SAIF GROUP

31st Annual Report 2020

Certified ISO 9001:2008
Certified ISO 14001:2004

Saif Textile Mills Limited

REVIEW REPORT BY THE CHAIRMAN

I am pleased to present my review on the overall performance of the Board of Saif Textile Mills Ltd. (the Company) and its effectiveness in achieving Company objectives.

For the financial year ended June 30, 2020, an annual appraisal of the Board, its Committees and individual directors was carried out as per the directives of Listed Companies (Code of Corporate Governance) Regulations, 2019. The performance was evaluated on various parameters such as structure, composition, quality, diversity, experience, competencies, performance of specific duties and obligations, quality of decision-making and overall effectiveness of the Board.

I am pleased to note that the Board has performed its duties and responsibilities diligently and effectively to achieve business goals of the Company. The Board committees also provided great assistance through their timely reports to the Board, thus contributing towards crucial business decisions.

Individual Board members appear to be competent, hard-working and demonstrate a strong commitment towards overall performance of the Company. Their behaviour in the Board meetings was seen to be professional and constructive. Time was suitably apportioned to both strategic and operational level discussions and suggesting appropriate resolutions.

During the year, five board meetings were conducted. All the Board members received agendas and supporting material, including follow up materials, well in time before the Board and committee meetings. Attendance of members in meetings was always proper and regular. There was no code of conduct violation observed. Performance objectives were reviewed against actual results and were found reasonably satisfactory given the overall volatility in our business.

The role of the Board has been pivotal in achieving the Company's objectives. The Board has developed short, medium and long-term plans to achieve its strategic objectives. Independent and Non-Executive Directors provided depth of expertise and support for effective decision making.

Overall, I feel that the strategic direction of the Company for the long-term is clear and appropriate. Moreover, the processes adopted in developing and reviewing the corporate strategy and execution are commendable, which are truly reflected by the improving financial results of the Company. Major decisions were referred to the Board which were decided timely and prudently.

I remain firmly committed to ensuring that the Company complies with all the relevant codes, rules, regulations and ensuring that our management team continues to make decisions that will create value for shareholders.

I would also like to recognize the role and efforts of the executive management team for their strong and insightful leadership during the past year and also their flexibility and willingness to receive feedback. I would also like to express my gratitude for the efforts of all our workers for their dedication and all stakeholders for reposing their trust in us.

(Osman Saifullah Khan)

Chairman

Islamabad

October 07, 2020

DIRECTORS' REPORT TO THE SHAREHOLDERS

DEAR SHAREHOLDERS,

On behalf of Board of Directors, it gives me immense pleasure to present the 31st Annual Audited Financial statements for the year ended June 30, 2020.

OVERVIEW

During the year turnover of the company reduced by 15% to close at Rs.7,651 million as compared to Rs. 8,975 million last year. The emergence of COVID-19 has caused major disruptions to economic activity around the world including Pakistan and thereafter due to country-wide lockdown most of the textile mills remained shutdown. In March, the mill was shut down for 3 days and till year-end we continued our production at 50% of capacity. During lockdown production curtailment seriously affected operating profitability because fixed costs during this period were not fully absorbed. Further, due to Rupee devaluation, increase in working capital requirement and high KIBOR, the finance cost increased from Rs 595 million to Rs 855 million. The Company has posted a loss before tax of Rs. (624) million, compared to a profit of Rs. 919 million last year (including other income of loan written back of Rs 910 million).

During the year the Company repaid long term loan installment worth Rs. 289 million and markup worth Rs 201 million. We are confident that we will continue to meet all our future financial commitments through our internal cash flows.

The Company is ISO certified in 9001:2015 (Quality Management system) and 45001:2008 (Occupational Health & Safety Management system). The entity rating of the Company has been maintained at A- for Long Term and A2 for Short Term by Pakistan Credit Rating Agency Limited (PACRA) with outlook stable.

PROFIT APPROPRIATION

Considering the current financial position, The Board in its meeting held on October 07, 2020 has recommended a cash dividend of Rs. Nil per share i.e. Nil% (June 30, 2019: final cash dividend @ 10% i.e., Re. 1 per share).

EARNINGS / (LOSS) PER SHARE

Loss per share during the period under report worked out to Rs. (25.43) (2019: Rs 31.44 earnings per share).

FUTURE OUTLOOK

The future outlook remains entirely hinged on the post-COVID economic recovery. The pandemic has imposed extraordinary challenges to all sectors of the economy. Presently, the textile industry is operating at 100% capacity and if this continues, it is expected that the economy will resume its growth momentum that would boost the demand for textile products in coming months.

We appreciate the economic relief measures taken by the Government in response to pandemic, these include interest rate reduction, payroll financing, and announcement of stimulus package to ensure liquidity to cushion growth and employment. Further, keeping in view the unprecedented economic situation, the Federal Budget 2020-21 was presented without imposing any new taxes.

CORPORATE GOVERNANCE

We are pleased to report that your Company has taken necessary steps to comply with the provisions of the Code of Corporate Governance.

The statement on Corporate Governance and Financial Reporting Frame Work is given below:

- The financial statements prepared by the management of the company present fairly its true state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern
- There has been no trading of shares by CEO, Directors, CFO, Company Secretary, their spouses and minor children, during the year other than that disclosed in pattern of shareholding.
- There has been no material departure from the best practices of code of corporate governance.

The key operating and financial data of the Company for last six years is given below:-

	2020	2019	2018	2017	2016	2015
	(Rupees in thousand)					
Operating Fixed Assets	6,552,480	5,400,232	4,991,596	4,485,732	4,604,928	3,521,737
Net Worth (Restated)	3,161,279	3,198,422	2,401,918	2,273,053	2,240,867	1,683,278
Turnover	7,651,433	8,975,842	7,852,240	7,586,301	6,697,773	7,945,789
Gross Profit	637,418	1,037,813	855,018	763,013	621,988	701,134
Gross Profit Margin (% age)	8.33	11.56	10.89	10.06	9.28	8.82
Net Profit/(Loss)-After Taxation	(671,610)	830,319	45,868	22,945	(49,132)	(54,588)
Net Profit/(Loss) Margin (% age)	(8.78)	9.25	0.58	0.30	(0.73)	(0.69)

- The board of Directors has adopted a Mission Statement and a Statement of Overall Corporate Strategy.
- Regarding outstanding taxes and levies, please refer note 17 to the annexed audited statements.
- **Composition of Board**

  The board of Directors as at June 30, 2020 consist of:

	Elected Directors	Numbers
a)	Male	07
b)	Female	01

	Composition	Numbers
a)	Independent Director	02
b)	Non-Executive Directors	05
c)	Executive Directors	01

- **Attendance of Board Meetings**
- During the year under report five meetings of the Board of Directors were held. The attendance by each Director was as follows:

Name of Director	Meetings Attended
Mr. Osman Saifullah Khan	04
Ms. Hoor Yousafzai	03
Mr. Assad Saifullah Khan	05
Mr. Faisal Saifullah Khan	01
Mr. Rashid Ibrahim	04
Mr. Muhammad Danish	01
Rana Muhammad Shafi	05
Mr. Zaheen-Ud-Din Qureshi	05

Leave of absence was granted to Directors who could not attend any of the Board meetings.

- **Board's Audit Committee**

The composition of Board's Audit Committee has been attached to this report.

PERFORMANCE EVALUATION OF DIRECTORS ON THE BOARD

The evaluation of Board's role of oversight and its effectiveness is continual process, which is appraised by the Board itself. The core areas of focus are:

- Alignment of corporate goals and objectives with the vision and mission of the Company;
- Strategy formulation for sustainable operation;
- Board's independence; and
- Evaluation of Board's Committees performance in relation to discharging their responsibilities set out in respective terms of reference.

CEO PERFORMANCE EVALUATION

The performance of the CEO is formally appraised through the evaluation system which is based on quantitative and qualitative values. It includes the performance of the business, the accomplishment of objectives with reference to profits, organization building, succession planning and corporate success.

DIRECTORS' REMUNERATION

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in deciding his own remuneration. The Company does not pay remuneration to non-executive directors except fee for attending the meetings. For information on remuneration of Directors and CEO in 2019-20, please refer notes to the Financial Statements.

EXTERNAL AUDITORS

The present auditors, M/s Shinewing Hameed Chaudhri & Co. Chartered Accountants, retire and being eligible, offer themselves for re-appointment. As suggested by the Audit Committee, the Board recommends their appointment as auditors of the Company to hold office from the conclusion of this Annual General Meeting to be held on October 28, 2020 until conclusion of next Annual General Meeting.

MATERIAL CHANGES

There have been no material changes since June 30, 2020 to date of the report and the Company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the Company.

PATTERN OF SHAREHOLDING

The pattern of shareholding under section 227(2) (f) of the Companies ACT, 2017 and additional information as required by the Code of Corporate Governance is enclosed.

HUMAN RESOURCE MANAGEMENT

Human resource planning and management is one of the most important considerations with the senior management. The Company has established a HR&R Committee which is involved in the selection, evaluation, compensation and succession planning of key management personnel. It is also involved in recommending improvements in the human resource policies and procedures and their periodic review.

RISK MANAGEMENT & INTERNAL CONTROL

The Company's risk management policy implicates to continually assess the environment to build resilience against any threats. The Board has effectively implemented and monitored internal control framework through an independent internal audit function which is completely independent from External Audit Function.

HEALTH, SAFETY & ENVIRONMENT

We strongly believe in maintaining the highest standards in health, safety and environment (HSE) to ensure the well-being of the people who work with us as well as of the communities where we operate.

CORPORATE SOCIAL RESPONSIBILITY

The Company considers social, environmental, and ethical matters in the context of the overall business environment. The Company is committed to work in the best interest of all the stakeholders, in particular the community in which we live and forms our customer base.

ACKNOWLEDGEMENT

The Board places on record its appreciation for the support of our bankers and our valued customers.

I would also like to highlight the hard work put in by the members of our corporate family.

We are confident they will continue to show the same dedication in the days ahead.

On behalf of the board of Directors

Zaheen Ud Din Qureshi
Chief Executive Officer

Assad Saifullah Khan
Director

Place: Islamabad
Dated: 07 October, 2020

PATTERN OF SHAREHOLDINGS
As at June 30, 2020

Number of ShareHolders	Shareholdings From		Shareholdings To	Total Number of Share Held	Percentage of Total Capital
360	1	-	100	16,707	0.06
422	101	-	500	113,678	0.43
170	501	-	1000	143,086	0.54
290	1001	-	5000	631,151	2.39
56	5001	-	10000	443,856	1.68
18	10001	-	15000	213,391	0.81
8	15001	-	20000	149,067	0.56
6	20001	-	25000	139,451	0.53
5	25001	-	30000	142,010	0.54
6	30001	-	35000	195,426	0.74
4	35001	-	40000	158,500	0.60
5	45001	-	50000	246,000	0.93
1	50001	-	55000	53,500	0.20
2	70001	-	75000	149,000	0.56
1	80001	-	85000	83,500	0.32
1	100001	-	105000	101,500	0.38
1	105001	-	110000	107,129	0.41
1	110001	-	115000	111,360	0.42
1	125001	-	130000	127,450	0.48
1	140001	-	145000	141,000	0.53
1	175001	-	180000	180,000	0.68
2	180001	-	185000	365,456	1.38
1	205001	-	210000	208,500	0.79
1	210001	-	215000	215,000	0.81
1	215001	-	220000	217,000	0.82
1	275001	-	280000	278,000	1.05
1	285001	-	290000	288,159	1.09
2	295001	-	300000	596,715	2.26
1	350001	-	355000	350,650	1.33
1	435001	-	440000	437,286	1.66
1	465001	-	470000	468,000	1.77
1	720001	-	725000	720,946	2.73
1	795001	-	800000	798,600	3.02
1	800001	-	805000	800,087	3.03
1	1030001	-	1035000	1,031,848	3.91
1	1280001	-	1285000	1,285,000	4.87
1	1605001	-	1610000	1,607,871	6.09
1	13095001	-	13100000	13,097,000	49.59
1,379				26,412,880	100.00

PATTERN OF SHAREHOLDINGS

As at June 30, 2020

Sr. #	Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children	7	6,808	0.0258
2	Associated Companies, Undertakings and Related Parties	1	13,097,000	49.5857
3	NIT and ICP	2	128,678	0.4872
4	Banks, Development Financial Instituations, Non Banking Financial Instituations	3	298,684	1.1308
5	Insurance Companies	1	1,031,848	3.9066
6	Modarbas and Mutual Funds	8	1,971,811	7.4653
7	General Public (Local)	1,331	9,544,870	36.1372
8	Others	26	333,181	1.2614
	TOTAL:	1379	26,412,880	100.0000

PATTERN OF SHAREHOLDINGS

As at June 30, 2020

Sr. No	Name Of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children			
1	RANA MUHAMMAD SHAFI	808	0.0031
2	MR. RASHID IBRAHIM	500	0.0019
3	OSMAN SAIFULLAH KHAN	3,500	0.0133
4	MR. MUHAMMAD DANISH	500	0.0019
5	MR. ASSAD SAIFULLAH KHAN	500	0.0019
6	MR. FAISAL SAIFULLAH KHAN	500	0.0019
7	MRS. HOOR YOUSUF ZAI	500	0.0019
	Running Total:	**6,808**	**0.0258**
Associated Companies, Undertakings and Related Parties			
1	SAIF HOLDINGS LTD.	13,097,000	49.5857
	Running Total:	**13,097,000**	**49.5857**
NIT and ICP			
1	NATIONAL BANK OF PAKISTAN	127,450	0.4825
2	INVESTMENT CORP OF PAKISTAN	1,228	0.0046
	Running Total:	**128,678**	**0.4872**
Banks, Development Financial Institutions, Non Banking Financial Institutions			
1	NATIONAL BANK OF PAKISTAN	1,129	0.0043
2	CLASSICAL INSIGHTS FUND LP	297,500	1.1263
3	ATLAS BOT INVESMENT BANK LTD.	55	0.0002
	Running Total:	**298,684**	**1.1308**
Insurance Companies			
1	STATE LIFE INSURANCE CORP. OF PAKISTAN	1,031,848	3.9066
	Running Total:	**1,031,848**	**3.9066**
Modarbas and Mutual Funds			
1	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,607,871	6.0875
2	CDC - TRUSTEE GOLDEN ARROW STOCK FUND	217,000	0.8216
3	FIRST UDL MODARABA	4,669	0.0177
4	CRESCENT STANDARD MODARABA	14	0.0001
5	FIRST I.B.L. MODARABA	977	0.0037
6	CDC - TRUSTEE AKD OPPORTUNITY FUND	141,000	0.5338
7	GOLDEN ARROW SELECTED STOCK FUND LIMITED	215	0.0008
8	FIRST INTER FUND MODARABA	65	0.0002
	Running Total:	**1,971,811**	**7.4653**
General Public (Local)			
	Running Total:	**9,544,870**	**36.1372**

PATTERN OF SHAREHOLDINGS

As at June 30, 2020

S NO	NAME OF SHAREHOLDERS	SHARE HELD	Percentage
Others			
1	SEVEN STAR SECURITIES (PVT.) LTD.	25,000	0.0947
2	SEVEN STAR SECURITIES (PVT.) LTD.	46,000	0.1742
3	MUHAMMAD AHMED NADEEM SECURITIES (SMC-PVT) LIMITED	105	0.0004
4	FIKREES (PRIVATE) LIMITED	500	0.0019
5	HIGH LAND SECURITIES (PVT) LIMITED	2,000	0.0076
6	JAVED OMER VOHRA & CO. LTD.	8,758	0.0332
7	THE NORTHERN TRUST COMPANY	100	0.0004
8	EASTMAN CONSULTING (PVT) LTD.	50	0.0002
9	MORGAN STANLEY TRUST CO.	100	0.0004
10	TAURUS SECURITIES LIMITED	100	0.0004
11	FORTUNE SECURITIES LIMITED	200	0.0008
12	KHADIM ALI SHAH BUKHARI & CO. LIMITED	80	0.0003
13	BMA CAPITAL MANAGEMENT LTD.	344	0.0013
14	INTERNATIONAL SECURITIES LTD.	118	0.0004
15	Y.S. SECURITIES & SERVICES (PVT) LTD.	1,083	0.0041
16	NETWORTH SECURITIES LIMITED	5,000	0.0189
17	DR. ARSLAN RAZAQUE SECURITIES (PVT.) LIMITED	210	0.0008
18	PYRAMID INVESTMENTS (PVT) LTD.	495	0.0019
19	MAPLE LEAF CAPITAL LIMITED	1	0.0000
20	PRUDENTIAL SECURITIES LIMITED	26	0.0001
21	RS PUBLISHERS (PRIVATE) LIMITED	11,500	0.0435
22	S.H. BUKHARI SECURITIES (PVT) LIMITED	500	0.0019
23	SARFRAZ MAHMOOD (PRIVATE) LTD	500	0.0019
24	PREMIER FASHIONS (PVT) LTD	40,000	0.1514
25	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSIO	183,956	0.6965
26	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT F	6,455	0.0244
	Running Total:	333,181	1.2614
	Grand Total:	**26,412,880**	**100.0000**

Shareholders Holding 5% or more voting rights:

1	SAIF HOLDINGS LTD.	13,097,000	49.5857
2	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,607,871	6.0875
		14,704,871	**55.6731**

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

Saif Textile Mills Limited for the Year Ended June 30, 2020

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

1. The total number of directors are eight (08) as per the following:

Directors	Numbers
a) Male	07
b) Female	01

2. The composition of Board is as follows:

S.No	Directors	Numbers
a.	Independent Directors*	Mr. Muhammad Danish Mr. Rashid Ibrahim
b.	Non-executive Directors	Mr. Osman Saifullah Khan
		Ms. Hoor Yousafzai
		Mr. Assad Saifullah Khan
		Mr. Faisal Saifullah Khan
		Rana Muhammad Shafi
c.	Executive Director	Mr. Zaheen Uddin Qureshi
d.	Female Director	Ms. Hoor Yousafzai

*Fractional requirement for independent directors has not been rounded up as one and presently the Company has two independent directors. Both the independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, therefore, the appointment of a third independent director is not warranted.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;

4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the 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 have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. The Company is fully compliant with the requirements of Directors' Training Program under these Regulations. None of the directors attended any Directors' Training during the year;

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

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

a)	Audit Committee	
	Mr. Rashid Ibrahim	Chairman
	Ms. Hoor Yousafzai	Member
	Mr. Assad Saifullah Khan	Member
b)	HR and Remuneration Committee	
	Mr. Muhammad Danish	Chairman
	Ms. Hoor Yousafzai	Member
	Mr. Assad Saifullah Khan	Member

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

14. The frequency of meetings of the committee during the year 2019-20, were as per following:

a) **Audit Committee** - Five (05) Meetings

b) **Human Resource and Remuneration Committee** - One (01) Meeting

15. The Board has set up an effective internal audit function and the persons assigned the responsibilities are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

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

FOR AND ON BEHALF OF THE BOARD

OSMAN SAIFULLAH KHAN

Chairman

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF
SAIF TEXTILE MILLS LIMITED

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of SAIF TEXTILE MILLS 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.

ShineWing Hameed Chaudhri & Co.

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Audit Engagement Partner: Osman Hameed Chaudhri
Lahore: 07 October, 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAIF TEXTILE MILLS LIMITED

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (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.

Emphasis of Matter

We draw attention to note 17.1.2 to these financial statements, which describes the matter regarding non-provisioning of Gas Infrastructure Development Cess (GIDC) aggregating Rs.850.542 million demanded by Sui Northern Gas Pipelines Limited. Our report is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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.

S. No.	Key audit matters	How the matter was addressed in our audit
1.	**Impact of COVID-19** Refer note 51 to the financial statements regarding the impact of COVID-19. In relation to accounting and reporting obligation, the management is responsible to assess the possible effects of COVID-19 on the Company's operations, liquidity and its ability to continue as a going concern and appropriately disclose the results of its assessment in the financial statements. The COVID-19 pandemic is an unprecedented challenge for humanity and for the economy globally, and at the date of the financial statements its effects are subject to uncertainty. The management prepared a financial and liquidity risk analysis addressing amongst others future compliance with financing conditions as well as financing and cash requirements to ensure continuation of the Company's operations. The COVID-19 pandemic is a significant development during the year having the most significant impact on audit strategy and involved assessment of significant management judgments in the preparation of financial statements. Therefore, we considered it to be a key audit matter.	Our audit procedures amongst others included the following: - obtained an overall understanding of the changes in financial reporting process and underlying controls in order to determine the appropriate audit strategy; - evaluated the Company's most recent financial results forecasts and liquidity analysis underlying their going concern assessment and tested the integrity of the forecasts; - discussed the most recent forecast with management to understand their views on going concern and the potential impact of COVID-19 on the Company; - obtained the computation of NRV and checked its reasonableness; - evaluated management's assessment as to whether any provisions were required to be recorded as a result of COVID-19; - evaluated the Company's assessment of other accounting estimates within the financial statements which could be impacted by the challenging economic environment resulting from COVID-19; and - considered the appropriateness of the disclosures made in the financial statements in respect of the potential impact of COVID-19.

S. No.	Key audit matters	How the matter was addressed in our audit
2.	First time adoption of **IFRS 16 'Leases'** As referred in note 2.4.1(a) to the financial statements, the Company has adopted IFRS 16 'Leases' (the standard) with effect from July 01, 2019. The standard has introduced a new accounting model for operating lease contracts for lessees. As per the new requirements, the Company is required to recognise right-of-use assets for leased assets and liabilities for the lease payments over the lease term. The application of new standard requires management to make significant estimates and judgments such as determination of lease terms and appropriate discount rate for measurement of lease liability. We considered the adoption of the standard as a key audit matter due to the significance of the accounting changes and the involvement of significant management judgments in respect of application of new standard.	Our audit procedures to review the application of IFRS 16, amongst others, included the following: - evaluated the appropriateness of the new accounting policies for recognition, measurement, presentation and disclosure of leases in the financial statements; - Obtained an understanding of the process and control in place for identification of lease contracts; - corroborated the completeness of leases identified by the management by reviewing and analysing the existing lease arrangements as of the date of initial application of the standard and reviewing the rent expenses ledger for the year; - performed independent checks of lease accounting computations for lease contracts through reperformance of such computation and tracing the terms with the relevant lease contracts; - evaluated the appropriateness of assumptions used by the management in measuring the lease liabilities such as discount rate and lease term; and - Assessed the appropriateness of the related disclosures made by the management in the Company's financial statements.

S. No.	Key audit matters	How the matter was addressed in our audit
3.	**Contingencies** The Company is subject to litigations involving different courts pertaining to different legal and taxation matters, which require management to make assessment and judgements with respect to likelihood and impact of such litigations. Management has engaged independent legal counsel on these matters. The accounting for and disclosure of contingencies is complex and is a matter of significance in our audit because of the judgements required to determine the level of certainty on these matters. Due to magnitude of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgement and estimates to assess the same including related financial impacts we have considered above referred contingencies as one of the key audit matters.	- In response to this matter, our audit procedures included: - Discussing legal cases with the legal department to understand the management's view point and obtaining and reviewing the litigation documents in order to assess the facts and circumstances; - Obtaining independent opinion of legal advisors dealing with such cases in the form of confirmations; - We also evaluated the legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets; and - The disclosures of legal exposures and provisions were assessed for completeness and accuracy.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information, which comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 judgement 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 year and are therefore the key audit matters. We describe these matters in our auditors' 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 other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Osman Hameed Chaudhri.

ShineWing Hameed Chaudhri & Co.

SHINEWING HAMEED CHAUDHRI & CO.,

CHARTERED ACCOUNTANTS

LAHORE; 07 October, 2020

Saif Textile Mills Limited
Statement of Financial Position
As at June 30, 2020

	Note	2020	2019
		---- Rupees in '000 ----	
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital			
30,000,000 ordinary shares of Rs.10 each		**300,000**	300,000
Issued, subscribed and paid-up capital	**4**	**264,129**	264,129
Reserves	**5**	**265,931**	265,981
Unappropriated profit		**1,239,273**	1,928,513
Surplus on revaluation of property, plant and equipment	**6**	**1,391,946**	739,799
Total Shareholders' equity		**3,161,279**	3,198,422
Non-current Liabilities			
Long term financing	**7**	**2,288,224**	1,419,379
Lease liabilities	**8**	**30,439**	40,322
Deferred income - government grant	**9**	**4,560**	-
Long term deposits	**10**	**10,564**	7,715
Staff retirement benefits - gratuity	**11**	**161,592**	135,460
Deferred taxation - net	**12**	**334,279**	86,083
		2,829,658	1,688,959
Current Liabilities			
Trade and other payables	**13**	**1,112,884**	759,926
Unpaid dividend		**4,373**	387
Unclaimed dividend		**8,696**	8,310
Accrued mark-up and interest	**14**	**231,475**	142,002
Short term borrowings	**15**	**4,261,572**	3,779,760
Current portion of non-current liabilities	**16**	**277,057**	424,982
		5,896,057	5,115,367
		8,725,715	6,804,326
Contingencies and Commitments	**17**		
		11,886,994	10,002,748

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

ZAHEEN UD DIN QURESHI	ASSAD SAIFULLAH KHAN	NOUMAN AHMAD
Chief Executive Officer	Director	Chief Financial Officer

Saif Textile Mills Limited
Statement of Financial Position
As at June 30, 2020

	Note	2020	2019
		--- Rupees in '000 ---	
Assets			
Non-current Assets			
Property, plant and equipment	18	**6,552,480**	5,400,232
Intangible assets	19	**4,251**	6,868
Long term investments	20	**12,450**	2,500
Long term loans	21	**19,772**	21,477
Long term deposits		**14,954**	10,426
		6,603,907	5,441,503
Current Assets			
Stores, spare parts and loose tools	22	**407,029**	360,748
Stock-in-trade	23	**2,517,269**	2,340,074
Trade debts	24	**1,824,038**	1,211,286
Loans and advances	25	**70,736**	89,846
Trade deposits and short term prepayments	26	**2,113**	1,484
Other receivables	27	**50,618**	60,328
Short term investments	28	**24,022**	3,617
Deposit for shares	29	**-**	-
Taxation - net	30	**341,661**	330,991
Tax refunds due from Government	31	**5,034**	132,761
Cash and bank balances	32	**40,567**	30,110
		5,283,087	4,561,245
		11,886,994	10,002,748

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

ZAHEEN UD DIN QURESHI	ASSAD SAIFULLAH KHAN	NOUMAN AHMAD
Chief Executive Officer	Director	Chief Financial Officer

Saif Textile Mills Limited
Statement of Profit or Loss
For the Year Ended June 30, 2020

	Note	2020	2019
		--- Rupees in '000 ---	
Sales - net	33	**7,651,433**	8,975,842
Cost of sales	34	**(7,014,015)**	(7,938,029)
Gross profit		**637,418**	1,037,813
Distribution cost	35	**(167,011)**	(143,384)
Administrative expenses	36	**(243,678)**	(212,706)
Other income	37	**10,740**	920,691
Other expenses	38	**(10,500)**	(15,973)
Profit from operations		**226,969**	1,586,441
Finance cost - net	39	**(855,554)**	(595,464)
		(628,585)	990,977
Exchange fluctuation gain / (loss) - net	40	**4,723**	(71,542)
(Loss) / profit before taxation		**(623,862)**	919,435
Taxation	41	**(47,748)**	(89,116)
(Loss) / profit after taxation		**(671,610)**	830,319
		------- Rupees -------	
(Loss) / earnings per share - basic and diluted	42	**(25.43)**	31.44

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

ZAHEEN UD DIN QURESHI
Chief Executive Officer

ASSAD SAIFULLAH KHAN
Director

NOUMAN AHMAD
Chief Financial Officer

Saif Textile Mills Limited
Statement Of Other Comprehensive Income
For the Year Ended June 30, 2020

	2020	2019
	--- Rupees in '000 ---	
(Loss) / profit after taxation	**(671,610)**	830,319
Other comprehensive income / (loss)		
Items that will not be reclassified subsequently to statement of profit or loss:		
Loss on re-measurement of staff retirement benefit obligation	**(35,051)**	(19,139)
Impact of deferred tax	**9,337**	5,134
	(25,714)	(14,005)
Surplus on revaluation of property, plant and equipment	**967,104**	-
Impact of deferred tax	**(280,460)**	-
	686,644	-
	660,930	(14,005)
Items that will be reclassified to statement of profit or loss in subsequent periods:		
Unrealised loss on remeasurement of investment at fair value through other comprehensive income	**(50)**	-
Total comprehensive (loss) / income for the year	**(10,730)**	816,314

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

ZAHEEN UD DIN QURESHI	ASSAD SAIFULLAH KHAN	NOUMAN AHMAD
Chief Executive Officer	Director	Chief Financial Officer

Saif Textile Mills Limited
Statement of Cash Flows
For the Year Ended June 30, 2020

	Note	2020	2019
		- - - Rupees in '000 - - -	
Cash generated from operating activities	**43**	**65,016**	389,495
Cash flow from investing activities			
Additions to property, plant and equipment		**(480,583)**	(678,299)
Sale proceeds of operating fixed assets / insurance claims received		**8,896**	5,273
Long term investments made		**(10,000)**	(2,500)
Short term investments made		**(24,315)**	-
Net cash used in investing activities		**(506,002)**	(675,526)
Cash flow from financing activities			
Long term financing - obtained		**1,010,362**	750,380
- repaid		**(288,837)**	(453,995)
Lease liabilities		**(6,159)**	23,300
Short term borrowings - net		**481,812**	480,595
Finance cost paid		**(723,694)**	(483,496)
Dividend paid		**(22,041)**	(19,443)
Net cash generated from financing activities		**451,443**	297,341
Net increase in cash and cash equivalents		**10,457**	11,310
Cash and cash equivalents - at beginning of the year		**30,110**	18,800
Cash and cash equivalents - at end of the year		**40,567**	30,110

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

ZAHEEN UD DIN QURESHI
Chief Executive Officer

ASSAD SAIFULLAH KHAN
Director

NOUMAN AHMAD
Chief Financial Officer

Saif Textile Mills Limited
Statement of Changes in Equity
For the Year Ended June 30, 2020

	Share capital	Reserves: Capital	Reserves: Revenue	Reserves: Unappropriated profit	Reserves: Unrealised loss on financial assets at fair value through other comprehensive income	Surplus on revaluation of property, plant and equipment	Total
	----------	----------	----------	Rupees in '000	----------	----------	
Balance as at July 01, 2018	264,129	115,981	150,000	1,097,183	-	774,625	2,401,918
Transactions with owners - *distribution*							
Cash dividend for the year ended June 30, 2018 at the rate of Re.0.75 per share	-	-	-	(19,810)	-	-	(19,810)
Total comprehensive income for the year ended June 30, 2019							
Profit for the year	-	-	-	830,319	-	-	830,319
Other comprehensive loss	-	-	-	(14,005)	-	-	(14,005)
	-	-	-	816,314	-	-	816,314
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation (net of deferred taxation)	-	-	-	34,826	-	(34,826)	-
Balance as at June 30, 2019	264,129	115,981	150,000	1,928,513	-	739,799	3,198,422
Balance as at July 01, 2019	**264,129**	**115,981**	**150,000**	**1,928,513**	**-**	**739,799**	**3,198,422**
Transactions with owners - *distribution*							
Cash dividend for the year ended June 30, 2019 at the rate of Re.1 per share	-	-	-	(26,413)	-	-	(26,413)
Total comprehensive income for the year ended June 30, 2020							
Profit for the year	-	-	-	(671,610)	-	-	(671,610)
Other comprehensive (loss) / income	-	-	-	(25,714)	(50)	686,644	660,880
	-	-	-	(697,324)	(50)	686,644	(10,730)
Surplus on revaluation of property, plant and equipment realised during the year (net of deferred taxation):							
- on account of incremental depreciation	-	-	-	33,128	-	(33,128)	-
- upon sale of revalued assets	-	-	-	1,369	-	(1,369)	-
Balance as at June 30, 2020	**264,129**	**115,981**	**150,000**	**1,239,273**	**(50)**	**1,391,946**	**3,161,279**

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

ZAHEEN UD DIN QURESHI	ASSAD SAIFULLAH KHAN	NOUMAN AHMAD
Chief Executive Officer	Director	Chief Financial Officer

Saif Textile Mills Limited
Notes to the Financial Statements
For the Year Ended June 30, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

Saif Textile Mills Limited (the Company) is a Public Limited Company incorporated in Pakistan on December 24, 1989 under the Companies Ordinance,1984 (now the Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange. The Company is principally engaged in manufacture and sale of yarn.

1.1 Geographical location and addresses of major business units including mills / plant of the Company are as under:

Sawabi	**Purpose**
Industrial Estate, Gadoon Amazai	Mills / factory
Peshawar	
APTMA House, Tehkal Payan, Jamrud Road	Registered office
Rawalpindi	
City centre, Main Bank Road, Saddar Cantt	Head office
Karachi	
2nd Floor, The Plaza, Block-9, Clifton	Marketing office

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policy notes.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand unless otherwise specified.

2.4 Change in accounting standards and interpretations

2.4.1 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

Standards, amendments and interpretations to IFRSs that are effective for accounting periods beginning on July 1, 2019 and are considered to be relevant and have significant effect on the Company’s operations are as follows:

(a) The Company has adopted IFRS 16 'Leases' from July 1, 2019. The standard introduces a single, on-balance sheet accounting model for leases. As a result, the Company as a lessee has to recognised right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligations to make lease payments. The standard removes distinction between operating and finance leases and requires recognition of an asset (the-right-of use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors does not significantly changed.

The Company has applied IFRS 16 using the modified retrospective approach. Under this approach, the cumulative effect of initial application to be recognized in retained earnings at July 1, 2019. Accordingly, the comparative information presented for 2019 has not been restated - i.e. it is presented as previously reported under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below:

The changes in accounting policies are as follows:

The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Upon adoption of IFRS 16 the Company recognizes right-of-use assets and lease liabilities for leases on the statement of financial position. On initial application, the Company has also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (‘short-term leases’), and lease contracts for which the underlying asset is of low value (‘low-value assets’). Some of the lease contracts of the Company are extendable through mutual agreement between the Company and the lessor or cancellable by both parties immediately or on short notice. In assessing the lease term, the Company concluded that such contracts are of short-term in nature. The Company recognizes the lease payments associated with these lease contracts as an expense in statement of profit or loss.

On the adoption of IFRS 16, the Company recognised lease liabilities and its corresponding right of use asset for all the leases which had been previously classified as operating leases. Similarly, certain assets have been reclassified from leased assets to right-of-use assets (refer note 18) with no change in lease liability as already reported under IAS 17. The revised accounting polices with respect to right-of-use asset and related lease liabilities are disclosed in notes 3.3 and 3.11. For reclassification adjustment of assets that have been reclassified from leased assets to right-of-use assets refer note 18 to these financial statements.

(b) Amendments to IAS 19, ‘Employee benefits’ on plan amendment, curtailment or settlement’, are effective for periods beginning on or after January 1, 2019. These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in statement of profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendments do not have any material impact on the Company’s financial statements.

(c) Amendment to IAS 23 'Borrowing Costs', as part of the annual improvements 2017 applicable for annual periods beginning on or after January 1, 2019. The amendments clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non qualifying assets – are included in that general pool. This amendment will be applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments.

The other new standards, amendments to published accounting and reporting standards and interpretations that are mandatory in Pakistan for the financial year beginning on July 1, 2019 are considered not to be relevant or to have any significant effect on the Company’s financial reporting and operations.

2.4.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the IFRSs and interpretations that are mandatory for companies having accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

(a) Amendments to IAS 1, 'Presentation of financial statements' and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors is applicable on accounting periods beginning on or after January 1, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRSs. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRSs.

(b) The International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The Companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, Companies should review those policies and apply the new guidance retrospectively as of January 1, 2020, unless the new guidance contains specific scope outs.

(c) Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' is applicable for accounting periods beginning on or after January 1, 2022. Under IAS 37, a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. The amendments do not have any material impact on the Company's financial statements.

(d) Amendments to IAS 16 'Property, Plant and Equipment' effective for the annual period beginning on or after January 1, 2022. These amendments clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. The amendment do not has any material impact on the Company's financial statements.

There are a number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and, therefore, have not been presented here.

2.4.3 Critical accounting estimates and Judgements

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Judgments, estimates and assumptions made by the management that may have a significant risk of material adjustments to the financial statements in the subsequent years are as follows:

(a) Property, plant and equipment

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identified. Useful lives, residual values and depreciation method of property, plant and equipment are stated in notes 3.10 & 18.

(b) Stores & spares and stock-in-trade

The Company estimates the net realisable value of stores & spares and stock-in-trade to assess any diminution in the respective carrying values. Net realisable value is determined with reference to estimated selling price less estimated expenditure to make sale - note 3.14 & 3.15.

(c) Provision for impairment of trade debts

Impairment losses related to trade and other receivables, are calculated using simplified approach of expected credit loss (ECL) model. Management used actual credit loss experience over past years for the calculation of ECL. Trade and other receivables are written off when there is no reasonable expectation of recovery - note 3.16.

(d) Staff retirement benefits - gratuity

The present value of this obligation depends on a number of factors that is determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact carrying amount of this obligation. The present value of the obligation and underlying assumptions are stated in note 3.5 & 11.

(e) Income taxes

In making the estimates for income taxes, the Company takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability - note 3.7.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Borrowings and borrowing cost

These are recognized initially at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method. Difference between proceeds (net of transaction costs) and the redemption value is recognized in the profit or loss over the period of the borrowings as interest expense.

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

3.2 Interest rate and cross currency swaps

In certain cases, the Company uses interest rate and cross currency swaps to hedge its risk associated primarily with mark-up payments and foreign currency fluctuations. The calculation involves use of estimates with regard to mark-up and foreign currency rates, which fluctuate with the market forces.

3.3 Leases

The Company leases vehicles and office buildings. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Until June 30, 2019, leases were classified as either finance or operating leases. Payments made under operating leases were charged to the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

Under IFRS 16, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less.

3.4 Government grants

The benefit of a government loan at a below-market rate of interest is treated as a government grant. The loan is recognised and measured in accordance with IFRS 9 Financial Instruments. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. The benefit is accounted for in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. The entity considers the conditions and obligations that have been, or must be, met when identifying the costs for which the benefit of the loan is intended to compensate.

3.5 Staff retirement benefits (gratuity)

The Company operates an un-funded staff retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2020 on the basis of the projected unit credit method by an independent Actuary.

The liability recognised in the statement of financial position in respect of retirement gratuity scheme is the present value of defined benefit obligation at the end of reporting period. The amount arising as a result of remeasurements are recognised in the statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

3.6 Trade and other payables

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

3.7 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in statement of profit or loss, except to the extent that it relates to items recognised in statement of other comprehensive income or directly in equity. In this case, the tax is also recognised in statement of other comprehensive income or directly in equity, respectively.

(a) Current year

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantively enacted by the end of the reporting period and is based on current rates of taxation being applied on the taxable income for the year, after taking into account tax credits and rebates available, if any, and taxes paid under the Final Tax Regime. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.

(b) Deferred

The Company accounts for deferred taxation using the statement of financial position liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is recognised for taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited to the statement of profit or loss except for deferred tax arising on surplus on revaluation of property, plant and equipment, which is charged to revaluation surplus.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.8 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the period in which these are approved.

3.9 Financial liabilities

Classification & subsequent measurement

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on derecognition is also recognized in the statement of profit or loss.

Derecognition

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

3.10 Property, plant and equipment

Leasehold land, buildings on leasehold land, plant & machinery, generators, electric installations and air-conditioning equipment are shown at fair value, based on valuations carried-out with sufficient regularity by external independent Valuers, less subsequent amortisation / depreciation. Any accumulated amortisation / depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The remaining property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Capital work-in-progress is stated at cost. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use. Cost of some items of plant and machinery consists of historical cost and exchange fluctuation effects on foreign currency loans capitalised during prior years. Borrowing costs are also capitalised for the period upto the date of commencement of commercial production of the respective plant and machinery, acquired out of the proceeds of such borrowings. Historical cost includes expenditure that is directly attributable to the acquisition of items.

The revaluation is measured on individual asset; if an asset's carrying amount is increased as a result of revaluation, the surplus is recognised in statement of other comprehensive income and accumulated in equity under the heading of revaluation surplus on property, plant and equipment. However, the surplus is recognised in statement of profit or loss to the extent that it reverses revaluation decrease of the same asset previously recognised in statement of profit or loss. If an asset's carrying amount is decreased as a result of revaluation, the deficit on revaluation of asset is recognised in statement of profit or loss. However, the decrease is recognised in statement of other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Subsequent costs are included in the asset's carrying amount or recognised 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 repairs and maintenance are charged to income during the financial year in which these are incurred.

Depreciation on operating fixed assets, except leasehold land, is charged to income applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 18.1. Leasehold land is amortised over the lease term using the straight-line method. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant.

Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

Gain / loss on disposal of property, plant and equipment, if any, is taken to statement of profit or loss.

3.11 Right-of-use assets

Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use assets are depreciated over the lease term on the expected pattern of consumption of future economic benefits. The carrying amount of the right-of-use asset is reduced by impairment losses, if any. At transition, the Company recognised right of use assets equal to the present value of lease payments.

3.12 Intangible assets - computer software

Computer software is stated at cost less accumulated amortisation. Software cost is only capitalised when it is probable that future economic benefits attributable to the software will flow to the Company and the same is amortised applying the straight-line method at the rate stated in note 19.

3.13 Financial assets

Initial measurement

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

- fair value through other comprehensive income (FVTOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent Measurement

- ***Equity Instruments at FVTOCI***

  These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss. Other net gains and losses are recognized in statement of other comprehensive income and are never reclassified to the statement of profit or loss.

- ***Debt Instruments at FVTOCI***

  These assets are subsequently measured at fair value. Interest / mark-up income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in statement of other comprehensive income. On derecognition, gains and losses accumulated in statement of other comprehensive income are reclassified to the statement of profit or loss.

- ***Debt Instruments at FVTPL***

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

- ***Financial Assets measured at amortised cost***

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

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

3.14 Stores, spare parts and loose tools

Stores, spare parts and loose tools are stated at cost. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated upto the reporting date. The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for identified obsolete and slow moving items.

3.15 Stock-in-trade

Basis of valuation are as follows:

Particulars	Mode of valuation
Raw materials:	
At mills	- At lower of moving average cost and market value.
In transit	At cost accumulated to the statement of financial position date.
Work-in-process	- At manufacturing cost.
Finished goods	- At lower of cost and net realisable value.
Waste	- At net realisable value.

- Cost in relation to work-in-process and finished goods consists of prime cost and appropriate production overheads. Prime cost is allocated on the basis of moving average cost.
- Provision for obsolete and slow moving stock-in-trade is determined based on the management's assessment regarding their future usability.
- Net realisable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale.

3.16 Trade debts and other receivables

These are classified at amortized cost and are initially recognised and measured at fair value of consideration receivable. The Company uses simplified approach for measuring the expected credit losses for all trade and other receivables including contract assets based on lifetime expected credit losses. The Company has estimated the credit losses using a provision matrix where trade receivables are grouped based on different customer attributes along with historical, current and forward looking assumptions. Debts considered irrecoverable are written off.

3.17 Financial assets 'at fair value through profit or loss'

Financial assets 'at fair value through statement of profit or loss' are marked to market using the closing market rates and are carried on the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to statement of profit or loss in the period in which these arise.

3.18 Cash and cash equivalents

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

3.19 Impairment loss

The carrying amounts of the Company's assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the statement of profit or loss. Reversal of impairment loss is restricted to the original cost of the asset.

3.20 Provisions

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

3.21 Foreign currency transactions

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing on the date of transactions. Assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates prevailing on reporting date except where forward exchange rates are booked, which are translated at the contracted rates. Exchange differences, if any, are taken to statement of profit or loss.

3.22 Impairment

(a) Financial assets

The Company assesses on a forward looking basis for the expected credit loss (ECL) associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Further, the Company followed simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables. Management used actual credit loss experience over past years for calculation of ECL.

For debt instruments measured as FVOCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

For bank balances, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in the statement of profit or loss.

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(b) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognized in the statement of profit or loss. Reversal of impairment loss is restricted to the original cost of the asset.

3.23 Off-setting of financial assets and liabilities

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

3.24 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

Sale of goods

- revenue from local sale of goods is recognized at the point of time when the customer obtains control of the goods, which is generally at the time of delivery / dispatch of goods to customers;
- revenue from the export sale of goods is recognized at the point in time when the customer obtains control over the goods dependent on the relevant incoterms of shipment. Generally it is on the date of bill of lading or at the time of delivery of goods to the destination port;

Other sources of revenue

- dividend income from investments is recognized when the Company's right to receive dividend is established; and
- return on bank deposits / interest income is recognized using applicable effective interest rate. Income is accrued as and when the right to receive the income is established.

3.25 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information about the Company’s products, as required by the approved accounting standards, is presented in note 48 to these financial statements.

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2020	2019		2020	2019
(No. of shares)			- - Rupees in '000 - -	
17,312,468	17,312,468	ordinary shares of Rs.10 each issued for cash	**173,125**	173,125
9,100,412	9,100,412	ordinary shares of Rs.10 each issued as fully paid bonus shares	**91,004**	91,004
26,412,880	26,412,880		**264,129**	264,129

4.1 Saif Holdings Limited held 13,097,000 shares of the Company as at June 30, 2020 and 2019.

4.2 Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding of a shareholder.

5. RESERVES

	Note	2020	2019
		- - Rupees in '000 - -	
Capital - share premium account	5.1	**115,981**	115,981
Revenue - general reserve	5.2	**150,000**	150,000
Unrealized gain on financial assets at fair value through other comprehensive income		**(50)**	-
		265,931	265,981

5.1 Share premium account

	2020	2019
Premium received on:		
3,820,780 shares @ Rs.7 per share issued during the year 1992	**26,745**	26,745
2,303,569 shares @ Rs.5 per share issued during the year 1996	**11,518**	11,518
562,019 shares @ Rs.5 per share allotted during the year 1997	**2,810**	2,810
7,500,000 shares @ Rs.10 per share allotted during the year 2007	**75,000**	75,000
	116,073	116,073
Less: preliminary expenses written-off during the year 1992	**92**	92
	115,981	115,981

5.1.1 This represents excess of consideration received on issue of ordinary shares over face value on ordinary shares issued. This reserve can only be utilised for purposes specified in section 81 of the Companies Act, 2017.

5.2 This represents reserves funds set aside from unappropriated profit.

6. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net

6.1 The Company had revalued its leasehold land, buildings on leasehold land, plant & machinery, generators, electric installations and air conditioning equipment during the financial years ended 2006, 2009, 2016 and 2018. These fixed assets were revalued by independent Valuers on the basis of market value / depreciated market values.

6.2 The Company as at June 30, 2020 has again revalued its above mentioned fixed assets. The latest revaluation exercise was carried-out by M/s. MYK Associates (Pvt.) Ltd. (Independent Valuers and Consultants) to replace the carrying amounts of these assets with the market value / depreciated market values. The net appraisal surplus arisen on latest revaluation aggregated Rs.967.104 million has been credited to this account to comply with the requirements of International Accounting Standards (IAS-16). The year-end balance has been arrived at as follows:

	Note	2020	2019
		- - Rupees in '000 - -	
Opening balance		**739,799**	774,625
Add: surplus arisen on revaluation carried-out at the year-end	**6.2**	**967,104**	-
Less: related deferred taxation		**(280,460)**	-
		1,426,443	774,625
Less: transferred to unappropriated profit on account of: (net of deferred taxation)			
- incremental depreciation for the year		**33,128**	34,826
- upon sale of revalued assets		**1,369**	-
Closing balance		**1,391,946**	739,799

7. LONG TERM FINANCING - Secured

	Note	2020	2019
United Bank Limited (UBL)			
- demand finance - I	**7.1**	**62,500**	100,000
- demand finance - II	**7.2**	**87,555**	100,000
- long term finance facility (LTFF)	**7.2**	**378,728**	397,386
The Bank of Punjab (BoP)			
- term finance	**7.3**	**243,000**	-
Habib Bank Limited (HBL)			
- demand finance - I	**7.4**	**99,003**	133,865
- demand finance - II	**7.5**	**92,813**	84,986
- term loan	**7.6**	**22,511**	24,336
- long term finance facility (LTFF)	**7.7**	**208,600**	144,071
Soneri Bank Limited (SBL)			
- term finance	**7.8**	**29,986**	39,981
Askari Bank Limited (ABL)			
- diminishing musharakah - I	**7.9**	**-**	23,437
- diminishing musharakah - II	**7.10**	**73,590**	-
Dubai Islamic Bank Pakistan Limited (DIBPL)			
- islamic finance facility - I	**7.11**	**66,667**	80,000
- islamic finance facility - II	**7.12**	**29,000**	-
- islamic finance facility - III	**7.13**	**126,064**	-
The Bank of Khyber (BoK)			
- demand finance	**7.14**	**270,000**	300,000
Carried forward		**1,790,017**	1,428,062

	Note	2020	2019
		- - Rupees in '000 - -	
Brought forward		**1,790,017**	1,428,062
JS Bank Limited (JS Bank)			
- demand finance	**7.15**	**234,938**	300,000
Sindh Bank Limited (SNDB)			
- demand finance	**7.16**	**74,857**	102,929
First Women Bank Limited (FWBL)			
- demand finance	**7.17**	**300,000**	-
Bank Alfalah Limited (BAFL)			
- diminishing musharakah	**7.18**	**35,000**	-
- diminishing musharakah (under refinance scheme for payment of wages and salaries)	**7.19**	**105,559**	-
		2,540,371	1,830,991
Less: current portion grouped under current liabilities		**252,147**	411,612
		2,288,224	1,419,379

7.1 These finances have been obtained from UBL against a demand finance facility of Rs.100. The principal balance of this finance facility is repayable in 16 equal quarterly installments commenced from June, 2017. This finance facility carries mark-up at the rate of 3-months KIBOR + 125 basis points; effective mark-up rates charged, during the current financial year, ranged from 8.51% to 15.10% (2019: 8.17% to 14.22%) per annum. This finance facility is secured against joint first pari passu hypothecation charge over all present and future fixed and current assets of the Company for Rs.700 million.

7.2 The Company, during the year ended June, 30, 2017, obtained a demand finance facility of Rs.500 million from UBL. During the financial year ended June 30, 2018, the bank converted the said facility in demand finance of Rs.100 million and LTFF under SBP scheme of Rs.400 million. The bank against the demand finance facility, disbursed Rs.100 million in five tranches of different amount and Rs.397.385 million under LTFF in twenty four tranches of different amounts. Each tranche under the finance facilities is repayable in 20 equal quarterly instalments commenced from January, 2018. The demand finance facility carries mark-up at the rate of 3-months KIBOR+125 basis points; where as, LTFF carries mark-up at SBP rate of 2%+3% spread. Effective mark-up rates charged, during the current financial year, on demand finance and LTFF ranged from 9.98% to 15.11% and 5% (2019: 7.66% to 12.36% and 5%) per annum respectively. These finance facilities are secured against first joint pari passu hypothecation charge over present and future fixed and current assets of the Company for Rs.667 million.

7.3 The BOP, as at June 30, 2020, converted a cash finance facility, already utilised by the Company, of Rs.243 million into a term finance facility of same amount. This finance facility is repayable in 6 equal semi-annual instalments commencing January, 2021. This finance facility carries mark-up at the rate of 6-months KIBOR + 100 basis points per annum payable semi-annually. This finance facility is secured against first pari passu charge over present and future fixed assets of the Company for Rs.571 million.

7.4 These finances have been obtained from HBL against a demand finance facility of Rs.290 million. The bank has disbursed the total amount in five tranches of different amounts and each tranche is repayable in 78 equal monthly installments commenced from January, 2016. This finance facility carries mark-up at the rate of 1-month KIBOR+100 basis points; effective mark-up rates charged, during the current financial year, ranged from 9.14% to 14.82% (2019: 8.01% to 13.81%) per annum. This finance facility is secured against joint first pari passu charge over all present and future moveable and immovable fixed and current assets of the Company and a ranking charge for Rs.386.660 million.

7.5 These finances have been obtained from HBL against a demand finance facility of Rs.100 million. The bank, against the said facility, disbursed Rs.84.986 million in seventeen tranches of different amounts in the preceding financial year and Rs.14.640 million in three tranches of different amounts during the year. The principal balance is repayable in 20 equal quarterly instalments. This finance facility carries mark-up at the rate of 3-months KIBOR+1%; effective mark-up rates charged, during the current financial year, ranged from 9.14% to 14.84% (2019: 11.50% to 13.92%) per annum. This finance facility is secured against first joint pari passu hypothecation charge of Rs.134 million over all present and future fixed and current assets of the Company.

7.6 These finances have been obtained from HBL against a term loan finance facility of Rs.25 million. The Bank, against the said facility, has disbursed Rs.24.336 million. The principal balance is repayable in 40 equal quarterly instalments commenced from September, 2019. This finance facility carries mark-up at the rate of 3-months KIBOR + 1% ; effective mark-up rate charged, during the current financial year ranged from 12.19% to 14.86% (2019: at the rate of 13.97%) per annum. This finance facility is secured against first joint pari passu hypothecation charge of Rs.34 million over all present and future fixed and current assets of the Company.

7.7 These finances have been obtained from HBL against a long term finance facility (LTFF) under SBP scheme of Rs.230 million. The bank, against the said facility, has disbursed Rs.144.071 million in eight tranches of different amounts in the preceding financial year and Rs.71.362 million in four tranches of different amounts during the year. The principal balance is repayable in 20 equal quarterly instalments commencing May, 2021. This finance facility carries mark-up at the rate of SBP rate of 2% +1%; effective mark-up rate charged, during the current financial year, was 3% (2019: 3%) per annum. This finance facility is secured against first joint pari passu hypothecation charge of Rs.307 million over all present and future fixed and current assets of the Company.

7.8 These finances have been obtained from SBL against a term finance facility of Rs.100 million. The principal balance of this term finance facility is repayable in 10 equal half-yearly instalments commenced from December, 2016. This finance facility carries mark-up at the rate of 6-months KIBOR+100 basis points; effective mark-up rate charged, during the current financial year, ranged from 8.95% to 14.49% (2019: 8.04% to 11.80%) per annum. This finance facility is secured against joint pari passu charge over current and fixed assets of the Company for Rs.133.334 million.

7.9 These finances had been obtained from ABL against a diminishing musharakah finance facility of Rs.75 million. The principal balance of this finance facility was repayable in 48 equal monthly instalments of Rs.1.563 million each commenced from September, 2016. This finance facility carried profit at the rate of 3-months KIBOR+90 basis points per annum payable monthly basis; effective profit rates charged, during the current financial year, ranged from 9.04% to 14.81% (2019: 7.37% to 13.75%) per annum. This finance facility was secured against first pari passu charge on current and fixed assets of the Company for Rs.100 million.

7.10 The Company, during the current financial year, obtained a diminishing musharaka finance facility of Rs.83 million from ABL. The bank against the said facility, has disbursed Rs.73.590 million. The principal balance of this finance facility is repayable in 60 equal monthly instalments commencing October, 2020. This finance facility carries profit at the rate of 3-months KIBOR+200 basis points per annum payable monthly basis; effective profit rates charged, during the current financial year, ranged from 13.19% to 15.55% per annum. This finance facility is secured against joint pari passu charge on current and fixed assets of the Company for Rs.111 million.

7.11 These finances have been obtained from DIBPL against an islamic finance facility of Rs.120 million. The principal balance is repayable in 9 equal half-yearly instalments commenced from April, 2018. This finance facility carries profit at the rate of 6-months KIBOR + 1.50%; effective profit rate charged, during the current financial year, ranged from 9.21%% to 14.85% (2019: 8.02%% to 12.75%) per annum. This finance facility is secured against first joint pari passu hypothecation charge over all present and future fixed and current assets of the Company for Rs.160 million.

7.12 The Company, during the current financial year, obtained an islamic finance facility of Rs.155 million from DIBPL. The principal balance is repayable in 20 equal quarterly instalments commencing December, 2021. This finance facility carries profit at the rate of 3-months KIBOR+1.50%; effective profit rate charged, during the current financial year, ranged from 12.69% to 15.40% per annum. This finance facility is secured against first joint pari passu hypothecation charge over all present and future fixed and current assets of the Company for Rs.214 million.

7.13 The Company, during the current financial year, obtained an islamic finance facility (under SBP scheme) of Rs.126 million from DIBPL. The principal balance is repayable in 20 equal quarterly instalments commencing from January, 2022. This finance facility carries profit at the rate of SBP rate+3.00%; effective profit rate charged, during the current financial year, was 5% per annum. This finance facility is secured against first joint pari passu hypothecation charge over all present and future fixed and current assets of the Company for Rs.214 million.

7.14 These finances have been obtained from BoK against a demand finance facility of Rs.300 million. The principal balance is repayable in 10 equal quarterly instalments commenced from September, 2019. This finance facility carries mark-up at the rate of 6-months KIBOR + 1.25%; effective mark-up rates charged, during the current financial year, ranged from 14.38% to 14.75% (2019: 8.29% to 12.05%) per annum. This finance facility is secured against first joint pari passu hypothecation charge over all present and future fixed and current assets of the Company for Rs.400 million.

7.15 These finances have been obtained from JS bank against a demand finance facility of Rs.300 million. The principal balance is repayable in 16 equal quarterly instalments commenced August, 2019. This finance facility carries mark-up at the rate of 1-months KIBOR + 1.50%; effective mark-up rates charged, during the current financial year, ranged from 9.83% to 15.31% (2019: 8.53% to 14.30%) per annum. This finance facility is secured against first joint pari passu hypothecation charge of Rs.400 million over all present and future fixed and current assets of the Company.

7.16 These finances have been obtained from SNDB against a demand finance facility of Rs.131 million. The principal balance is repayable in 14 equal quarterly instalments commenced from October, 2018. This finance facility carries mark-up at the rate of 3-months KIBOR+2.50%; effective mark-up rates charged, during the current financial year, ranged from 13.69% to 16.36% (2019: 10.42% to 13.63%) per annum. This finance facility is secured against first joint pari passu hypothecation charge of Rs.99.811 million over all present and future fixed and current assets of the Company.

7.17 The Company, during the current financial year, obtained a demand finance of Rs.300 million from FWBL. The principal balance is repayable in 20 equal quarterly instalments commencing April, 2021. This finance facility carries profit at the rate of 3-months KIBOR+1.50%; effective profit rate charged, during the current financial year, ranged from 12.69% to 15.05% per annum. This finance facility is secured against first joint pari passu hypothecation charge of Rs.400 million over all present and future fixed and current assets of the Company.

7.18 The Company, during the current financial year, obtained a diminishing musharakah of Rs.35 million from BAFL. The principal balance is repayable in 16 equal quarterly instalments commencing September, 2021. This finance facility carries profit at the rate of 3-months KIBOR+1.50%; effective profit rate charged, during the current financial year was 14.38% per annum. This finance facility is secured against first joint pari passu hypothecation charge of Rs.46.667 million over all present and future fixed and current assets of the Company.

7.19 The Company, during the current financial year, arranged a diminishing musharakah facility of Rs.190.628 million from BAFL under the State Bank of Pakistan (SBP) Refinance Scheme for payment of wages and salaries. According to conditions of the Scheme, the Company after availing this loan will not lay off its workers / employees at least during the three months from the date of first disbursement. The bank, against the said facility, disbursed Rs.117.704 million till the reporting date. This finance facility is repayable in 8 equal quarterly instalments commencing January, 2021 and carries profit at a reduced rate of 2.5% per annum, payable on quarterly basis. The finance facility is secured against first pari passu charge over present and future fixed assets of the Company for Rs.254 million.

As the above loan is below-market rate of interest, it has been initially measured at its fair value i.e. the present value of the future cash flows discounted at a market-related interest rate. The difference between the fair value of the loan on initial recognition and the amount received has been accounted for as Government grant (refer note 9).

8. LEASE LIABILITIES

	2020	2019
	- - - Rupees in '000 - - -	
Lease liabilities*	**47,533**	53,692
Less: current portion	**17,094**	13,370
	30,439	40,322

*(2018: liabilities against assets subject to finance leases)

8.1.1 Movement of lease liabilities after adoption of / under IFRS 16

Opening balance as at July 01,	**53,692**	-
Addition during the year	**9,111**	-
Interest charge for the year	**7,568**	-
Payment made during the year	**(22,838)**	-
Closing balance as at June 30,	**47,533**	-

8.1.2 Maturity analysis of undiscounted lease payments need to be made after the reporting period

Payable less than one year	**22,450**	-
Payable between:		-
one to two year	**17,281**	-
two to three year	**13,890**	-
three to five year	**7,018**	-
	60,639	-

8.2 The Company has entered into finance lease arrangements with MCB Bank Ltd., Meezan Bank Ltd., Bank Alfalah Ltd and Dubai Islamic Bank Ltd., for lease of vehicles. The liabilities under the lease agreements are payable in quarterly and monthly installments by April, 2024, and are subject to finance cost at the rates ranging from 10.00% to 15.98% (2019: 8.18% to 13.65%) per annum. The Company intends to exercise its option to purchase the leased vehicles upon completion of the respective lease terms. The lease finance facilities are secured against title of the leased vehicles in the name of the banks and post dated cheques of all principal installments.

8.3 The Company has entered into a lease agreement for the its head office building having lease term of four years. The lease payments have been discounted using the Company's incremental borrowing rate of 12.48% per annum.

9. DEFERRED INCOME - GOVERNMENT GRANT

	2020	2019
	- - - Rupees in '000 - - -	
Government grant on loan at below market rate of interest - net	**12,376**	-
Less: current portion	**7,816**	-
	4,560	-

9.1 As fully detailed in note 7.19 to the financial statements, the Company has recorded Rs.13.060 million as Government grant on loan at below-market rate of interest, as per the requirements of IAS - 20 'Accounting for government grants and disclosure of government assistance'.

9.2 The Company has adhered to the terms of the grant, hence, it is being amortised over the term of the loan. During the year, Rs.684 thousand has been recognized in the statement of profit or loss.

10. LONG TERM DEPOSITS

These deposits have been received in accordance with the Company's Car Incentive Scheme and against these deposits vehicles have been provided to the employees. These are adjustable after specified periods by transfer of title of vehicles to the respective employees.

11. STAFF RETIREMENT BENEFITS - Gratuity

11.1 The Company's obligation as per the latest actuarial valuation in respect of defined benefit gratuity plan is as follows:

The movement in the present value of defined benefit obligation is as follows:	2020	2019
	- - Rupees in '000 - -	
Balance at beginning of the year	**135,460**	117,523
Current service cost	**27,479**	27,813
Interest cost	**15,854**	8,872
Benefits paid	**(52,252)**	(37,887)
Remeasurement of obligation	**35,051**	19,139
Balance at end of the year	**161,592**	135,460
Expense recognised in statement of profit or loss is as follows:		
Current service cost	**27,479**	27,813
Interest cost	**15,854**	8,872
Charge for the year	**43,333**	36,685
Remeasurement recognised in statement of other comprehensive income		
Experience adjustment	**35,051**	19,139

Actuarial assumptions used	**2020**	2019
Discount rate	**9.25%**	14.50%
Expected rate of increase in future salaries	**7.25%**	12.50%
Demographic assumptions		
- Mortality rates (for death in service)	**SLIC (2001-05)**	SLIC (2001-05)
- retirement age	**60 years**	60 years

11.2 Sensitivity analysis for actuarial assumptions:

The calculation of defined benefit obligation is sensitive to assumptions set-out above. The following table summarizes how defined benefit obligation would have increased / decreased as a result of change in respective assumption by one percent.

	Increase in assumptions	Decrease in assumptions
	- - - Rupees in '000'- - -	
Discount rate	146,984	179,242
Increase in salaries	179,664	146,330

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

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Expected maturity analysis of undiscounted obligation is as follows:

Time in years	Rupees in 000'
1	12,067
2	16,887
3	20,474
4	16,820
5	13,122
next five years	135,246

11.3 Comparison of present value of defined benefit obligation and experience adjustment on obligation for five years is as follows:

	2020	2019	2018	2017	2016
	- - - - - - - - - - - - Rupees in 000' - - - - - - - - - - - -				
Present value of defined benefit obligation	**161,592**	135,460	117,523	135,379	151,966
Experience adjustment: loss / (gain) on obligation	**35,051**	19,139	5,799	919	(5,515)

11.4 Based on actuary's advice, the expected contribution for the year ending June 30, 2021 to gratuity plan amounts to Rs.44.409 million.

11.5 Gratuity includes liability in respect of key management personnel aggregating to Rs.7.431 million (2019: Rs.8.162 million)

12. DEFERRED TAXATION - net

	Note	2020	2019
		- - Rupees in '000 - -	
This is composed of the following:			
Taxable temporary difference arising in respect of:			
- accelerated tax depreciation allowances		**596,927**	621,770
- surplus on revaluation of property, plant and equipment		**522,262**	242,738
- lease finances		**2,108**	1,897
		1,121,297	866,405
Deductible temporary difference arising in respect of:			
- unused tax losses	**12.1**	**632,837**	632,837
- provision for doubtful deposit for shares		**2,664**	2,682
- provision for doubtful debt		**290**	290
- staff retirement benefits - gratuity		**43,047**	36,333
- minimum tax	**12.1**	**108,180**	108,180
		787,018	780,322
Net deferred tax liability		**334,279**	86,083

12.1 Deferred tax asset on unused tax losses and minimum tax paid under section 113 of the Income tax Ordinance, 2001, aggregating Rs.188.826 million (2019: Rs.8.355 million) and Rs.256.604 million (2019: Rs.144.801 million) respectively has not been recognised based on the uncertainty of availability of future taxable profits.

13. TRADE AND OTHER PAYABLES

	Note	2020	2019
		- - Rupees in '000 - -	
Creditors		**162,718**	279,709
Bills payable	**13.1**	**478,541**	209,854
Due to related parties	**13.2**	**77,851**	52,276
Sales tax payable		**53,412**	-
Accrued expenses		**338,362**	209,372
Security deposits	**13.3**	**2,000**	2,000
Workers' (profit) participation fund		**-**	6,709
Tax deducted at source		**-**	6
		1,112,884	759,926

13.1 These are secured against import documents.

13.2 These balances, arisen in the normal course of business are interest free, are due to the following related parties:

	2020	2019
	- - Rupees in '000 - -	
Mediterranean Textile Company (S.A.E.), Egypt	**77,546**	52,240
Lahore Compost (Pvt.) Ltd.	**-**	32
Saif Health Care Ltd.	**-**	4
Saif Holdings Ltd.	**305**	-
	77,851	52,276

13.3 This represent interest free security deposit received from the Company's transport contractor. The amount received has been utilised for the purpose of the business in accordance with the written agreement with the contractor.

14.	**ACCRUED MARK-UP AND INTEREST**	**Note**	**2020**	2019
			- - Rupees in '000 - -	
	Long term financing		**70,487**	47,145
	Lease liabilities		**-**	427
	Short term financing		**160,988**	94,430
			231,475	142,002

15.	**SHORT TERM BORROWINGS**			
	Running / cash finances - secured	**15.1**	**4,253,393**	3,779,760
	Temporary bank overdraft - unsecured		**8,179**	-
			4,261,572	3,779,760

15.1 Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs.4.576 billion (2019: Rs.3.947 billion) and are secured against pledge of stocks, charge on fixed and current assets of the Company and lien over underlying export documents. These finance facilities, during the current financial year, carried mark-up at the rates ranging from 7.72% to 16.36% (2019: 6.90% to 14.12%) per annum and are expiring on various dates by January, 2021. Facilities available for opening letters of credit and guarantee from various commercial banks aggregate Rs.2.635 billion (2019: Rs.2.285 billion) of which the amount remained unutilised at the year-end was Rs.1.847 billion (2019: Rs.1.546 billion). These facilities are secured against lien over import documents and charge on fixed assets of the Company and are expiring on various dates by January, 2021.

16.	**CURRENT PORTION OF NON-CURRENT LIABILITIES**	**Note**	**2020**	2019
			- - Rupees in '000 - -	
	Long term financing	**7**	**252,147**	411,612
	Lease liabilities	**8**	**17,094**	13,370
	Government grant	**9**	**7,816**	-
			277,057	424,982

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

17.1.1 Guarantees aggregating Rs.304.043 million (2019: Rs.223.203 million) have been issued by banks of the Company to different parties including Government institutions and Sui Northern Gas Pipeline Limited.

17.1.2 The Gas Infrastructure Development Cess ("GIDC") was firstly imposed as a levy on gas consumers in 2011 vide GIDC Act 2011. The said Act was challenged in Peshawar High Court ("PHC") that declared the levy of GIDC unconstitutional. The government challenged the decision in the Supreme Court ("SC"). The SC upheld the PHC's decision declaring GIDC a fee and not a tax that could not be introduced through money bill. Soon after the said decision, GIDC Ordinance 2014 was promulgated through which GIDC was again imposed. The Ordinance was also given retrospective effect from 15th December 2011. While the Ordinance was still in field, the Government sought review of the SC's decision which was also dismissed by the SC. In May 2015, the government passed the GIDC Act 2015 whereby GIDC was again imposed on gas consumers.

The Company filed the writ petition in the PHC and challenged the validity of the GIDC Act 2015. The PHC dismissed the writ petition of the Company vide its judgment dated May 31, 2017 and declared the GIDC Act 2015 to be intra vires the Constitution. The Company preferred an appeal to the SC against the said judgment of PHC. The SC was pleased to decide all petitions in its detailed judgment dated August 13, 2020.

Meanwhile, in 2018, the Company sought interim relief from PHC on the plea that the Company did not pass on GIDC to its end customers and therefore was not liable to pay the GIDC. PHC granted interim relief and refrained SNGPL from recovering the GIDC from the Company.

It is pertinent to mention that the SC has specifically stated in its judgment dated 13th August 2020 that GIDC is recoverable only from those gas consumers that has passed the burden to its consumer/clients (Para 42). The management maintains that the company is not liable to pay the GIDC because the company is not selling its yarn to the end consumers/retail customers and cannot pass on GIDC to its buyers. The prices of yarn and cotton are determined by the local and international markets based on demand and supply mechanism. Accordingly, the company has filed the review petition in the Supreme Court of Pakistan against the above judgement of SC. In case of adverse decision the contingent liability aggregates to the tune of Rs.279.645 million calculated on the basis of applicable rate of industry from June 2015 to October 2018 because from October 2018 the gas tariff is inclusive of all charges including GIDC and therefore GIDC is not applicable afterwards. However, SNGPL has raised the demand against GIDC Rs.850.542 million in their bill.

In a writ petition number 3658-P/ 2018 PHC in its judgment dated September 16, 2020 has referred the matter to OGRA being the relevant authority for the determination of the fact whether the company has passed on GIDC to its customers or not.

17.1.3 The OGRA, while citing the judgment of the Hon'able SC dated May 10, 2019 in civil appeal in number 159-L to 2014-L of 2018 titled Sui Northern Gas Pipelines Ltd, Vs Bulleh Shah Packaging (Pvt.) Ltd., passed the decision that the consumer who are having supply of natural gas for industrial use and having in-house electricity generation facility for self-consumption fall in the category of industrial consumers and are subject to the corresponding tariff. The OGRA also directed SNGPL to adjust the excess amount paid. Excess amount paid by the company is Rs.72.440 million which is expected to be adjusted by the SNGPL in future gas bills. The Company has not accounted for the same amount as receivable in the financial statements.

17.1.4 The Company has challenged SRO#584(I)/2017 by filing a writ petition dated May 15, 2018 before PHC, challenging the levy of further tax @ 1% on textile goods usable as industrial inputs if supplied to unregistered person under section 3(A) of Sales Tax Act, 1990. The PHC has granted stay against the charging of further tax the Respondents has been asked to submit their comments. The petition before the PHC is pending adjudication. However, in a similar case, Lahore High Court has decided the matter in favour of industry vide its judgement dated December 11, 2018.

17.1.5 The Finance Act, 2018 amended Section 5A of the Income Tax Ordinance, 2001 and introduced tax on every public company at the rate of 5% of its accounting profit before tax for the year. However, this tax shall not apply in case the Company distribute 20% of the accounting profit through cash dividend within six months of the end of the said year.

The Company filed a Constitutional Petition (CP) no. 6256-P/2019 before the PHC on November 22, 2019 challenging the vires of amended Section 5A of the Income Tax Ordinance, 2001, and PHC accepted the CP and granted stay against the section 5A.

The dividend paid by the Company for the financial year 2019 does not meet the minimum prescribed distribution rate of amended Section 5A of the Income Tax Ordinance, 2001. In case the PHC's decision is not in favor of the Company; the Company will be liable to pay additional tax at the rate of 5% of its profit before tax for the financial year ended June 30, 2019. As at reporting date no charge has been recorded in this respect.

17.2 Commitments

17.2.1 Commitments against irrevocable letters of credit outstanding at the year-end were for Rs.94.531 million (2019: Rs.306.378 million).

17.2.2 The Company has entered into Ijarah arrangements for a vehicle with Bank Alfalah Limited. Aggregate commitments for rentals under Ijarah arrangements as at June 30, 2020 are as follows:

	Note	2020	2019
		- - - Rupees in '000 - - -	
Not later than one year		**614**	-
Later than one year but not later than five years		**2,280**	-
		2,894	-

18. PROPERTY, PLANT AND EQUIPMENT

	Note	2020	2019
Operating fixed assets	**18.1**	**6,410,076**	5,347,545
Right-of-use assets	**18.8**	**55,445**	-
Capital work-in-progress	**18.9**	**8,352**	25,641
Spare machinery parts held for capital expenditure		**78,607**	27,046
		6,552,480	5,400,232

18.1 Operating fixed assets - tangible

	Owned														
	Lease hold land	Buildings on leasehold land	Plant & machinery	Generators	Electric installat-ions	Aircondi-tioning equipment	Furniture and fixtures	Office equipment	Telephone installat-ions	Weighing scales	Fire extingui-shing equipment	Gas fittings	Vehicles	Leased vehicles	Total
	Rupees in '000														
COST / REVALUATION															
Balance as at July 01, 2018	252,738	1,116,248	4,638,298	635,041	107,863	125,139	24,380	54,942	4,680	3,233	3,171	1,218	90,131	46,241	7,103,323
Additions during the year	-	135,350	434,467	88,534	5,121	1,150	1,127	3,702	927	12	-	-	2,834	35,614	708,838
Disposals during the year	-	-	-	-	-	-	-	(417)	(268)	-	-	-	(14,442)	-	(15,127)
Balance as at June 30, 2019	252,738	1,251,598	5,072,765	723,575	112,984	126,289	25,507	58,227	5,339	3,245	3,171	1,218	78,523	81,855	7,797,034
Balance as at July 01, 2019	252,738	1,251,598	5,072,765	723,575	112,984	126,289	25,507	58,227	5,339	3,245	3,171	1,218	78,523	81,855	7,797,034
Reclassification due to adoption of IFRS 16 as at July 01, 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	(81,855)	(81,855)
Additions during the year	-	7,037	381,790	42,349	-	1,010	420	1,411	841	-	2,262	-	81	-	437,201
Revaluation surplus	144,908	247,472	-	-	-	-	-	-	-	-	-	-	-	-	392,380
Disposals during the year	-	-	(38,729)	-	-	-	-	(64)	(41)	-	-	-	(9,841)	-	(48,675)
Balance as at June 30, 2020	397,646	1,506,107	5,415,826	765,924	112,984	127,299	25,927	59,574	6,139	3,245	5,433	1,218	68,763	-	8,496,085
DEPRECIATION															
Balance as at July 01, 2018	4,209	85,316	1,743,944	178,034	20,115	50,832	12,251	24,210	2,424	1,760	1,735	739	57,084	12,300	2,194,953
Charge for the year	2,753	54,482	153,692	25,163	4,479	3,745	1,284	3,224	263	148	144	48	6,466	8,790	264,681
On disposals during the year	-	-	-	-	-	-	-	(145)	(48)	-	-	-	(9,952)	-	(10,145)
Balance as at June 30, 2019	6,962	139,798	1,897,636	203,197	24,594	54,577	13,535	27,289	2,639	1,908	1,879	787	53,598	21,090	2,449,489
Balance as at July 01, 2019	6,962	139,798	1,897,636	203,197	24,594	54,577	13,535	27,289	2,639	1,908	1,879	787	53,598	21,090	2,449,489
Reclassification due to adoption of IFRS 16 as at July 01, 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	(21,090)	(21,090)
Charge for the year	2,753	55,655	168,766	26,897	4,420	3,625	1,220	3,181	315	133	319	43	4,745	-	272,072
Elimination against revaluation surplus	(9,715)	(195,453)	(244,028)	(105,527)	(9,885)	(10,116)	-	-	-	-	-	-	-	-	(574,724)
On disposals during the year	-	-	(33,006)	-	-	-	-	(39)	(13)	-	-	-	(6,680)	-	(39,738)
Balance as at June 30, 2020	-	-	1,789,368	124,567	19,129	48,086	14,755	30,431	2,941	2,041	2,198	830	51,663	-	2,086,009
BOOK VALUE AS AT JUNE 30, 2019	245,776	1,111,800	3,175,129	520,378	88,390	71,712	11,972	30,938	2,700	1,337	1,292	431	24,925	60,765	5,347,545
BOOK VALUE AS AT JUNE 30, 2020	397,646	1,506,107	3,626,458	641,357	93,855	79,213	11,172	29,143	3,198	1,204	3,235	388	17,100	-	6,410,076
Depreciation rate (%)	-	5	5	5	5	5	10	10	10	10	10	10	20	20	

18.2 Revaluation surplus on each class of assets, as a result of latest revaluation as detailed in note 6.2, has been determined as follows:

Particulars	Leasehold land	Buildings on leasehold land	Plant and machinery	Generators	Electric Installations	Air Conditioning equipments	Total
	---------------------- Rupees in '000 ----------------------						
Cost / revaluation as at June 30, 2020	252,738	1,258,635	5,415,826	765,924	112,984	127,299	7,933,406
Accumulated depreciation as at June 30, 2020	9,715	195,453	2,033,396	230,094	29,014	58,202	2,555,874
Book value before revaluation adjustments as at June 30, 2020	243,023	1,063,182	3,382,430	535,830	83,970	69,097	5,377,532
Revalued amounts	397,646	1,506,107	3,626,458	641,357	93,855	79,213	6,344,636
Revaluation surplus arisen on revaluation	**154,623**	**442,925**	**244,028**	**105,527**	**9,885**	**10,116**	**967,104**

18.3 Had the operating fixed assets been recognised under the cost model, the carrying amounts of each revalued class of operating fixed assets would have been as follows:

	2020	2019
	- - Rupees in '000 - -	
- leasehold land	**107,465**	108,800
- buildings on leasehold land	**520,109**	540,144
- plant & machinery	**3,138,252**	2,916,076
- generators	**521,351**	505,137
- electric installations	**42,943**	45,203
- air-conditioning equipment	**54,028**	55,852
	4,384,148	4,171,212

18.4 Leasehold land of the Company and building thereon represents 402,304 square meters of land located at Industrial Estate, Gadoon Amazai, District Sawabi Khyber Pakhtunkhwa.

18.5 Based on the latest revaluation exercise carried-out on June 30, 2020, forced sale value of the Company's revalued assets was Rs.5,151.014 million.

18.6 Disposal of operating fixed assets

Asset description	Cost / Revaluation	Accumulated depreciation	Net book value	Sale proceeds / Insurance claims	Gain / (loss)	Mode of disposal	Particulars of buyers
	- - - - - - - - - - Rupees in '000			- - - - - - - - - -			
Assets having net book value exceeding Rs.500,000 each							
Plant & Machinery							
Savio Autocone Espero	23,235	20,001	3,234	2,445	(789)	Negotiation	Abdullah textile traders
Vehicles							
Honda Civic	2,450	1,561	889	977	88	Company policy	Mr. Muhammad Sarwar - an employee
Honda Civic	2,453	1,687	766	996	230	--- do ---	Mr. Shahab ud Din - an employee
	4,903	3,248	1,655	1,973	318		
Various assets having net book value upto Rs.500,000 each	20,536	16,489	4,047	4,478	431		
2020	**48,674**	**39,738**	**8,936**	**8,896**	**(40)**		
2019	15,126	10,144	4,982	5,273	291		

18.7 Depreciation for the year has been apportioned as under:

	2020	2019
	- - Rupees in '000 - -	
Cost of sales	**262,611**	244,654
Administrative expenses	**9,461**	20,027
	272,072	264,681

18.8 Right-of-use assets

	Vehicles	**Buildings**	**Total**
Cost	-------- Rupees in '000 --------		
Transition effect on initial application	**81,855**	**-**	**81,855**
Recognition due to adoption of IFRS 16	**-**	**9,111**	**9,111**
	81,855	**9,111**	**90,966**
Accumulated depreciation			
Transition effect on initial application	**21,090**	**-**	**21,090**
Deprecation for the year	**12,153**	**2,278**	**14,431**
	33,243	**2,278**	**35,521**
Net book value at end of the year	**48,612**	**6,833**	**55,445**
Depreciation rate (%)	**20**	**25**	

Depreciation expense relating to right of use asset - vehicles and buildings has been charged to administrative expenses

18.9 Capital work-in-progress

	2020	2019
	- - Rupees in '000 - -	
Advance payments		
- factory buildings	**8,352**	1,305
- electric installations	**-**	24,336
	8,352	25,641

19. INTANGIBLE ASSETS - Computer software

	Note	2020	2019
		- - Rupees in '000 - -	
Cost at beginning of the year		**19,265**	19,265
Less: amortisation:			
- at beginning of the year		**12,397**	9,780
- charge for the year	**19.1**	**2,617**	2,617
- at end of the year		**15,014**	12,397
Book value as at June 30,		**4,251**	6,868

19.1 Amortisation is charged to income applying the straight-line method at the rate of 20% per annum.

20. LONG TERM INVESTMENT - at FVTOCI

	Note	2020	2019
		- - - Rupees in '000 - - -	
Debt Instruments			
Habib Bank Limited - term finance certificates (TFCs)			
Advance for purchase of TFCs		**-**	2,500
25 TFCs of Rs.100,000 each	**20.1**	**2,500**	-
Adjustment arising from re-measurement to fair value		**(50)**	-
		2,450	-
Equity securities - un-quoted			
Naymat Collateral Management Company Ltd. 1,000,000 ordinary shares of Rs.10 each		**10,000**	-
		12,450	2,500

20.1 These carry profit at the rate of 3 months KIBOR + 1.60%. Effective profit rates charged, during the current financial year, ranged from 9.54% to 15.45% per annum.

21. LONG TERM LOANS - Considered good

	Note	2020	2019
		- - Rupees in '000 - -	
Loans and advances to employees	**21.1**	**23,227**	24,878
Less: amounts due within twelve months and shown under current assets		**3,455**	3,401
		19,772	21,477

21.1 These loans are interest free and have been advanced for construction of house, employees' children educational expenses and for other purposes. These are recoverable in monthly instalments and are adjustable against the gratuity balances of the employees at the end of respective employment terms.

22. STORES, SPARE PARTS AND LOOSE TOOLS

	2020	2019
	- - Rupees in '000 - -	
Stores including in-transit inventory valuing Rs.6.676 million (2019: Rs.78.469 million)	**270,387**	289,062
Spare parts	**132,575**	68,472
Loose tools	**4,067**	3,214
	407,029	360,748

23. STOCK-IN-TRADE

	Note	2020	2019
		- - Rupees in '000 - -	
Raw materials:			
- at mills		**932,484**	1,487,216
- in transit		**472,565**	131,701
		1,405,049	1,618,917
Work-in-process		**188,426**	202,685
Finished goods	**23.2**	**923,794**	518,472
		2,517,269	2,340,074

23.1 Stock-in-trade inventory valuing Rs.1,784.257 million (2019: Rs.1,571.515 million) which is pledged with commercial banks as security for short term borrowings (note 15).

23.2 Finished goods inventories as at June 30, 2020 include inventories costing Rs.369.539 million, which have been stated at net realisable value; the amount charged to statement of profit or loss in respect of inventories write down to net realisable value worked-out to Rs.30.415 million approximately. These write downs have been made based on management assessment of future usability of these inventory items comprising of yarn and prevalent market conditions.

24. TRADE DEBTS

	Note	2020	2019
		- - Rupees in '000 - -	
Unsecured - local		**1,509,048**	980,994
Secured			
- export		**134,028**	189,938
- local		**181,962**	41,354
		315,990	231,292
Less: provision for impairment of trade debts		**(1,000)**	(1,000)
		1,824,038	1,211,286

25. LOANS AND ADVANCES - Considered good

	Note	2020	2019
Current portion of long term loans to employees		**3,455**	3,401
Advances to:			
- related parties - key management personnel	**25.1**	**-**	1,284
- employees		**10,920**	8,593
- suppliers		**56,361**	76,568
		70,736	89,846

25.1 Maximum aggregate amount due from the key management personnel at any month-end during the current financial year was Rs.1.284 million (2019: Rs.1.926 million).

26. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2020	2019
		- - Rupees in '000 - -	
Prepayments	**26.1**	**2,113**	1,484

26.1 These prepayments have been made against different day to day expenses.

27. OTHER RECEIVABLES

	Note	2020	2019
		- - Rupees in '000 - -	
Insurance claims receivable		**1,014**	-
Due from related parties	**27.1**	**437**	10,720
Receivable from Sui Northern Gas Pipelines Ltd.	**27.2**	**23,331**	23,331
Advances against letters of credit		**156**	597
Mark-up subsidy	**27.3**	**25,680**	25,680
		50,618	60,328

27.1 These balances, arisen in the normal course of business are interest free, are due from the following related parties:

	2020	2019
	- - Rupees in '000 - -	
- Saif Energy Ltd.	**437**	437
- Saif Holdings Ltd.	**-**	10,257
- Saif Power Ltd.	**-**	26
	437	10,720

27.1.1 The maximum outstanding balance due from the related parties at the end of any month during the year was as follows:

	2020	2019
	- - Rupees in '000 - -	
- Saif Energy Ltd.	**437**	437
- Saif Holdings Ltd.	**10,291**	12,121
- Saif Power Ltd.	**33**	37

27.2 This represents excessive gas bills paid, during the financial year ended June 30, 2010 and 2015, under protest against which the Company has filed a complaint with the Oil & Gas Regulatory Authority, Islamabad. Presently, the Company's case is pending with the Regional Detection & Evaluation Committee of Sui Northern Gas Pipelines Ltd. for final decision.

27.3 These represent mark-up subsidy claims booked under the Government's "Technology Up-gradation Support Order 2010". These claims have been duly verified by the banks of the Company.

28. INVESTMENTS
(at fair value through statement of profit or loss)

	2020	2019
	- - Rupees in '000 - -	
Equity securities - quoted		
National Bank of Pakistan 105,000 (2019: 105,000) ordinary shares of Rs.10 each	**3,534**	4,974
Pakistan Petroleum Ltd. 690 (2019: 575) ordinary shares of Rs.10 each	**83**	107
Mutual fund		
JS Islamic Hybrid Fund of Funds 243,146.3530 units	**24,315**	-
	27,932	5,081
Adjustment on remeasurement to fair value - net	**(3,910)**	(1,464)
	24,022	3,617

29. DEPOSIT FOR SHARES

	Note	2020	2019
		- - Rupees in '000 - -	
Security Electric Power Company Ltd. - SEPCL (an Ex - Associated Company)	29.1	**10,000**	10,000
Less: provision for doubtful deposit for shares	29.2	**10,000**	10,000
		-	-

29.1 The Company had deposited Rs.5 million during the financial year ended September 30, 1994 and Rs.5 million during the financial year ended September 30, 1998 with SEPCL for purchase of shares. Shares against these deposits, however, have not been issued so far.

29.2 Full provision against these doubtful deposits was made as the management was of the view that SEPCL had abandoned the project due to IPP crisis and SEPCL utilised this amount in payment of penalty imposed by the Private Power Infrastructure Board (Ministry of Water and Power). The Company had filed a complaint before the Wafaqi Muhtasib for recovery of the said deposit along with penalty. As remote chances of recovery existed, full provision for doubtful deposits for shares was made in the books of account during the financial year ended September 30, 2000.

30. TAXATION - net

	Note	2020	2019
		- - Rupees in '000 - -	
Balance of advance tax at beginning of the year		**330,991**	324,309
Add: income tax deducted / paid during the year		**83,757**	107,518
		414,748	431,827
Less: provision made for			
- current year	30.2	**111,803**	98,837
- prior year		**(41,128)**	1,999
		70,675	100,836
Less: refunds received during the year		**2,412**	-
Balance of advance tax at end of the year		**341,661**	330,991

30.1 Income tax assessments of the Company have been finalized by the Income Tax Department or deemed to be assessed under section 120 of the Ordinance upto the tax year 2019.

30.2 No numeric tax rate reconciliation has been given in these financial statements as provisions made for the current financial year represents tax payable under sections 113 (minimum tax under alternate corporate tax) and 154 (tax on export proceeds) of the Ordinance.

31. TAXES REFUNDS DUE FROM GOVERNMENT

	Note	2020	2019
		- - Rupees in '000 - -	
Sales tax refundable		**-**	127,727
Minimum tax paid under protest	31.1	**5,034**	5,034
		5,034	132,761

31.1 The Company had made payments aggregating Rs.12.736 million till September 30, 2003 under protest; however, Rs.3.000 million were adjusted against the completed assessment during the financial year ended September 30, 2004. The Company, during the financial year ended June 30, 2008, had received refund of Rs.4.702 million.

32. CASH AND BANK BALANCES

	Note	2020	2019
		- - Rupees in '000 - -	
Cash-in-hand	32.1	-	482
Cash at banks on:			
- current accounts	32.2	40,557	29,010
- saving accounts		10	618
		40,567	30,110

32.1 This represents foreign currency of U.S.$ Nil (2019: U.S.$ 2,000) and Euro Nil (2019: Euro 500) in hand at the year-end.

32.2 These include foreign currency balances of U.S.$ 48,957 (2019: U.S.$ 48,957).

33. SALES - Net

	2020	2019
	- - Rupees in '000 - -	
Own manufactured goods:		
Local		
- yarn	7,831,581	8,094,561
- waste	52,962	58,494
- surgical cotton	14,968	19,353
	7,899,511	8,172,408
Export		
- yarn	143,602	380,984
- surgical cotton	478,891	291,136
	622,493	672,120
Trading activities:		
Local		
- yarn	134,936	122,065
- raw materials	173,602	7,456
Export - fabric	-	1,740
Less: sales return	(814)	(2,690)
	307,724	128,571
	8,829,728	8,973,099
Duty drawback of taxes	-	2,743
Less: sales tax	1,178,295	-
	7,651,433	8,975,842

33.1 All the contracts with the customers were under one performance obligation and the revenue has been recognised at the point in time when the goods have been transferred to the customers.

34. COST OF SALES	Note	2020	2019
		- - Rupees in '000 - -	
Raw materials consumed	34.1	4,858,322	5,562,639
Salaries, wages and benefits	34.2	875,592	873,618
Packing materials consumed		149,135	161,065
Dyes and chemical consumed		46,365	25,860
Power and fuel		737,507	650,169
Repair and maintenance		171,973	177,766
Depreciation	18.7	262,611	244,654
Insurance		27,607	25,606
Rent		8,813	7,458
Vehicles' running and maintenance		12,369	12,029
Travelling and conveyance		5,655	5,571
Textile cess		100	100
Others		12,766	14,139
		7,168,815	7,760,674
Adjustment of work-in-process			
Opening		202,685	210,201
Closing		(188,426)	(202,685)
		14,259	7,516
Cost of goods manufactured		7,183,074	7,768,190
Adjustment of finished goods			
Opening stock		518,472	576,487
Purchases		236,263	111,824
Closing stock		(923,794)	(518,472)
		(169,059)	169,839
		7,014,015	7,938,029

34.1 Raw materials consumed

	2020	2019
Opening stock	1,618,917	1,049,151
Purchases (for manufacturing)	4,485,395	6,123,422
Cost of raw materials sold	157,923	7,428
	4,643,318	6,130,850
	6,262,235	7,180,001
Less: closing stock	1,405,049	1,618,917
	4,857,186	5,561,084
Add: cotton cess	1,136	1,555
	4,858,322	5,562,639

34.2 These include Rs.25.276 million (2019: Rs.21.399 million) in respect of staff retirement benefits - gratuity.

35. DISTRIBUTION COST

	Note	2020	2019
		- - Rupees in '000 - -	
Staff salaries and benefits	35.1	**22,919**	21,540
Travelling		**6,672**	8,199
Communication		**96**	58
Loading and unloading		**20,751**	26,232
Freight on local yarn sales		**23,292**	16,863
Freight on export yarn sales		**34,818**	31,045
Export expenses		**1,850**	1,705
Insurance		**413**	531
Commission on sales		**34,944**	37,211
Quality claims on sale supplies		**21,256**	-
		167,011	143,384

35.1 These include Rs.5.781 million (2019: Rs.4.894 million) in respect of staff retirement benefits - gratuity.

36. ADMINISTRATIVE EXPENSES

	Note	2020	2019
		- - Rupees in '000 - -	
Directors' meeting fee		**372**	105
Salaries and benefits	36.1	**131,760**	111,017
Travelling and conveyance:			
- directors		**-**	64
- others		**6,843**	5,357
Rent, rates and taxes		**3,422**	4,862
Ijarah rentals		**410**	-
Entertainment		**3,675**	2,985
Communication		**5,755**	8,584
Printing and stationery		**1,999**	1,989
Electricity, gas and water		**4,442**	3,725
Insurance		**2,642**	2,486
Repair and maintenance		**2,894**	2,090
Vehicles' running and maintenance		**13,454**	11,779
Advertisement		**38**	190
Fees and subscription		**34,468**	28,667
Newspapers and periodicals		**133**	134
Depreciation related to operating fixed assets	18.7	**9,461**	20,027
Depreciation related to right of use assets	18.8	**14,431**	-
Amortisation	19	**2,617**	2,617
Auditors' remuneration	36.2	**1,825**	1,580
Legal and professional (other than Auditors)		**2,764**	4,245
Others		**273**	203
		243,678	212,706

36.1 These include Rs.12.276 million (2019: Rs.10.393 million) in respect of staff retirement benefits - gratuity.

	2020	2019
36.2 Auditors' remuneration	**- - Rupees in '000 - -**	
Statutory audit		
- current year	**1,400**	1,150
- prior year	**-**	50
Half yearly review	**174**	140
Consultancy and certification charges	**226**	215
Out-of-pocket expenses	**25**	25
	1,825	1,580

36.3 The Company, during the current financial year, has shared administrative expenses aggregating Rs.10.491 million (2019: Rs.12.624 million) with Kohat Textile Mills Ltd. a related party on account of proportionate expenses of the combined offices at Karachi and Lahore. These expenses have been booked in the respective heads of account.

37. OTHER INCOME

	Note	2020	2019
		- - Rupees in '000 - -	
Sale of scrap - net of sales tax of Rs.1,920 thousand (2019: Rs.2,023 thousand)		**9,601**	10,113
Gain on sale of operating fixed assets	**18.6**	**-**	291
Profit on bank deposits		**185**	207
Sub-ordinated loan written-back under an agreement		**-**	708,500
Accrued mark-up on loan written-back		**-**	201,580
		-	910,080
Profit on term finance certificates		**270**	-
Amortisation of government grant		**684**	-
		10,740	920,691

38. OTHER EXPENSES

	Note	2020	2019
Donations	**38.1**	**6,550**	7,800
Loss on sale of operating fixed assets	**18.6**	**40**	-
Loss on remeasurement of short term investments to fair value	**28**	**3,910**	1,464
Workers' (profit) participation fund		**-**	6,709
		10,500	15,973

38.1 These include Rs.6 million (2019: Rs.3.500 million) donated to Akbar Kare (a section 42 Company) respectively. Ms. Hoor Yousafzai is director in both the Companies.

39. FINANCE COST - net

	2020	2019
	- - Rupees in '000 - -	
Mark-up on subordinated loan	**-**	23,374
Mark-up on long term financing	**225,646**	161,816
Mark-up on short term borrowings	**579,225**	375,411
Lease finance charges	**7,994**	4,190
Interest on workers' (profit) participation fund	**302**	49
Bank and other charges	**42,387**	30,624
	855,554	595,464

40. EXCHANGE FLUCTUATION GAIN / (LOSS) - net

	Note	2020	2019
		- - Rupees in '000 - -	
Exchange fluctuation gain / (loss) on:			
- foreign currency financing		-	(126,909)
- others - net		4,723	55,367
		4,723	(71,542)

41. TAXATION

	Note	2020	2019
Current	30	70,675	100,836
Deferred	12	(22,927)	(11,720)
		47,748	89,116

42. BASIC LOSS / EARNINGS PER SHARE

42.1 (Loss) / earning per share

	2020	2019
(Loss) / profit after taxation attributable to ordinary shareholders	(671,610)	830,319
	---- No. of shares ----	
Weighted average number of ordinary shares outstanding during the year	26,412,880	26,412,880
	------ Rupees ------	
(Loss) / earnings per share	(25.43)	31.44

42.2 Diluted

A diluted (loss) / earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2020 and June 30, 2019 which would have any effect on the (loss) / earnings per share if the option to convert is exercised.

43. CASH FLOW FROM OPERATING ACTIVITIES

	2020	2019
	- - Rupees in '000 - -	
(Loss) / profit for the year - before taxation	(623,862)	919,435
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	289,120	267,298
Staff retirement benefits - gratuity (net)	(8,919)	(1,202)
Sub-ordinated loan written-back	-	(708,500)
Accrued mark-up on loan written-back	-	(201,580)
Loss / (gain) on sale of operating fixed assets - net	40	(291)
Finance cost	813,167	564,840
Exchange fluctuation loss on foreign currency loan	-	126,909
Exchange fluctuation gain (others) - net	(4,723)	(55,367)
Loss on remeasurement of short term investments to fair value - net	3,910	1,464
Profit before working capital changes	468,733	913,006

Effect on cash flow due to working capital changes	2020	2019
	- - Rupees in '000 - -	
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	**(46,281)**	(82,361)
Stock-in-trade	**(177,195)**	(504,235)
Trade debts	**(608,029)**	112,493
Loans and advances	**19,110**	5,561
Trade deposits and short term prepayments	**(629)**	(588)
Other receivables	**9,710**	19,586
Tax refunds due from Government	**127,727**	(58,123)
Increase in trade and other payables	**352,958**	100,874
	(322,629)	(406,793)
Cash generated from operating activities	**146,104**	506,213
Income tax paid	**(81,345)**	(107,518)
Long term loans	**1,705**	(9,195)
Long term deposits	**(4,297)**	(873)
Long term deposits from employees	**2,849**	868
Net cash generated form operating activities	**65,016**	389,495

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

44.1 Financial Risk Factors

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

- market risk
- credit risk; and
- liquidity risk.

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

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by a treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as currency risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of excess liquidity.

44.2 Market risk

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

(a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company is exposed to currency risk on financing, import of raw materials, plant & machinery, stores & spares, foreign debtors and claims receivables denominated in U.S. Dollar, Euro and Swiss Frank. The Company's exposure to foreign currency risk for U.S. Dollar, Euro and Swiss Frank are as follows:

	2020		
	Rupees	U.S. $	Euros
	---------- in '000 ----------		
Bills payable	478,541	2,843	-
Due to a related party	77,546	461	-
	556,087	3,304	-
Trade debts	(134,028)	(492)	(273)
Bank balances	(8,155)	(49)	-
Gross reporting date exposure	413,904	2,763	(273)
Outstanding letters of credit	94,531	562	-
Net exposure	508,435	3,325	(273)

	2019			
	Rupees	U.S. $	CHF	Euros
	--------- in '000 ---------			
Bills payable	209,854	1,254	-	19
Due to related party	52,240	318	-	-
	262,094	1,572	-	19
Trade debts	(189,938)	(1,000)	-	(139)
Bank balances	(8,460)	(51)	-	(1)
Gross reporting date exposure	63,696	521	-	(121)
Outstanding letters of credit	306,378	1,629	32	176
Net exposure	370,074	2,150	32	55

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2020	2019	**2020**	2019
U.S. Dollar to Rupee	159.29	125.55	168.00 / 168.30 /	164.00 / 164.50
Euro to Rupee	176.04	140.81	188.16 / 188.68 /	186.37 / 186.99
CHF to Rupee	164.12	126.22	176.83 / 177.43 /	168.03 / 168.61

Sensitivity analysis

At June 30, 2020, if Rupee had strengthened by 10% against U.S.$ and Euro with all other variables held constant, loss after taxation for the year would have been lower / higher by the amount shown below mainly as a result of foreign exchange gains on translation of foreign currency financial liabilities and foreign exchange loss on translation of foreign currency financial assets.

