

ANNUAL REPORT 2020



YOUSAF WEAVING MILLS LIMITED

VISION

To achieve for excellence in textile through commitment, integrity, team work and professionalism

MISSION

The mission of the company is to achieve customer's satisfaction with provision of quality products, attain sustainable profitability and ensure ample return to share holders. The company believes to achieve growth by employing technological improvements with effective utilization of human resources.

YOUSAF WEAVING MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Mst. Alia Khanum	(Chairman)
Khawaja Mohammad Nadeem	(Chief Executive)
Khawaja Shahzad Younus	(Director)
Mst. Nargis Sultana	(Director)
Mr. Khawaja Mohammad Jahangir	(Director)
Mr. Waseem Baig	(Director)
Sheikh Maqbool Ahmed	(Independent Director)
Mr. