتے ہوئے کارپوریٹ گورننس کے بہترین طریقوں پر عمل داری میں کوئی کوتاہی نہیں ہے۔

گزشتہ چھ سال کے مالی نتائج:

گزشتہ چھ سال کے کلیدی آپریٹنگ اور مالیاتی حقائق لف ہیں۔

قانونی واجبات:

کمپنی اپنے تمام سرکاری واجبات باقاعدگی سے ادا کر رہی ہے، اور پچھلا ریکارڈ اس سلسلے میں بالکل واضح اور صاف ہے۔

اہم منصوبے اور فیصلے:

کمپنی کے پیداواری عمل کو جدید، متوازن اور متبادل بنانے کے لیے کمپنی نے کچھ مشینری شامل کی ہے۔

بورڈ آف ڈائریکٹرز کے اجلاس:

سال کے دوران کمپنی کے بورڈ آف ڈائریکٹرز کے سات اجلاس منعقد کئے گئے تھے، ہر ایک کی طرف سے حاضری کی تفصیل یہ ہے۔

- | | | |
|----|----------------------|---|
| 1. | جناب مقصود احمد بٹ | 5 |
| 2. | ڈاکٹر مسز نسیم مقصود | 5 |
| 3. | جناب علی مقصود بٹ | 5 |
| 4. | جناب فیصل خان | 5 |
| 5. | مسز درے زار ابٹ | 5 |
| 6. | ڈاکٹر عروج بٹ | 3 |
| 7. | محمد سعید اختر | 5 |

جو ڈائریکٹرز بورڈ کے اجلاس میں شرکت نہیں کر سکتے تھے، ان کی رخصت دی گئی تھی۔

آڈٹ کمیٹی:

کارپوریٹ گورننس کے کوڈ پر عمل پیرا ہوتے ہوئے بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی قائم کیا ہے اور مندرجہ ذیل ڈائریکٹرز اس کے اراکین ہیں۔

- | | | |
|----|----------------|-----------|
| 1. | محمد سعید اختر | چیئر پرسن |
| 2. | مقصود احمد بٹ | رکن |
| 3. | علی مقصود بٹ | رکن |

KEY OPERATING & FINANCIAL DATA FROM 2015 TO 2020

ڈائریکٹرز رپورٹ

آپ کی کمپنی عروج انڈسٹریز لمیٹڈ کے ڈائریکٹرز کمپنی کے 28 ویں سالانہ عام اجلاس کے سامنے 30 جون 2020 کو ختم ہونے والے سال کے لیے آڈٹ شدہ اکاؤنٹس کے ساتھ ساتھ اپنی رپورٹ پیش کرنا چاہیں گے۔

سال 30 جون 2019	سال 30 جون 2020	
1,433,016,290	1,171,354,766	سیلز کے اختتام پر
114,289,776	149,845,624	کل منافع
15,057,026	23,062,847	منافع / (نقصان) ٹیکسیشن سے پہلے
1,932,098	12,555,483	ٹیکسیشن
13,124,928	10,507,364	منافع / (نقصان) ٹیکسیشن سے بعد
1.26	1.00	فی شیئر آمدنی

نمایاں خصوصیات:

پچھلے مالی سال کے دوران کچھ ایڈجسٹمنٹ کے بعد، آپ کی کمپنی کی فروخت کا حجم 18 فیصد سے کم رہا ہے لیکن ہم نے ٹیکس سے پیشتر کے خالص نفع میں اضافہ کیا۔

مالی سال 2019-2020 میں COVID-19 سے زبردست اثر پڑا ہے آپ کی کمپنی Q2 کے بعد سے چین سے سپلائی کی کمی اور خام مال کی قیمتوں میں زیادتی محسوس کر رہی ہے۔ ہمیں ابتدائی طور پر بیرونی اور اندرونی آرڈرز کی منسوخی کا سامنا کرنا پڑا تھا، ہم اپنے حصص یافتگان کو یقین دلانا چاہتے ہیں کہ ہم نے تمام اہداف کامیابی سے حاصل کر لیے ہیں اور Q2 2020-21 میں ہماری فروخت COVID-19 سے پہلے کی فروخت سے زیادہ کر رہے ہیں۔

ہمارے پروسیسنگ ڈویژن کی ڈیمانڈ پاکستان میں لاک ڈاؤن کے بعد کے بدترین متاثرہ مہینوں کے دوران بھی ٹھیک رہی ہے۔ ہم نے اپنی موجودہ پروڈکٹ لائن میں وہ اشیاء شروع کی ہیں جو کہ ملکی اور ایکسپورٹ کے لیے کامیاب ثابت ہوئی ہیں۔ گارمنٹ ڈویژن میں؛ جیسا کہ پہلے کہا گیا ہے، ہمیں وبائی امراض کے عروج پر آرڈر میں اچانک کمی کا سامنا کرنا پڑا۔ آپ کی کمپنی اپنے گاہکوں سے ایسے سخت اقدامات کی آئندہ امید نہیں کرتی اور برطانیہ اور جرمنی میں ہمارے گاہک ہم پر بہت زیادہ انحصار کرتے ہیں، جس کا مطلب ہے کہ ان کا کاروبار اتنا متاثر نہیں ہوگا۔

اگرچہ ہم مالی سال کے آخری 6 مہینوں میں خطرات سے بہت بچ چکے ہیں، لیکن وبائی امراض کی وجہ سے کچھ پریشانیوں میں اضافہ کا امکان ہے، ہم پہلے ہی سپلائی میں کمی کی وجہ سے قیمتوں میں اضافے کا ذکر کر چکے ہیں۔

	2015	2016	2017	2018	2019	2020
Net Sales Revenue	90,5884,377	1,251,872,885	1,380,753,165	1,162,366,244	1,433,016,290	1,171,354,766
Cost of Goods Sold	787,975,189	1,111,629,891	1,221,130,325	1,053,087,323	1,318,726,514	1,021,509,142
Gross Profit	117,909,188	140,242,994	159,622,840	109,278,921	114,289,776	149,845,624
Operating Profit/ (Loss)	66,897,424	76,425,274	67,811,308	46,260,375	55,818,562	75,879,091
Profit (Loss) Before Tax	42,956,399	54,820,016	44,465,114	11,278,442	15,057,026	23,062,847
Profit (Loss) After Tax	31,831,989	41,668,897	31,462,159	6,570,286	13,124,928	10,507,364
Paid up Capital	104,578,900	104,578,900	104,578,900	104,578,900	104,578,900	104,578,900
Current Assets	472,181,494	558,523,178	717,764,147	777,259,38	862,540,980	802,155,539
Current Liabilities	371,623,045	426,037,663	648,855,757	755,144,99	878,545,761	795,702,015

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES
(Code of Corporate Governance) Regulations, 2019

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

1. The total number of directors are 7 as per the following:

- | | |
|-------------|----|
| a. MALE : | 04 |
| b. FEMALE : | 03 |

2. The composition of board is as follow:

Category	Names
Independent Director	o Mr. Muhammad Saeed Akhtar
Executive Directors	o Mr. Faisal Khan o Mrs. Durray Zara Butt
-	o Mr. Ali Maqsood Butt
Non Executive Directors	o Mr. Maqsood Ahmad Butt -Chairman o Dr. Mrs. Naseem Maqsood Butt o Dr. Aruj Butt
Female Directors	o Dr. Mrs. Naseem Maqsood Butt o Mrs. Durray Zara Butt o Dr. Aruj Butt

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
4. I.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. I.The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company.The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. I.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 the Board.
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. During the year no director training program was attended by any director. However, Majority of the directors are exempted under exemption criteria of 14 years of education and 15 year of experience on the board of listed Company.
10. The Board has approved the appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with the relevant requirements of the Regulations.
11. Chief Financial Officer (CFO) and Chief Executive Officer (CEO) duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
- a) Audit Committee**
- Mr. Muhammad Saeed Akhtar – Chairman/ member
 - Mr. Maqsood Ahmed Butt – member
 - Mr. Ali Maqsood Butt – member
- b) HR and Remuneration Committee**
- Mr. Muhammad Saeed Akhtar – Chairman/ member
 - Dr. Mrs. Naseem Maqsood Butt – member
 - Dr. Aruj Butt – member

13. The terms of references of the aforesaid committee have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committees were as per following:

- | | |
|----------------------------------|-----|
| a) Audit Committee | (5) |
| b) HR and Remuneration Committee | (1) |

15. The Board has set up an effective internal audit function supervised by a qualified Accountant, who is being assisted by in house executives to carry out the Internal Control functions. The Head of Internal Audit is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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 requirements the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with; and.

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32,33 and 36 are below (if applicable):

Non-Mandatory Requirement	Reg. No.	Explanation
Directors Training for newly appointed director: A newly appointed director on the Board may acquire, the directors training program certification within a period of one year from the date of appointment as a director on the Board.	19(2)	The Company will soon arrange the training program for newly appointed director.
Directors' Orientation Program: The company shall make appropriate arrangements to carry out orientation for their directors to acquaint them with the Regulations, applicable laws, their duties and responsibilities.	18	The said orientation will be carried out for the directors, subsequent to the year end.

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES
(Code of Corporate Governance) Regulations, 2019

Responsibilities of the Board and its members: Adoption of the corporate governance practices.	10(1)	Non-mandatory provisions of the CCG Regulations are partially complied.
Regulations are partially complied. Nomination Committee: The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	29(1)	Currently, the board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee.
Risk Management Committee: The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	30(1)	Currently, the board has not constituted a separate Nomination Committee and the functions are being performed by the Board itself.
Disclosure of significant policies on website.	35	The Company is in the process of updating its website regarding the relevant disclosure requirements.

(Mr. Maqsood Ahmad Butt)
(Chairman)
Lahore
Dated: November 04, 2020

(Mr. Faisal Khan)
(Chief Executive)
Lahore
Dated: November 04, 2020

Independent Auditor's Review Report to the Members
Of ARUJ INDUSTRIES LIMITED

Review Report On The Statement Of Compliance Contained
In Listed Company (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 Aruj Industries Limited (the Company) for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations

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

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

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

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

Lahore,
Dated: November 04, 2020

QADEER AND COMPANY,
CHARTERED ACCOUNTANTS
ENGAGEMENT PARTNER
ABDUL RAHMAN, ACA

INDEPENDENT AUDITOR'S REPORT

To the members of Aruj Industries Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of ARUJ INDUSTRIES LIMITED (the Company), which comprise the statement of financial position as at June 30, 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, statement of profit or loss and statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the 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 year. 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.

We have determined that there are no key audit matters to communicate in our report.

Following are the Key Audit Matters;

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 concluded that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Abdul Rahman**.

Lahore,
Dated: November 04, 2020

Qadeer and Company,
Chartered Accountants

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	NOTE	2020	2019
Rupees			
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital: 12,500,000 (2019: 12,500,000) ordinary shares of Rs. 10/- each			
		125,000,000	125,000,000
Issued, subscribed and paid up share capital	5	104,578,900	104,578,900
Capital reserve	6	100,000,000	100,000,000
Directors' Loan	7	87,448,538	87,868,538
Unappropriated profit		98,894,561	88,547,611
		390,921,999	380,995,049
Non-current liabilities			
lease Liabilities	8	5,363,183	19,806,082
Deferred liabilities	9	56,397,744	49,525,182
		61,760,927	69,331,264
Current liabilities			
Trade and other payables	10	233,084,061	407,381,371
Unclaimed dividend		2,290,218	2,290,218
Markup accrued on loans and other payables	11	11,097,362	8,956,522
Short term borrowings	12	508,626,794	419,375,247
Current portion of long term borrowings		27,748,819	32,101,632
Provision for taxation	13	12,854,806	8,440,771
		795,702,015	878,545,761
Contingencies and commitments			
	14	-	-
Total equity and liabilities		1,248,384,941	1,328,872,074
ASSETS			
Non-current assets			
Property, plant and equipment	15	400,164,402	431,855,040
Capital work in process	16	36,251,914	25,213,388
		436,416,316	457,068,428
Long term deposits	17	9,813,086	9,262,666
		446,229,402	466,331,094
Current assets			
Stores, spare parts and loose tools	18	13,528,250	13,296,746
Stock in trade	19	286,100,101	259,949,572
Trade debts	20	326,115,399	424,327,185
Loans and advances	21	96,879,289	104,848,384
Trade deposits and short term prepayments	22	174,081	450,446
Tax refunds due from the Government	23	57,777,941	49,721,041
Cash and bank balances	24	21,580,478	9,947,606
		802,155,539	862,540,980
Total assets		1,248,384,941	1,328,872,074

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

FAISAL KHAN
CHIEF EXECUTIVE

ALI MAQSOOD BUTT
DIRECTOR

MRS. DURRAY ZARA BUTT
CHIEF FINANCIAL OFFICER

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2020

	NOTE	2020	2019
Rupees			
Sales-net	25	1,171,354,766	1,433,016,290
Less: Cost of sales	26	1,021,509,142	1,318,726,514
Gross Profit		149,845,624	114,289,776
Less: Selling and Distribution cost	27	32,643,977	19,451,908
Less: Administrative expenses	28	41,322,556	39,019,306
Operating Profit		75,879,091	55,818,562
Less: Finance cost	29	55,281,763	44,656,403
Less: Other expenses	30	1,709,276	1,115,934
		18,888,052	10,046,225
Add: Other Income	31	4,174,795	5,010,801
Profit before taxation		23,062,847	15,057,026
Taxation	32	12,555,483	1,932,098
Profit for the year		10,507,364	13,124,928
Earnings per share - basic and diluted	33	1.00	1.26

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

FAISAL KHAN
CHIEF EXECUTIVE

ALI MAQSOOD BUTT
DIRECTOR

MRS. DURRAY ZARA BUTT
CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

	NOTE	2020	2019
		Rupees	
Profit for the year		10,507,364	13,124,928
Other comprehensive (loss) /Income			
Items that will not be subsequently reclassified to profit and loss:			
Remeasurement of staff retirement benefit	9.08	(160,414)	615,129
Total comprehensive income for the year		10,346,950	13,740,057

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

FAISAL KHAN
CHIEF EXECUTIVE

ALI MAQSOOD BUTT
DIRECTOR

MRS. DURRAY ZARA BUTT
CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

	NOTE	2020	2019
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		23,062,847	15,057,026
Profit before taxation			
Adjustment for:			
Depreciation		37,601,168	35,840,413
Financial Charges		55,281,763	44,656,403
Gain on Disposal		(1,017,381)	(5,010,801)
Provision for gratuity		8,748,176	8,151,627
Worker's welfare fund		470,670	307,286
Worker's profit participation fund		1,238,606	808,648
		102,323,002	84,753,576
Profit before working capital changes		125,385,849	99,810,602
(Increase)/decrease in current assets:			
Stores, spare parts and loose tools		(231,504)	(3,265,293)
Stock in trade		(26,150,529)	106,110,236
Trade debts		98,211,786	(196,099,817)
Loans and advances		9,737,628	11,310,384
Trade deposits and short term prepayments		276,365	1,137,164
Tax refunds due from the Government		(8,056,900)	(9,583,055)
Increase/(decrease) in current liabilities:			
Trade and other payables		(175,297,507)	76,754,059
		(101,510,661)	(13,636,322)
Cash generated from operations		23,875,188	86,174,280
Financial charges paid		(53,140,923)	(39,842,380)
Staff retirement benefits paid		(1,997,532)	-
Workers' profit participation fund paid		(709,124)	(2,078,944)
Taxes paid		(9,948,477)	(8,960,358)
Net cash inflow from operating activities		(41,920,868)	35,292,598
CASH FLOWS FROM INVESTING ACTIVITIES			
Long-term security deposits		(550,420)	(2,189,095)
Fixed capital expenditure		(1,821,499)	(71,119,465)
Capital work in progress		(11,038,526)	27,619,427
Disposal proceeds		2,300,000	15,183,000
Net cash used in investing activities		(11,110,445)	(30,506,133)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds / (Repayment) from directors' loans - Net		(420,000)	4,345,000
Proceeds / (Repayment) from Lease Finance - Net		(24,167,362)	(30,515,920)
Proceeds / (Repayment) from short term borrowings - Net		89,251,547	13,357,366
Dividend paid		-	-
Net cash used in financing activities		64,664,185	(12,813,554)
Net (decrease) / increase in cash and cash equivalents		11,632,872	(8,027,089)
Cash and cash equivalents at the beginning of the year		9,947,606	17,974,695
Cash and cash equivalents at the end of the year	24	21,580,478	9,947,606

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

FAISAL KHAN
CHIEF EXECUTIVE

ALI MAQSOOD BUTT
DIRECTOR

MRS. DURRAY ZARA BUTT
CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2020

	SHARE CAPITAL	CAPITAL RESERVE	DIRECTORS' LOAN	UNAPPROPRIATED PROFIT	TOTAL
	(RUPEES)				
BALANCE AS AT JULY 01, 2018	104,578,900	100,000,000	83,523,538	74,807,554	362,909,992
Loan from directors	-	-	4,345,000	-	4,345,000
Transaction with owners	-	-	4,345,000	-	4,345,000
Profit for the year	-	-	-	13,124,928	13,124,928
Other comprehensive income / (loss)	-	-	-	615,129	615,129
Total comprehensive income for the year:	-	-	-	13,740,057	13,740,057
BALANCE AS AT JUNE 30, 2019	104,578,900	100,000,000	87,868,538	88,547,611	380,995,049
Loan from directors	-	-	(420,000)	-	(420,000)
Transaction with owners	-	-	(420,000)	-	(420,000)
Profit for the year	-	-	-	10,507,364	10,507,364
Other comprehensive income / (loss)	-	-	-	(160,414)	(160,414)
Total comprehensive income for the year:	-	-	-	10,346,950	10,346,950
BALANCE AS AT JUNE 30, 2020	104,578,900	100,000,000	87,448,538	98,894,561	390,921,999

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

1 LEGAL STATUS AND OPERATIONS

Aruj Industries Limited ("the Company") was incorporated in Pakistan on December 31, 1992 under the Companies Ordinance, 1984 (now the Companies Act 2017), as a Public Company, limited by shares and quoted on Pakistan Stock Exchange Limited. The company is principally engaged in manufacturing of Fusible Interlining and Dying / Bleaching / Stitching of Fabric. The Company commenced its commercial operations on May 15, 1995.

The geographical location and address of the Company's business units, including mills/plant is as under:

Geographical location	Business Units
2-KM, Off Raiwind Manga Road, Raiwind, Lahore.	Plant
2-KM, Off Raiwind Manga Road, Raiwind, Lahore.	Head Office
1-KM, Raiwind Road, Thokar Niaz Baig, Lahore.	Branch Office and shop

1.2 Impact of Covid-19

The novel coronavirus (COVID-19) emerged and since then, the condition has continued to deteriorate. On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organisation declared the outbreak "Public Health Emergency of International Concern". Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is hard to predict at this stage.

The management of the Company has assessed the accounting implications of these developments on financial statements, including but not limited to the following areas:

- Expected credit losses under IFRS 9, "Financial Instruments;"
- Impairment of tangible (and intangible) assets under IAS 36, "Impairment of non-financial assets;"
- Net realizable value of inventory under IAS 2, "Inventories;"
- Deferred tax assets/liabilities in accordance with IAS 12, "Income taxes;"
- Provisions and contingent liabilities under IAS 37, "Provisions, Contingent Liabilities and Contingent Assets";
- and
- Going concern assumption used for the preparation of these financial statements under IAS 1, "Presentation of financial statements".

According to management's assessment, there has been no specifically material quantifiable impact of COVID-19 on the Company's financial condition or results of operations.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017 and provisions of and directives issued under the Companies Act 2017. Where provisions of and directives issued under the Companies Act 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act 2017 have been followed.

2.01 New standards, amendments to approved accounting and reporting standards and new interpretations

2.02 Standards and amendments to approved accounting and reporting standards which became effective during the year ended June 30, 2020 along with their effective date:

IAS 12	Income Taxes (Amendments)	1-Jan-19
IAS 19	Employee benefits (Amendments)	1-Jan-19
IAS 23	Borrowing Costs (Amendments); Borrowing costs eligible for capitalization	1-Jul-19
IAS 28	Investment in Associates and Joint Ventures (Amendments)	1-Jan-19
IFRS 3	Business Combinations (Amendments)	1-Jan-19
IFRS 9	Financial Instruments (Amendments)	1-Jan-19
IFRS 11	Joint Arrangements (Amendments); Re-measurement of previously held Interests in a joint operation	1-Jan-19
IFRS 14	Regulatory Deferral Accounts	1-Jan-19
IFRS 16	Leases	1-Jan-19
IFRIC 23	Uncertainty Over Income Tax	1-Jan-19
	Annual improvements to IFRSs (2015-2017 Cycle)	1-Jan-19

The adoption of the above amendments to accounting standards did not have any significant impact on the financial statements, except some additional disclosures.

2.03 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company as on reporting date.

The following new/revised standards, amendments and improvements with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations:

IFRS 3	Business Combinations; Definition of a Business (Amendments)	1-Jan-20
IFRS 3	Employee benefits (Amendments)	1-Jan-22
IFRS 9/IAS 39/ IFRS 39/ IFRS 39	Financial Instruments, Financial Instruments: Recognition and Measurement & Financial Instruments: Disclosures; Interest Rate Benchmark Reform (Amendments)	1-Jan-20
IAS 1/ IAS 8	Presentation of Financial Statements & Accounting Policies, Changes in Accounting Estimates and Errors; Definition of Material (Amendments)	1-Jan-20
IAS 1	Presentation of Financial Statements; Classification of liabilities as current or non-current (Amendments)	1-Jan-22
IAS 16	Property, Plant and Equipment; Proceeds before intended use (Amendments)	1-Jan-22
IAS 37	Provisions, Contingent Liabilities and Contingent Assets; Onerous Contracts-Cost of fulfilling a contract (Amendments)	1-Jan-22
IFRS 9	Financial instruments; Fees in the '10 percent' test for derecognition of financial liabilities (Amendments)	1-Jan-22
IAS 41	Agriculture; Taxation in fair value measurements (Amendments)	1-Jan-22

It is anticipated that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation/disclosures.

International Accounting Standards Board (IASB) has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

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

3 BASIS OF PREPARATION

3.01 Basis of Measurement

These financial statements have been prepared under the "historical cost" convention, except as otherwise stated in respective policies and notes hereunder. In these financial statements, except for staff retirement benefits at present value and the Statement of Cash Flows, all transactions have been accounted for on accrual basis.

3.02 Functional and presentation currency

Items included in the financial statements are prepared using the currency of the primary economic environment in which the Company operates i.e. Pakistan Rupees which is the Company's functional and presentation currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.01 Foreign currency translation

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

4.02 Staff retirement benefits

The Company operates an unfunded gratuity scheme covering its permanent employees. Employees are eligible for benefits under this scheme after the completion of a prescribed qualifying period of service. The latest actuarial valuation was carried out as at June 30, 2020. Charge for the current year is based on estimates provided by the actuary as at June 30, 2020. All actuarial gains and losses (i.e. remeasurements) are recognized in 'other comprehensive income' as they occur.

4.03 Trade debts

Trade debts originated by the Company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. Subsequently these are valued at amortized cost. An estimated provision for doubtful debt is made when collection of the amount is no longer probable based on expected credit loss.

4.04 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

4.05 Long Term Deposits

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

4.06 Contingent liabilities

Contingent liability is disclosed when:

¹- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or

¹- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.07 Contingent assets

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

4.08 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flow, cash and cash equivalents comprise cash in hand and cash with banks in current accounts.

4.09 Taxation

a Current

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

Taxes paid during the year or withheld at source are shown as advance payments and are adjusted at the time of filing of Income Tax Return. Amount of tax paid in excess of tax payable as per Income Tax Return is booked as refundable.

b Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all major 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 major taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income.

4.10 Property, plant and equipment

Property, plant and equipment except freehold land are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Freehold land is stated at cost less any identified impairment loss. Cost in relation to certain property, plant and equipment signifies historical cost, applicable exchange differences on foreign currency loans and directly attributable cost of bringing the asset to working condition. Borrowing cost pertaining to the construction/ erection period is also capitalized as part of historical cost.

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

Depreciation on property, plant and equipment is charged to the statement of profit or loss applying the reducing balance method so as to write off the depreciable amount of the assets over their estimated useful lives at the rates specified in the respective note to the financial statements. The Company charges the depreciation on additions from the date when the asset is available for use and to the preceding day when the asset is de-recognized.

The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each statement of financial position date.

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.

4.11 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the expenditures on material, labour and appropriate overheads directly relating to the construction, erection or installation of an item of property, plant and equipment. These costs are transferred to property, plant and equipment as and when related items become available for intended use.

4.12 Impairment of non-financial assets

Carrying amounts of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment loss is recognized in the statement of profit or loss.

4.13 Accounting for finance lease

IFRS 16 supersedes IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC 15 'Operating leases - incentives' and SIC 27 'Evaluating the substance of transactions involving the legal form of a lease'. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of July 01, 2019. Under this method, the standard is applied retrospectively with cumulative effect of initially applying standard recognized at the date of initial application and accordingly the Company is not required to restate prior year results. The Company also elected to use the recognition exception for lease contracts that, at the commencement date, have a lease term of twelve months or less and do not contain a purchase option (short term leases).

Adoption of IFRS 16 does not have any material impact on financial statements except reclassification of 'Leased assets' as 'Right-of-use assets' and 'Liabilities against assets subject to finance lease' as 'Lease Liabilities'.

The Company has lease contracts for vehicles and plant and machinery. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company; otherwise it was classified as an operating lease. Finance leases were capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognized as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalized and the lease payments were recognized as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under Prepayments and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases, except for short-term leases. The standard provides specific transition requirements and practical expedients, which has been applied by the Company.

The Company did not change the initial carrying amounts of recognized assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognized under IAS 17). Also, the Company did not have operating leases during the current.

As a result of adoption of IFRS 16, the Company has adopted following new accounting policy:

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company mainly leases vehicles and plant and machinery for its operations. The Company recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- The initial direct costs; and
- Restoration cost (if any).

Subsequently, right-of-use assets are recognized at cost less any accumulated depreciation and impairment losses if any, and adjusted for certain re-measurements of the lease liability. The right-of-use asset is depreciated using the reducing balance method over the asset's useful life. The estimated useful lives of assets are determined on the same basis as that for owned assets.

4.14 Stores, spares and loose tools

Usable stores and spares are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus incidental charges paid thereon.

Provision for obsolete and slow moving stores and spares is based on management's estimate.

4.15 Stock-in-trade

These are valued at lower of cost or net realizable while the cost is calculated using the following basis:

- Raw materials - At weighted average cost.
- Work in process - At average manufacturing cost.
- Finished goods - At average manufacturing cost.
- Wastes - At net realizable value.

Raw material is stated at weighted average except items in transit which are valued at cost accumulated up to the balance sheet date.

Cost of work in process and finished goods comprises of cost of direct materials, labour and appropriate manufacturing overheads.

Net realizable value of finished goods and waste represents estimated selling prices in the ordinary course of business less incidental

4.16 Revenue recognition

Revenue from local sale of goods be recognized at the point in time when control of goods is transferred to the customer, which is when the goods are dispatched to the customer and invoices are generated.

Export sales are recorded at the time of receipt of bill of lading.

Export rebate and Duty Drawbacks are accrued on the basis of actual export proceeds realized.

4.17 Financial instruments**Financial assets**

The Company classifies its financial assets in the following categories: at fair value through statement of profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at statement of financial position date are carried at amortized cost.

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as at fair value through statement of profit or loss:

- (i) it is held with in a business model whose objective is to hold assets to collect contractual cash flows; and
- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit or loss. Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit or loss.

4.18 Offsetting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognized amount and the Company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.19 Loans and receivables

These are initially measured at the fair value of the consideration receivable. Subsequently these are valued at amortized cost. These assets are written off when there is no reasonable expectation of recovery, based on the expected credit loss.

4.20 Impairment

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.21 Related party transactions

Transactions and contracts with related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method except otherwise stated.

4.22 Borrowings and their costs

Borrowings are recognized initially at fair value, net of transaction costs incurred, and subsequently at amortized cost.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are charged to statement of profit or loss in the period in which these are incurred.

4.23 Dividend and other appropriations

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

4.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer has been identified as the 'chief operating decision-maker', who is responsible for allocating resources and assessing performance of the operating segments.

4.25 Share capital

Ordinary shares are classified as equity and recognized at their face value.

4.26 Provisions

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

4.27 Fair values of financial assets and liabilities

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

As at June 30, 2020, all financial assets and financial liabilities are carried at amortized cost.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred.

The Company's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:

- changes in market and trading activity (eg. significant increases / decreases in activity)
- changes in inputs used in valuation techniques (eg inputs becoming / ceasing to be observable in the market)

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

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

	NOTE	2020	2019
5 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL			
		Rupees	
7,058,190 (2019: 7,058,190) ordinary shares of Rs. 10/- each fully paid in cash		70,581,900	70,581,900
3,399,700 (2019: 3,399,700) ordinary shares of Rs. 10/- each issued for consideration other than cash	5.1	33,997,000	33,997,000
		104,578,900	104,578,900

5.1 These include shares issued against acquisition of assets.

5.2 The Shareholders' rights and privileges are governed through The Companies Act, 2017 and the rules and regulations made thereunder; the Company's Memorandum and Articles of Association and there is no specific shareholder's agreement executed for voting rights, board selection, right of first refusal and block voting.

6 CAPITAL RESERVE

These reserves represents the amount set aside from unappropriated profits and utilized for the purpose of capital expenditures in factory building and plant and machinery.

7 DIRECTORS' LOAN

	NOTE	2020	2019
Loan from directors - unsecured	7.2	87,448,538	87,868,538

7.1 These loans are accounted for under Technical Release - 32 "Accounting Director's Loan" issued by the Institute of Chartered Accountants of Pakistan effective for the financial statements for the period beginning on or after January 01, 2016 with earlier application permitted.

7.2 This loan has been obtained from Directors of the Company, and is interest free. There is no fixed tenor or schedule for repayment of this loan. According to the loan agreement, the lenders shall not demand repayment and the same is entirely at the Company's option. This loan is for the purpose of capital expenditure or otherwise as the Board deem fit. Directors include Mr. Maqsood Ahmed butt (15.9 % shareholding) and Mr. Ali Maqsood butt (22.08 % shareholding).

8 LEASE LIABILITIES

	NOTE	2020	2019
Present value of minimum lease payments		33,112,002	51,907,714
Less: current portion shown under current liabilities		(27,748,819)	(32,101,632)

5,363,183 19,806,082

	2020			2019		
	Future Minimum Lease Payments	Finance Cost	Present Value	Future Minimum Lease Payments	Finance Cost	Present Value
RUPEES						
Not later than one year	29,848,819	2,100,000	27,748,819	37,286,236	5,184,604	32,101,632
Later than one year but not later than five years	5,536,610	173,427	5,363,183	22,552,730	2,746,648	19,806,082
Total future minimum lease payments	35,385,429	2,273,427	33,112,002	59,838,966	7,931,252	51,907,714

This represents vehicles, plant and machinery acquired under lease arrangements. The leases are secured by 10% down payment, insurance in lessor's favor and post dated cheques in favor of lessor for entire principal along with markup amount. Rentals are payable monthly. The leases are priced at six month KIBOR plus 2.75% to 3% per annum (2019: six month KIBOR plus 2.75% to 3.5% per annum). Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to lease are borne by the Company. The Company also has the option to acquire these assets at the end of the respective lease terms and intends to exercise the option.

	NOTE	2020	2019
9 DEFERRED LIABILITIES			
		Rupees	
Deferred tax - net	9.01	18,366,327	18,404,823
Employees retirement benefits	9.04	38,031,417	31,120,359
		56,397,744	49,525,182

9.01 DEFERRED TAX - NET

Taxable temporary differences / (deductible temporary differences) arising in respect of:

Accelerated depreciation		17,953,087	16,655,312
Employees retirement benefits		(4,726,397)	(4,036,175)
Finance lease and others		5,139,637	5,785,686
		18,366,327	18,404,823

9.02 The movement In temporary differences are as follows :

	Balance as at July 01, 2018	Recognized in profit & loss	Balance as at Jul 01, 2019	Recognized in profit & loss	Balance as at June 30, 2020
Deferred tax Debits:					
Employees retirement benefits	(2,760,388)	(1,275,787)	(4,036,174)	(690,222)	(4,726,396)
	(2,760,388)	(1,275,787)	(4,036,174)	(690,222)	(4,726,396)
Deferred tax Credits:					
Accelerated depreciation	18,815,229	(2,159,917)	16,655,312	(1,297,775)	(17,953,087)
Finance lease and Others	3,796,635	(1,989,051)	5,785,686	(640,049)	(5,139,637)
	19,851,476	(1,446,653)	18,404,823	(38,496)	18,366,328

9.03 Deferred tax asset of Rs. 9.27 million (2019: 7.43 million) on minimum tax and carry forward of tax losses has not been recognized due to uncertainty of adjustments in foreseeable futures.

9.04 EMPLOYEES RETIREMENT BENEFITS

statement of financial position :

Present value of defined benefit obligation	9.06	36,834,561	29,923,503
Benefits payable as at end of the year		1,196,856	1,196,856
Balance sheet liability		38,031,417	31,120,359

Note	2018-19	2017-18
	Rupees	
9.05 Statement of financial position for the previous year		
Present value of defined benefit obligations as at 30th June BoY	29,923,503	22,387,005
plus payables	1,196,856	1,196,856
Less Fair Value of Plan Assets	-	-
Net Define Benefit Liability as at 30th June BoY	31,120,359	23,583,861
	2019-20	2018-19
	Rupees	
9.06 Reconciliation of Present Value of Defined Benefit Obligations		
Present Value of Defined Benefit Obligations as at 30th June BoY	29,923,503	22,387,005
Payables as at 30th June BoY	1,196,856	1,196,856
Service Cost (Current service cost + Past service cost + gain/losses on settlement)	5,132,584	6,136,797
Interest on Defined Benefit Liability	3,615,592	2,014,830
Benefits paid	(1,997,532)	-
Payables as at 30th June EoY	(1,196,856)	(1,196,856)
Actuarial (gain)/losses	160,414	(615,129)
Present Value of Defined Benefit Obligations as at 30th June EoY	36,834,561	29,923,503
9.07 Amount Chargeable to Profit & Loss for the current year		
Service Cost (Current service cost + Past service cost + Gain/losses on settlement)	5,132,584	6,136,797
Net Interest on Defined Benefit Liability (Asset)	3,615,592	2,014,830
Total Amount Chargeable to P&L Account	8,748,176	8,151,627
Head office	1,489,015	1,457,156
Other Staff	7,259,161	6,694,471
Total Amount Chargeable To P&L Account	8,748,176	8,151,627
9.08 Measurement of Net Defined Benefit Liability		
Actuarial (gain)/losses due to changes in Demographic Assumptions	-	-
Actuarial (gain)/losses due to changes in Financial Assumptions	-	-
Actuarial (gain)/losses due to experience adjustments	160,414	(615,129)
Return on Plane Assets	-	-
Effect of Changes in Asset Ceiling	-	-
Amount chargeable to Other Comprehensive Income (OCI)	160,414	(615,129)
9.09 Statement of Financial Position as at 30th June End of the Year (EoY)		
Present Value of Defined Benefit Obligation as at 30th June EoY	36,834,561	29,923,503
Plus Payables	1,196,856	1,196,856
Less Fair Value of Plan Assets	-	-
Net Defined Benefit Liability as at 30th June EoY	38,031,417	31,120,359
	2020-21	2019-20
	Rupees	
9.10 Estimated Expense Chargeable to Profit & Loss for the Next Year		
Service Cost	6,685,559	5,132,584
Net Interest Cost on Net Defined Benefit Liability	3,130,938	3,615,592
Total Amount Chargeable to P & L Account	9,816,497	8,748,176
	2019-20	2018-19
	Rupees	
9.11 Reconciliation of Net Defined Benefit Liability		
Defined Benefit Liability as at 30th June BoY	31,120,359	23,583,861
Cost Chargeable to P&L	8,748,176	8,151,627
Cost Chargeable to OCI	160,414	(615,129)
Benefit Paid during the Year	(1,997,532)	-
Net Defined Benefit Liability as at 30th June EoY	38,031,417	31,120,359

9.12 Sensitivity Analysis as at 30.06.2020

Change in assumptions	PVDBO in Rs.
Discount Rate+1%	32,856,767
Discount Rate-1%	41,755,824
Salary income+1%	41,755,824
Salary income-1%	32,789,686

9.13 Method and Assumptions

Valuation Method Used

IAS-19 mandates projected units credit (PUC) Method (which is an Actuarial Technique) to determine the present value of define benefit obligation, current service cost and past service cost. The same method is used the underlying valuation.

Assumptions

The economic and demographic assumption used in the valuation are unbiased, mutually compatible and best estimates as per the requirements of IAS-19. Financial assumptions are based on market expectations as at the valuation date. These assumptions are as follows:

Discount Rate

The market of high quality corporates bonds is not deep enough in Pakistan. Therefore, discount rate is based on market yields on Government bonds as at the valuation date. The discount rate used for the valuation is 8.5% per annum.

Rate of Growth in Salary

The Gratuity benefits are calculated using the Gross Salary. In view of the market expectations and long-term monetary policy of the State Bank regarding inflation, it has been assumed that the average rate of long-term future Salary increase will be 7.5% per annum.

Mortality, Withdrawal, Disability Retirement Rates

The mortality rates used for active employees are based on SLIC (2001-05) Mortality Table.

The rates for withdrawal from service and retirement on ill- health grounds are based on industry / country experience.

Comparison of Assumption with previous valuation

	2019-20	2018-19
Discount rate	8.50%	12.50%
Expected rate of salary increase in future years	7.50%	11.50%
Average Expected Remaining Working Lifetime of employees	11 Years	12 Years
Average Duration of Liability	9 Years	9 Years
Normal Retirement Age	60 Years	60 Years

The critical gap between the discount rate and salary growth rates one percentage point (1%). This difference is consistent with previous year's assumptions. Therefore, no significant gain/loss would arise due to change in economic assumptions.

Actuarial Gain/Loss Recognition

The amount of gains/losses has been charged immediately to Other Comprehensive Income as per the provisions of IAS-19.

	NOTE	2020	2019
Rupees			
10 TRADE AND OTHER PAYABLES			
Creditors		205,750,406	375,272,450
Accrued expenses		12,024,733	14,257,874
Advances from customers - Unsecured		-	10,979,132
Workers' welfare fund		3,911,016	3,440,346
Workers' profit participation fund	10.01	1,238,633	709,151
Other payables		10,159,228	2,722,418
		233,084,016	407,381,371
10.01 WORKERS' PROFIT PARTICIPATION FUND			
Opening Balance		709,151	1,759,508
Allocation for the year		1,238,606	808,648
		1,947,757	2,568,156
Interest on funds utilized	29	-	219,939
		1,947,757	2,788,095
Less: Paid during the year		(709,124)	(2,078,944)
		1,238,633	709,151
11 MARKUP ACCRUED ON LOANS AND OTHER PAYABLES			
Accrued markup		11,097,362	8,956,522
12 SHORT TERM BORROWINGS			
From banking companies-secured			
Standard Chartered Bank (Pakistan) Limited	12.01	-	211,237,185
Habib Bank Limited	12.02	97,700,000	97,700,000
The Bank of Punjab	12.03	100,000,000	100,000,000
Bank Alfalah Limited	12.04	310,926,794	-
Banking Overdrafts	12.05		
Habib Bank Limited		-	2,864,149
J.S Bank Limited		-	6,396,185
Meezan Bank		-	1,177,728
		508,626,794	419,375,247
12.01			
The facility from Standard Chartered Bank (Pakistan) Limited consists of only guarantee of Rs. 20,812,318/- and is secured against PP over all present and future current assets of the Company to the extent of Rs.350.6 Million.			
Personal guarantees worth Rs. 372.5 Million from Directors of the Company named as follows: Maqsood Ahmed Butt, Ali Maqsood Butt & Naseem Maqsood.			
Financial guarantee from Bank Alfalah Limited of Rs. 20,812,318/-. This guarantee expires on 04-11-2020.			
12.02			
This represent facility of Finance against packing credit facility (including its sublimits of ERF Part II, Running Finance Facility, FBP facility, FAFB and Letter of Guarantee) having total limit of Rs. 100 million. The tenor of the facility renewed for one year on 31st July 2019 and subsequent to the date of financial statements on 31st July 2020. It carries mark-up at the rate of 3 months KIBOR + 2.5% p.a to 3 months KIBOR + 2.75% p.a and SBP rate + 1% p.a.			
The Facility from HBL is secured against 1st pari passu charge over all present and future current assets of PKR 133.333 million, registered with SECP. Lien over Proceeds of export bills sent under LC / collection. 1st pari passu charge over all present and future fixed assets of PKR 100 million registered with SECP and personal Guarantees of all Directors.			
12.03			
This represents export refinance facility having limit of Rs. 100 million and carries markup at the rate of SBP+ 1%; and FAFB facility having limit of Rs. 50 million (which is unutilized) having markup at the rate of matching KIBOR + 2.5% p.a.			
Securities for facilities from The Bank of Punjab are as follows:			

- 1st PariPassu charge of Rs.134 Million and 67 Million over present and future current assets of the company with 25% margin.
 - 1st PariPassu charge of Rs.100 Million over present and future fixed assets of the company.
 - Personal Guarantees of Mr. Maqsood Butt, Mr. Ali Maqsood Butt and Mr. Faisal Khan (Directors of the Company).
 - Token legal mortgage of Rs. 0.1 million along with equitable mortgage over residential property measuring 2 Kanals 14 Marlas owned by director of the Company.
 - The expiry date of the facilities from Bank of Punjab was 30th June 2020 and renewed subsequent to the statement of financial position up to 30th June 2021.
- 12.04** This represent facilities of CF-Hypo, FAPC Own Source, FBP Disc., SLC and LG having limits of Rs. 60 million, Rs. 125 million, Rs. 35 million, Rs. 150 million and Rs. 22.5 million respectively. The expiry date of the facilities are 30th November 2020. It carries mark-up at the rate of 1 months KIBOR + 2.5% and SBP rate + 1% p.a. These facilities are secured as follows:
- 1st PariPassu charge of Rs.474 Million on all present and future current assets of the Company.
 - 1st PariPassu charge of Rs.300 Million over present and future fixed assets of the Company.
 - Equitable mortgage over a property owned by the Chairman of the Company having a market value of Rs. 135.740 million. and
 - Personal Guarantees of all sponsor directors of the Company.
- 12.05** These represent overdrafts in current accounts of the Company due to unrepresented cheques outstanding at the reporting date.

	NOTE	2020	2019
Rupees			
13 PROVISION FOR TAXATION			
Opening balance		8,440,771	11,104,075
Add: Current and prior year tax		12,593,979	3,378,751
Less: Adjustments during the year		(8,179,944)	(6,042,055)
		12,854,806	8,440,771

Income tax return up to and including tax year 2018 has been filed to the tax authorities under the provision of Income Tax Ordinance, 2001.

14 CONTINGENCIES AND COMMITMENTS

Contingencies

14.01 On behalf of the Company Standard Chartered Bank (Pakistan) Limited has issued guarantee amounted to Rs. 20,812,318 (2019: Rs. 20,812,318) in favour of SNGPL.

14.02 The Company has challenged the recovery of Gas Infrastructure Development Cess and filed petition challenging the demand of GIDC in the High Court of Sindh at Karachi. The High Court of Sindh granted stay against charging of GIDC. Since, the issue is being faced by the industry at large, therefore management is of the view that there is no need to maintain any provision against the liability. The management is confident that the final decision of the case shall be in its favor. Furthermore, it is difficult to determine the exact monetary estimate as the applicability of the Gas Infrastructure Development Cess is in litigation. However the amount may approximate Rs. 17.97 Million.

Commitments

14.3 No major commitments outstanding as at the date of the Statement of Financial Position.

15 PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST			Rate %	DEPRECIATION			Written down value as at June 30, 2019
	As at July 01, 2018	Addition / Transfer	(Deletion)		As at June 30, 2019	For the year	As at June 30, 2019	
OWNED ASSETS								
Freehold land	7,544,681	-	-	-	7,544,681	-	-	7,544,681
Building on freehold land	161,776,833	59,559,958	-	5	221,336,791	7,431,685	35,260,830	186,075,961
Plant & Machinery	292,984,503	9,867,368	(5,200,412)	10	297,651,459	(2,206,159)	171,898,042	125,753,417
Furniture and Fixture	1,342,474	100,890	-	10	1,443,364	56,117	871,821	571,543
Motor Vehicles	30,387,219	1,275,400	(16,313,250)	20	27,225,869	(9,135,303)	16,948,479	10,277,390
-Transferred from ROUA		11,876,500	-			5,869,664		
Office Equipment	3,122,711	183,950	-	10	3,306,661	216,024	1,292,962	2,013,699
Loose Tools	145,757	366,921	-	10	512,678	4,241	107,590	38,167
Laboratory Equipment	366,921	131,900	-	10	498,821	6,327	309,981	56,940
Electric Installation	4,150,997	556,587	-	10	4,707,584	278,977	1,743,199	2,539,698
Fire Fighting Equipment	556,587	113,775	-	10	670,362	14,040	430,232	126,355
Telephone Installation	113,775	1,310,000	-	10	1,423,775	1,063	104,210	9,565
Gas Installation	1,310,000	943,124	-	10	2,253,124	36,688	979,812	330,188
Subtotal	503,802,458	82,995,966	(21,513,662)		565,284,762	(5,471,798)	229,947,158	335,337,604
RIGHT-OF-USE ASSETS:								
Motor Vehicles	39,808,588	10,861,259	-	20	38,793,347	4,090,965	18,164,354	20,628,993
- Transferred from ROUA		(11,876,500)	-			(5,869,664)		
Plant & Machinery	84,832,323	15,177,831	-	10	100,010,154	8,245,615	24,121,711	75,888,443
Subtotal	124,640,911	14,162,590	-		138,803,501	(5,869,664)	42,286,065	96,517,436
TOTAL 2019	628,443,369	97,158,556	(21,513,662)		704,088,263	(11,341,462)	272,233,223	431,855,040

15.01 PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST			Rate %	DEPRECIATION			Written down value as at June 30, 2020
	As at July 01, 2019	Addition / Transfer	(Deletion)		As at June 30, 2020	For the year	As at June 30, 2020	
OWNED ASSETS:								
Freehold land	7,544,681	-	-	-	7,544,681	-	-	7,544,681
Building on freehold land	221,336,791	-	-	5	221,336,791	9,303,798	44,564,628	176,772,163
Plant & Machinery	297,651,459	870,710	-	10	319,638,930	12,618,519	196,186,115	123,452,815
-Transferred from ROUA		21,116,761	-			11,669,554		
furniture & fixture	1,443,364	38,000	-	10	1,481,364	58,890	930,711	550,653
Motor Vehicles	27,225,869	-	(2,827,560)	20	45,742,707	(1,544,941)	33,842,460	11,900,247
-Transferred from ROUA		21,344,398	-			16,155,882		
Office Equipment	3,306,661	912,789	-	10	4,219,450	242,063	1,535,025	2,684,425
Loose Tools	145,757	366,921	-	10	512,678	3,817	111,407	34,350
Laboratory Equipment	366,921	4,282,897	-	10	4,649,818	5,694	315,675	51,246
Electric Installation	4,282,897	556,587	-	10	4,839,484	253,970	1,997,169	2,285,728
Fire Fighting Equipment	556,587	113,775	-	10	670,362	12,636	442,868	113,719
Telephone Installation	113,775	1,310,000	-	10	1,423,775	957	105,167	8,608
Gas Installation	1,310,000	943,124	-	10	2,253,124	33,019	1,012,831	297,169
Subtotal	565,284,762	44,282,658	(2,827,560)		606,739,860	26,280,495	281,044,055	325,695,804
RIGHT-OF-USE ASSETS:								
Motor Vehicles	38,793,347	5,371,650	-	20	22,820,599	5,195,921	7,204,393	15,616,206
-Transferred from ROUA		(21,344,398)	-			(16,155,882)		
Plant & Machinery	100,010,154	8,245,615	-	10	108,255,769	7,588,844	20,041,001	58,852,392
-Transferred from Lease		(21,116,761)	-			(11,669,554)		
Subtotal	138,803,501	(37,089,509)	-		101,713,992	(27,825,436)	27,245,394	74,468,598
TOTAL 2020	704,088,263	7,193,149	(2,827,560)		708,453,852	(1,544,941)	308,289,450	400,164,402
TOTAL 2019	628,443,369	97,158,556	(21,513,662)		704,088,263	(11,341,462)	272,233,223	431,855,040

15.01 Depreciation is allocated as under:
 Cost of Sales 29,129,466
 Administrative Expenses 6,710,947
35,840,413

15.02 Land - freehold and building on freehold land

Particulars	Area	Location
Freehold land	112 Kanals and 12 Marlas	2 KM, Off Raiwind Manga Road, Raiwind, Lahore.
Building on freehold land is located in above mentioned freehold land.		

15.03 Property, Plant and Equipment disposed off during the year are:

Motor Vehicle	Cost	Accumulated depreciation	Book value	Sale Proceeds	Gain / (Loss)	Mode of disposal	Particulars of purchaser
LEH-3660	2,827,560	1,544,941	1,282,619	2,300,000	1,017,381	Negotiation	Individual having no relation with the Company.

	NOTE	2020	2019
		Rupees	
16 CAPITAL WORK IN PROCESS			
Building on freehold land:			
As at 01st July		25,213,388	52,832,815
Additions during the year		11,038,526	31,940,531
Transferred to Property Plant & Equipment		-	(59,559,958)
As at 30th June		36,251,914	25,213,388
17 LONG TERM DEPOSITS			
Advance lease deposit-non ineterst bearing		6,919,745	7,439,745
Sui northern gas pipeline ltd.-non ineterst bearing		1,351,071	1,351,071
Other-non interest bearing		1,542,270	471,850
		9,813,086	9,262,666
18 STORES, SPARE PARTS AND LOOSE TOOLS		13,528,250	13,296,746
18.01 No identifiable store and spare are held for specific capitalization.			
19 STOCK IN TRADE			
Finished goods		102,901,780	95,110,906
Raw materials			
- Fabric and accessories		108,050,832	93,782,208
- Chemicals		69,124,903	39,232,172
- Packing material		3,492,394	7,858,372
- Rice Husk & Coal		2,530,192	23,965,914
		286,100,101	259,949,572
19.01 No stock in trade has been pledged by any institution / party.			
20 TRADE DEBTS			
Considered good:			
Export - secured		62,836,376	49,729,502
Local - un-secured		263,279,023	374,597,683
		326,115,399	424,327,185
21 LOANS AND ADVANCES			
Loans and advances - considered good	21.01	36,345,516	40,685,160
Rebate Receivable		18,423,427	23,821,411
Advance income tax-net of adjustment		42,110,346	40,341,813
		96,879,289	104,848,384
21.01 LOANS AND ADVANCES - CONSIDERED GOOD			
Unsecured:			
To suppliers for goods and services		33,989,354	38,427,940
To Employees - Interest free		1,919,000	1,887,000
For local guarantee		437,162	370,220
		36,345,516	40,685,160

	NOTE	2020	2019
		Rupees	
22 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		-	110,420
Prepaid insurance		174,081	340,026
		174,081	450,446
23 TAX REFUNDS DUE FROM THE GOVERNMENT			
Sales tax -Refundable		57,777,941	49,721,041
24 CASH AND BANK BALANCES			
Cash in hand		10,406,675	2,498,000
Cash at banks -in current accounts		11,173,803	7,449,606
		21,580,478	9,947,606
25 SALES-NET			
Sales:			
- Local	25.01	87,245,340	246,215,548
- Export	25.01	683,302,457	647,943,664
Local: Processing and coating		385,449,633	490,761,545
Rebate on export		15,357,336	48,095,533
		1,171,354,766	1,433,016,290
25.01 It is net off of sales tax and further sales tax amounting to Rs. 80,589,418/- (2019: Nil) and Rs. 2,936,947/- (2019: Nil) respectively.			
26 COST OF SALES			
Fabric and accessories consumed		420,972,519	553,321,177
Chemicals consumed	26.01	255,408,879	328,386,993
Packing material consumed	26.02	51,267,176	60,571,515
Rice Husk and coal consumed	26.03	22,013,234	67,280,076
Stores and spares consumed	26.04	115,489	992,538
Salaries and other benefits	26.05	95,540,061	99,509,967
Fuel and power	26.06	101,935,339	71,099,454
Postage, telephone and telegram		3,857,467	7,866,135
Laboratory expenses		4,207,165	4,207,751
Insurance		5,348,946	6,139,945
Import expenses		15,453,760	15,740,023
Freight and octroi		4,414,295	6,180,428
Repair and maintenance-machinery / building		16,505,746	19,209,341
Processing Charges(CMT)		2,379,796	24,243,474
Depreciation	15.01	29,880,144	29,129,466
		1,029,300,016	1,293,878,283
Finished goods:			
Opening stock		95,110,906	119,959,137
Closing stock		(102,901,780)	(95,110,906)
		(7,790,874)	24,848,231
		1,021,509,142	1,318,726,514

	2020	2019
	Rupees	
26.01 Fabric and accessories consumed		
Opening stock	93,782,208	177,299,241
Add: Purchases	435,241,143	469,804,144
	<u>529,023,351</u>	<u>647,103,385</u>
Less: Closing stock	(108,050,832)	(93,782,208)
	<u>420,972,519</u>	<u>553,321,177</u>
26.02 Chemicals consumed		
Opening stock	39,232,172	36,162,904
Add: Purchases	285,301,610	331,456,261
	<u>324,533,782</u>	<u>367,619,165</u>
Less: Closing stock	(69,124,903)	(39,232,172)
	<u>255,408,879</u>	<u>328,386,993</u>
26.03 Packing material consumed		
Opening stock	7,858,372	7,529,166
Add: Purchases	46,901,198	60,900,721
	<u>54,759,570</u>	<u>68,429,887</u>
Less: Closing stock	(3,492,394)	(7,858,372)
	<u>51,267,176</u>	<u>60,571,515</u>
26.04 Rice Husk and coal consumed		
Opening stock	23,965,914	25,109,360
Add: Purchases	577,512	66,136,630
	<u>24,543,426</u>	<u>91,245,990</u>
Less: Closing stock	(2,530,192)	(23,965,914)
	<u>22,013,234</u>	<u>67,280,076</u>
26.05 Stores and spares consumed		
Opening stock	13,296,746	10,031,453
Add: Purchases	346,993	4,257,831
	<u>13,643,739</u>	<u>14,289,284</u>
Less: Closing stock	(13,528,250)	(13,296,746)
	<u>115,489</u>	<u>992,538</u>
26.06 Salaries and other benefits include staff retirement benefits amounting to Rs. 7,259,161 (2019: Rs. 6,136,797).		
27 SELLING AND DISTRIBUTION COST		
Export expenses	<u>32,643,977</u>	<u>19,451,908</u>
27.01 It includes exchange loss on realizations and translations of foreign debtors of Rs. Nil (2019: 2.61 million).		
28 ADMINISTRATIVE EXPENSES		
Director's remuneration	6,976,000	6,600,000
Salaries and other benefits	28.01 11,248,489	11,064,935
Postage and telegram	1,750,096	1,785,542
Printing and stationary	869,910	1,091,788
Vehicle running and maintenance	8,891,495	5,851,205
Insurance	423,133	717,638
Fee and subscription	1,248,989	2,211,058
Entertainment	533,046	269,957
Auditor's remuneration	28.02 820,000	720,000
Misc Expenses	558,374	1,768,525
Legal and professional	282,000	227,711
Depreciation	15.01 7,721,024	6,710,947
	<u>41,322,556</u>	<u>39,019,306</u>
28.01 Salaries and other benefits include staff retirement benefits amounting to Rs. 1,489,015/- (2019: Rs. 2,014,830/-).		

	NOTE	2020	2019
		Rupees	
28.02 AUDITOR'S REMUNERATION			
Audit fee		700,000	600,000
Half yearly review		50,000	50,000
Other certification charges		50,000	50,000
Out of pocket expenses		20,000	20,000
		<u>820,000</u>	<u>720,000</u>
29 FINANCE COST			
Interest / mark-up on:			
Short-term borrowings		39,029,899	29,309,624
Finance lease		6,139,640	6,672,370
Workers' Profit Participation Fund	10.01	-	219,939
Bank charges		10,112,224	8,454,470
		<u>55,281,763</u>	<u>44,656,403</u>
30 OTHER EXPENSES			
Workers' profit participation fund	10.01	1,238,606	808,648
Workers' welfare fund		470,670	307,286
		<u>1,709,276</u>	<u>1,115,934</u>
31 OTHER INCOME			
Gain on Disposal of Fixed Assets		1,017,381	5,010,801
Exchange gain		3,157,414	-
		<u>4,174,795</u>	<u>5,010,801</u>
32 TAXATION			
Current tax - for the year		12,854,806	8,440,772
- prior years		(260,827)	(5,062,021)
Deferred tax		(38,496)	(1,446,653)
		<u>12,555,483</u>	<u>1,932,098</u>
32.01 Income tax return has been filed to income tax authorities up to and including tax year 2019 under the provisions of the Income tax Ordinance, 2001.			
32.02 Numerical reconciliation between the average effective tax rate and the applicable tax rate is not given due to application of minimum tax @ 1.50% (2019: 1.25%) on local sales and final tax @ 1% (2019: 1%) on export sales for the calculation of provision of tax for the year and application of tax credits.			
33 EARNINGS PER SHARE - BASIC AND DILUTED			
Net profit for the year / Profit attributable to ordinary shareholders - Rupees		<u>10,507,364</u>	<u>13,124,928</u>
Weighted average number of ordinary shares outstanding during the year - Numbers		<u>10,457,890</u>	<u>10,457,890</u>
Earnings per share - basic - Rupees		<u>1.00</u>	<u>1.26</u>
There is no dilutive effect on the basic earnings per share of the company .			
34 FINANCIAL INSTRUMENTS BY CATEGORY			
Financial assets as per Balance Sheet - at amortized cost			
Long term deposits		9,813,086	9,262,666
Trade debts		326,115,399	424,327,185
Loans and advances		2,356,162	2,257,220
Trade deposits		-	110,420
Cash and bank balances		21,580,478	9,947,606
		<u>359,865,125</u>	<u>445,905,097</u>

	2020	2019
	Rupees	
Financial liabilities as per Balance Sheet - at amortized cost		
Liability against assets subject to finance lease	33,112,002	51,907,714
Trade and other payables	229,173,000	392,961,893
Accrued interest / mark-up	11,097,362	8,956,522
Short term finance	508,626,794	419,375,247
	782,009,158	873,201,376

35 FINANCIAL INSTRUMENTS

35.01 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors.

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. The Company imports some items of garment accessories and chemicals such as HDP and also exports goods that are exposed to currency risk, primarily with respect to liabilities and foreign currency debts denominated in US Dollars. In current year under report, the Company has imported some raw material denominated in Dollars. The Company's exposure to foreign currency risk in US Dollars is as follows:

Foreign trade debts	62,836,376	49,729,502
Foreign payables	-	-
Net exposure	62,836,376	49,729,502

The following significant exchange rates have been applied at the reporting dates:

USD to PKR	168.25	160.05
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The Company manages its currency risk by close monitoring of currency markets. However, the Company does not hedge its currency risk exposure.

At June 30, 2020, if the Rupee had weakened / strengthened by 1% against the US dollar with all other variables held constant, pre-tax profit for the year would have been Rs. 628,364/- (2019: Rs. 497,295/-) lower / higher, mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company has no significant interest-bearing assets, the Company's income and operating cash inflows are substantially independent of changes in market interest rates.

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

Financial liabilities - variable rate instruments:

Finance lease	33,112,002	51,907,714
Short term borrowings	508,626,794	419,375,247
	541,738,796	471,282,961

Financial assets

	-	-
	541,738,796	471,282,961

Fair value sensitivity analysis for fixed rate instruments:

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

Cash flow sensitivity analysis for variable rate instruments:

A change of 1% in interest rates at the reporting date would have decreased / (increased) profit for the year by the amount shown below. This analysis assumes that all other variables, in particular foreign currency rates, remains constants. This analysis is performed on the same basis as for 2019.

	Profit and Loss 1% rate	
	Increase	Decrease
As at June 30, 2020		
Cash flow sensitivity - variable rate financial liabilities	5,417,388	(5,417,388)
As at June 30, 2019		
Cash flow sensitivity - variable rate financial liabilities	4,712,830	(4,712,830)

(iii) Other price risk

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

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter parties fail to discharge an obligation.

Credit risk arises from deposits with banks, trade debts, loans and advances, deposits and other receivables. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities, where applicable. Where considered necessary, advance payments are obtained from certain parties. Out of the total financial assets of Rs 359,865,125/- (2019: Rs 445,905,097/-), the financial assets that are subject to credit risk aggregated Rs 349,458,450/- (2019: Rs 443,407,097/-).

The maximum exposure to credit risk for trade debts at the balance sheet date by geographic region is as follows:

	2020	2019
	Rupees	
Local debts	263,279,023	374,597,683
Foreign debts	62,836,376	49,729,502
	326,115,399	424,327,185

The majority of foreign debtors of the company are situated in Europe.

The aging of loans and receivables at the reporting date was:

Past due upto 12 months	304,011,912	371,726,984
More than one year	22,103,487	52,600,201
	326,115,399	424,327,185

For trade debts, management determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are fixed by the management based on internal or external ratings. The utilisation of credit limits is regularly monitored. Accordingly the credit risk is minimal and the Company also believes that it is not exposed to major concentration of credit risk. The carrying values of financial assets which are neither past due nor impaired are as under:

	2020	2019
	Rupees	
Long term deposits	9,813,086	9,262,666
Trade debts	326,115,399	424,327,185
Loans and advances	2,356,162	2,257,220
Trade deposits	-	110,420
Cash and bank balances	11,173,803	7,449,606
	349,458,450	443,407,097

The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history, however, no losses. The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Banks	Rating Agency	Rating	
		Long term	Short term
Bank Al-Habib Limited	PACRA	AA+	A1+
The Bank of Punjab	PACRA	AA	A1+
Meezan Bank	JCR-VIS	AA+	A-1+
Habib Bank Limited	JCR-VIS	AAA	A-1+
JS Bank Limited	PACRA	AA-	A1+
Bank Al-Falah Limited	PACRA	AA+	A1+
Faysal Bank Limited	PACRA	AA	A1+
Standard Chartered Bank (Pakistan) Limited	PACRA	AAA	A1+

(c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to growing nature of the business the Company maintains flexibility in funding by maintaining committed credit lines available.

Financial Liabilities in accordance with their contractual maturities are presented as follows:

FINANCIAL LIABILITIES	Interest / mark up bearing		Non interest bearing		Total
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year	
	RUPEES				
June 30, 2020:					
Lease liabilities	27,748,819	5,363,183	33,112,002	-	33,112,002
Trade and other payables	-	-	233,084,016	233,084,016	233,084,016
Accrued mark up	-	-	11,097,362	11,097,362	11,097,362
Unclaimed dividend	508,626,794	-	2,290,218	2,290,218	2,290,218
Short-term finance	536,375,613	5,363,183	541,738,796	246,471,596	788,210,392
June 30, 2019:					
Lease liabilities	32,101,632	19,806,082	51,907,714	-	51,907,714
Trade and other payables	-	-	396,402,239	396,402,239	396,402,239
Accrued mark up	-	-	8,956,522	8,956,522	8,956,522
Unclaimed dividend	419,375,247	-	2,290,218	2,290,218	2,290,218
Short-term finance	451,476,879	19,806,082	471,282,961	407,648,979	878,931,940

35.02 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any externally imposed Capital requirements.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

During the year, the Company's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2020 and 2019 were as follows:

	NOTE	2020	2019
		Rupees	
Long term financing		33,112,002	51,907,714
Short term finance		508,626,794	419,375,247
Total debt		541,738,796	471,282,961
Total Equity		390,921,999	380,995,049
Total Capital		932,660,795	852,278,010
Gearing Ratio		58.09%	55.30%

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

36 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors	
	2020	2019	2020	2019
	RUPEES			
Remuneration	3,816,000	3,600,000	3,160,000	3,000,000
Allowances:				
House Rent Allowances	-	-	-	-
Utilities	-	-	-	-
Total Rupees	3,816,000	3,600,000	3,160,000	3,000,000
Number of Persons	1	1	1	1

36.01 The Chief Executive and Directors are also provided with free use of the Company maintained cars and residential phones.

36.02 No meeting fee has been paid to any director of the Company.

36.03 Person qualified as executive of the company in accordance with the Companies Act, 2017 are five (2019: five), drawing average monthly gross salary in aggregate, amounting to Rs. 926,005/- (2019: Rs.846,130/-).

37 AGGREGATE TRANSACTIONS WITH RELATED PARTIES

The Company may in the normal course of business carry out transactions with related parties. Amounts due from related parties, due to related parties, transactions with related parties and relationship with related parties are shown under respective notes, if any. Remuneration of Chief Executive Officer, Directors and Executive is disclosed in note # 36 and loan from directors is disclosed in note # 7 of the Financial Statements and Statement of Cash Flows.

	2020	2019
	Rupees	
Loans received during the year	1,080,000	9,750,000
Loans paid during the year	1,500,000	5,405,000

38 PLANT CAPACITY AND ACTUAL PRODUCTION

	Meters	
38.1 Processing capacity		
Annual capacity	24,540,000	24,540,000
Actual production	7,923,591	15,595,774
	Pieces	
38.2 Garments capacity		
Annual capacity	1,650,000	1,650,000
Actual production	788,448	829,366

38.3 The difference between annual capacity and actual production is mainly due to supply demand situation in domestic and international markets. Further, exact comparison of the plant capacity and actual production of these divisions are indeterminate due to multi product plants involving varying processes of manufacturing and run length of order lots.

39 ACCOUNTING ESTIMATES AND JUDGMENTS**Income taxes:**

The company takes into account the current income tax law and decisions taken by the appellate authorities. Instances where the company's view differs from the view taken by the income tax departments at the assessments stage and where the company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

Property, plant and equipment:

The company reviews the value of assets for possible impairment on an annual basis. Any changes in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

Staff retirement benefit - gratuity:

Certain actuarial assumptions have been adopted as disclosed in the financial statements for valuation of present value of defined benefit obligation.

Stock in trade and stores and spares:

The Company reviews the net realizable value of stock in trade and stores and spares to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated cost to complete and estimated expenditure to make sales.

40 ENTITY-WIDE INFORMATION

The Company constitutes of a single reportable segment, the principal classes of products are Fusible Interlining, Dying / Bleaching / Processing, Stitching of Fabric and other related products.

Information about geographical areas

The Company does not hold non-current assets in any foreign country.

Information about major customers

The Company have transactions with two external customers each of which amounts to 10 percent or more of its revenues.

41 NUMBER OF EMPLOYEES

	2020	2019
Total Employees:	No of employees	
Average during the year	302	309
As at June 30	271	317

42 GENERAL

Figure have been rounded off to the nearest Pakistani rupee.

Corresponding figures have been rearranged / reclassified, wherever necessary to facilitate comparison and/or compliance

43 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the board of directors in their meeting held on November 04, 2020.

FAISAL KHAN
CHIEF EXECUTIVE

ALI MAQSOOD BUTT
DIRECTOR

MRS. DURRAY ZARA BUTT
CHIEF FINANCIAL OFFICER

FORM 34

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

1.1 Name of the Company **ARUJ INDUSTRIES LIMITED**

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

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
71	1	100	3,358
375	101	500	178,745
67	501	1,000	61,730
68	1,001	5,000	169,603
13	5,001	10,000	100,847
5	10,001	15,000	60,173
1	15,001	20,000	16,000
2	20,001	25,000	45,350
1	25,001	30,000	30,000
2	30,001	35,000	70,000
2	35,001	40,000	78,000
1	45,001	50,000	47,000
1	50,001	55,000	52,500
1	60,001	65,000	64,000
1	105,001	110,000	109,500
1	130,001	135,000	132,800
1	185,001	190,000	187,700
1	415,001	420,000	419,994
1	455,001	460,000	458,010
1	1,660,001	1,665,000	1,664,011
1	1,885,001	1,890,000	1,889,527
2	2,305,001	2,310,000	4,619,042
619			10,457,890

2.3 Categories of shareholders	Share held	Percentage
2.3.1 Directors, Chief Executive Officers, and their spouse and minor children	9,051,584	86.5527%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	187,700	1.7948%
2.3.3 NIT and ICP	0	0.0000%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	38	0.0004%
2.3.5 Insurance Companies	0	0.0000%
2.3.6 Modarabas and Mutual Funds	0	0.0000%
2.3.7 Share holders holding 10% or more	8,172,580	78.1475%
2.3.8 General Public		
a. Local	1,211,153	11.5812%
b. Foreign	0	0.0000%
2.3.9 Others (to be specified)		
Joint Stock Companies	1,001	0.0096%
Pension Funds	6,197	0.0593%
Others	217	0.0021%

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

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
1	ARUJ CONSTRUCTIONS (PRIVATE) LIMITED	187,700	1.7948%
Mutual Funds (Name Wise Detail)			
		-	-
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. MAQSOOD AHMAD BUTT	1,664,011	15.9115%
2	DR. MRS. NASEEM MAQSOOD	458,010	4.3796%
3	MRS. DURRAY ZARA BUTT	1,889,527	18.0680%
4	MR. MUHAMMAD SAEED AKHTAR	1,000	0.0095%
5	MR. ALI MAQSOOD BUTT	2,309,521	22.0840%
6	MISS ARUJ BUTT	2,309,521	22.0840%
7	MR. FAISAL KHAN	419,994	4.0160%
Executives:			
		-	-
Public Sector Companies & Corporations:			
		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:			
		6,235	0.0596%
Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)			
1	MR. ALI MAQSOOD BUTT	2,309,521	22.0840%
2	MISS ARUJ BUTT	2,309,521	22.0840%
3	MRS. DURRAY ZARA BUTT	1,889,527	18.0680%
4	MR. MAQSOOD AHMAD BUTT	1,664,011	15.9115%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S. No.	NAME	SALE	PURCHASE
1	MR. MUHAMMAD SAEED AKHTAR		1,000

Dear Sir, please check at your end

PROXY FORM
(28th ANNUAL GENERAL MEETING)

I/We _____ son/daughter/wife

of _____ of _____ being member (s)

of **ARUJ INDUSTRIES LIMITED**, holder of _____

ordinary shares of the Company, under Folio No. / Participant's ID/CDC sub account No. _____

hereby appoint _____ of _____ failing him/her _____

of _____ who is/are member(s) of **ARUJ INDUSTRIES LIMITED**,

under Folio No. / Participant's ID/CDC sub-account No. _____ respectively, as my/our proxy

in my/our absence to attend and vote for me/us and on my/our behalf at the 28th Annual General Meeting of the Company to be held on November 27, 2020 and/or any adjournment thereof.

As witness my/our hand this _____ day of November, 2020

Signed in the presence of.

Witness _____

Name _____

Occupation _____

Address _____

Signature of
shareholder (s) on
revenue stamp
worth Rupees 5/-

The signature should agree with the
specimen registered with the Company.

IMPORTANT:

1. Proxies, in order to be affective, must be received at the Company's Registered Office not less than 48 hours before the time of holding the meeting and must be signed and witnessed.
2. No person shall act as proxy unless he/she is a member of the Company.
3. Shareholders are requested to notify change in their address, if any.