Effect on profit for the year	2020	2019
	- - Rupees in '000 - -	
U.S.$ to Rupee	**45,451**	8,570
Euro to Rupee	**(5,105)**	(2,263)

The weakening of Rupee against U.S. Dollar and Euro would have had an equal but opposite impact on loss after taxation.

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

(b) 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 change in market interest rates. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2020	2019	2020	2019
	Effective rate		Carrying amount	
Financial liabilities	%	%	- - - in '000 - - -	
Variable rate instruments				
Long term financing	**2.50 to 16.36**	5 to 14.30	**2,540,371**	1,830,991
Lease liabilities	**10.00 to 15.98**	8.18 to 13.65	**47,533**	53,692
Short term borrowings	**7.72 to 16.36**	6.90 to 14.12	**4,261,572**	3,779,760

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2020, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rs.68.495 million (2019: Rs.56.644 million) higher / lower, mainly as a result of higher / lower interest expense on variable rate financial liabilities.

(c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market.

The Company is exposed to equity securities price risk because of its investments classified as fair value through profit or loss. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the board of directors.

A 10% increase / decrease in market value of equity investments, loss before taxation for the year would have been lower / higher by Rs.2,402 thousand (2019: Rs.362 thousand).

44.3 Credit risk exposure and concentration of credit risk

Credit risk represents the risk of a loss to the Company if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from long term deposits, trade debts, investments and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 30 days to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high crediting ratings.

Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2020 along with comparative is tabulated below:

	2020	2019
	- - Rupees in '000 - -	
Long term investments	**12,450**	2,500
Long term deposits	**14,954**	10,426
Trade debts	**1,825,038**	1,212,286
Other receivables	**50,618**	60,328
Investments	**24,022**	3,617
Bank balances	**40,567**	29,628
	1,967,649	1,318,785

Trade debts exposure by geographic region is as follows:

Domestic	**1,691,010**	1,022,348
Export	**134,028**	189,938
	1,825,038	1,212,286

The majority of export debts of the Company are situated in Europe, Asia and America.

The ageing of trade debts at the reporting date is as follows:

	2020	2019
	- - Rupees in '000 - -	
Not yet due	**1,707,009**	976,131
Past due		
- upto 30 days	**114,591**	16,580
- more than 30 days	**3,438**	29,637
	1,825,038	1,022,348

The Company uses simplified approach for measuring the expected credit losses for all trade and other receivables including contract assets based on lifetime expected credit losses. The Company has estimated the credit losses using a provision matrix where trade receivables are grouped based on different customer attributes along with historical, current and forward looking assumptions. As at June 30, 2020, the Company's management believes that no further impairment allowance in respect of doubtful trade debts is required as trade debts aggregating Rs.1,247.388 million have been realised subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realised in short course of time. Further, major export debts are secured through letters of credit.

Investments comprise of share-holdings in listed securities. The management assesses the credit quality ratings of its holdings and diversifies its portfolio accordingly.

44.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach for managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

	2020				
	Carrying amount	**Contractual cash flows**	**Less than 1 year**	**Between 1 to 5 years**	**5 years and above**
	Rupees in '000				
Long term financing	**2,540,371**	**3,093,656**	**456,276**	**2,425,879**	**211,501**
Lease liabilities	**47,533**	**60,639**	**22,450**	**38,189**	**-**
Trade and other payables	**1,112,884**	**1,112,884**	**1,112,884**	**-**	**-**
Accrued mark-up and interest	**231,475**	**231,475**	**231,475**	**-**	**-**
Short term borrowings	**4,261,572**	**4,304,586**	**4,304,586**	**-**	**-**
Unpaid dividends	**4,373**	**4,373**	**4,373**	**-**	**-**
Unclaimed dividends	**8,696**	**8,696**	**8,696**	**-**	**-**
	8,206,904	**8,816,309**	**6,140,740**	**2,464,068**	**211,501**

	2019				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
	Rupees in '000				
Long term financing	1,830,991	2,000,280	369,588	1,378,771	251,921
Lease liabilities	53,692	68,257	19,421	48,836	-
Trade and other payables	753,211	753,211	753,211	-	-
Accrued mark-up and interest	142,002	142,002	142,002	-	-
Short term borrowings	3,779,760	4,004,586	4,004,586	-	-
Unpaid dividends	387	387	387		
Unclaimed dividends	8,310	8,310	8,310	-	-
	6,568,353	6,977,033	5,297,505	1,427,607	251,921

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up rates effective at the respective year-ends. The rates of interest / mark-up have been disclosed in the respective notes to these financial statements.

44.5 Fair value measurement of financial instruments

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- 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].

Valuation techniques used to determine fair values

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The Company's financial assets measured at fair value consists of level 1 financial assets amounting to Rs.3.324 million (2019: Rs.3.617 million), level 2 financial assets amounting to Rs.26.765 million (2019: Rs.2.500) and level 3 financial assets amounting to Rs.10 million (2019: Rs.Nil). The carrying values of other financial assets and liabilities reflected in the financial statements approximate their fair values.

Except for the above, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values as at reporting date.

44.6 Financial instruments by category

	Amortised cost		Financial assets at fair value through OCI	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Financial assets at fair value through profit or loss
Financial assets	**2020**	2019	**2020**		**2019**	
as per statement of financial position	- - Rupees in '000 - -		- - - Rupees in '000 - - -			
Long term investments	**-**	-	**12,450**	**-**	2,500	-
Long term loans	**19,772**	21,477	**-**	**-**	-	-
Long term deposits	**14,954**	10,426	**-**	**-**	-	-
Trade debts	**1,825,038**	1,212,286	**-**	**-**	-	-
Loans and advances	**14,375**	13,278	**-**	**-**	-	-
Other receivables	**50,618**	60,328	**-**	**-**	-	-
Short term investments	**-**	-	**-**	**24,022**	-	3,617
Bank balances	**40,567**	30,110	**-**	**-**	-	-
	1,965,324	1,347,905	**12,450**	**24,022**	2,500	3,617

Financial liabilities as per statement of financial position	Financial liabilities measured at amortised cost 2020	2019
	- - Rupees in '000 - -	
Long term financing	**2,540,371**	1,830,991
Lease liabilities	**47,533**	53,692
Long term deposits	**10,564**	7,715
Trade and other payables	**1,112,884**	759,926
Accrued mark-up and interest	**231,475**	142,002
Short term borrowings	**4,261,572**	3,779,760
Unpaid dividends	**4,373**	387
Unclaimed dividends	**8,696**	8,310
	8,217,468	6,582,783

44.7 Reconciliation of movements of liabilities to cash flows arising from financing activities

	2020 Liabilities				
	Long term financing	Lease liabilities	Short term borrowings	Accrued mark-up and interest	Dividend
	.... Rupees in '000				
Balance as at July 01, 2019	1,830,991	53,692	3,779,760	142,002	8,697
Changes from financing activities					
Finances obtained	1,010,362	-	-	-	-
Finances repaid	(288,837)	-	481,812	-	-
Transferred to deferred income	(12,145)	-	-	-	-
Finance leases obtained	-	9,111	-	-	-
Repayment of finance lease liabilities	-	(15,270)	-	-	-
Finance cost paid	-	-	-	(723,694)	-
Dividends paid	-	-	-	-	(22,041)
Dividend declared	-	-	-	-	26,413
Total changes from financing cash flows	2,540,371	47,533	4,261,572	(581,692)	13,069
Other changes					
Mark-up / Interest expense	-	-	-	813,167	-
Balance as at June 30, 2020	**2,540,371**	**47,533**	**4,261,572**	**231,475**	**13,069**

	2019				
	Liabilities				
	Long term financing	Liabilities against assets subject to finance lease	Short term borrowings	Accrued mark-up and interest	Dividend
	.... Rupees in '000				
Balance as at July 01, 2018	1,534,606	30,392	3,299,165	235,829	8,330
Changes from financing activities					
Finances obtained	750,380	-	-	-	-
Finances repaid	(453,995)	-	480,595	-	-
Finance leases obtained	-	36,461	-	-	-
Repayment of finance lease liabilities	-	(13,161)	-	-	-
Finance cost paid	-	-	-	(483,496)	-
Dividends paid	-	-	-	-	(19,443)
Dividend declared	-	-	-	-	19,810
Total changes from financing cash flows	1,830,991	53,692	3,779,760	(247,667)	8,697
Other changes					
Mark-up / Interest expense	-	-	-	564,840	-
Balance as at June 30, 2019	1,830,991	53,692	3,779,760	317,173	8,697

45. CAPITAL RISK MANAGEMENT

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

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

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. It is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (long term finances and short term borrowings as shown in the statement of financial position) less cash and bank balances. Total equity includes all capital and reserves of the Company that are managed as capital. Total capital is calculated as equity as shown in the statement of financial position plus net debt.

	2020	2019
	- - - Rupees in '000 - - -	
Total borrowings	**6,857,292**	5,664,443
Less: cash and bank balances	**40,567**	30,110
Net debt	**6,816,725**	5,634,333
Total equity	**3,161,279**	3,198,422
Total capital	**9,978,004**	8,832,755
Gearing ratio	**68%**	64%

46. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the Associated Companies, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of related parties (with whom the Company has transacted) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

46.1 Name and nature of relationship

Associated Companies and undertaking (due to common directorship)

Saif Holdings Ltd.

Kohat Textile Mills Ltd.

Saif Power Ltd.

Saif Healthcare Ltd.

Mediterranean Textile Company (S.A.E.), Egypt

Lahore Compost (Pvt.) Ltd.

Akbar Kare

Sky Electric (Pvt.) Ltd.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the entity. The Company considers its Chief Executive, directors and all team members of its management team to be its key management personnel.

46.2 Significant transactions with the related parties

	2020	2019
	- - Rupees in '000 - -	
Sales of:		
- goods and services	**5,262**	40,974
- fixed assets	**-**	-
Purchase of:		
- raw material	**-**	1,973
- yarn	**15,301**	63,445
- fixed assets	**-**	25,865
Sale return:		
- raw material	**-**	2,690
Dividend paid	**11,132**	9,823
Key management personnel		
- remuneration and other employment benefits	**41,300**	31,875
- sale of fixed assets	**-**	2,009
Others - consultancy charges	**19,000**	18,000

47. REMUNERATION OF CHIEF EXECUTIVE, AND EXECUTIVES

	Chief Executive		Executives	
	2020	2019	**2020**	2019
	Rupees in '000			
Meeting fees	**47**	20	**-**	-
Managerial remuneration	**25,993**	16,883	**41,687**	38,656
House rent and utilities	**482**	565	**22,928**	21,261
Retirement benefits	**-**	-	**5,405**	6,605
Medical expenses reimbursed	**239**	202	**1,437**	1,362
	26,761	17,670	**71,457**	67,884
Number of persons	**1**	1	**17**	17

47.1 Meeting fees of Rs.372 thousand (2019: Rs.85 thousand) were also paid to six (2019: six) non-executive directors during the year.

47.2 Chief executive and some of the executives have also been provided with the Company maintained cars and residential telephones.

48. CAPACITY AND PRODUCTION

48.1 Spinning units

			2020	2019
No. of spindles installed			**107,053**	106,800
Average of spindles shifts installed		**Figure in '000**	**117,544**	116,946
Average of spindles shifts worked		**Figure in '000**	**98,801**	113,835
No. of days worked			**366**	365
No. of shifts worked			**1,098**	1,095
Average count			**34.08**	32.93
Actual production	**Kgs**	**Figure in '000**	**15,383**	18,323

It is difficult to describe precisely the production capacity in textile spinning industry since it fluctuates widely depending on various factors, such as count of yarn spun, spindles speed, twist per inch and raw materials used, etc. It also varies according to the pattern of production adopted in a particular year.

48.2 Dyeing

Cotton / Fibre Dyeing Unit

			2020	2019
Total number of days worked			**366**	365
No. of shift worked			**1,098**	1,095
Installed capacity	**Kgs**	**Figure in '000**	**4,099**	3,103
Actual production	**Kgs**	**Figure in '000**	**3,156**	2,947

49. OPERATING SEGMENT

These financial statements have been prepared on the basis of single reportable segment.

49.1 Yarn sales represent 92% (2019: 96%) of the total sales of the Company.

49.2 93% (2019: 92%) of the Company's sales relate to customers in Pakistan.

49.3 All non-current assets of the Company as at June 30, 2020 are located in Pakistan.

49.4 The Company does not have any customer having sales of ten percent or more during the year ended June 30, 2019 and 2020.

50. NUMBER OF EMPLOYEES

	2020	2019
Total number of employees as at June 30,	**2,395**	2,964
Average number of employees during the year	**2,646**	2,848

51. IMPACT OF COVID-19 (CORONA VIRUS)

The outbreak of Novel Coronavirus continues and the situation keeps evolving every day. Enactment of necessary precautionary measures during March, 2020 including but not limited to lockdowns by Government of Pakistan, severely impacted the economic activity and the consumer demand which had a ripple effect on the economy. The operations of the Company were resumed after the management adopted all necessary precautionary measures and ensured the implementation of all necessary SOPs.

After the lockdown restrictions were eased out in June, 2020 local customer demand has increased gradually. The international market has also started resuming business and an increase in the number of orders has been observed. As the extant and duration of the impact of COVID-19 can not be predicted at this stage, a reliable estimate of the impact of the developments on the financial statements of the Company can not be made with reasonable certainty. The management has assessed the accounting implications of these developments on these financial statements, including but not limited to the following areas:

- expected credit losses under IFRS 9, ‘Financial instruments’;
- the impairment of tangible and intangible assets under IAS 36, ‘Impairment of non-financial assets’;
- the net realisable value of inventory under IAS 2, ‘Inventories’;
- salary refinance scheme under IAS 20, 'Government Grants'
- deferred taxation in accordance with IAS 12, ‘Income taxes’
- provisions and contingent liabilities under IAS 37 ; and
- going concern assumption used for the preparation of these financial statements.

52. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison. However no material re-arrangements and re-classifications have been made in these financial statements.

53. DATE OF AUTHORISATION

These financial statements were authorised for issue on October 07, 2020 by the Board of Directors of the Company.

ZAHEEN UD DIN QURESHI	**ASSAD SAIFULLAH KHAN**	**NOUMAN AHMAD**
Chief Executive Officer	Director	Chief Financial Officer

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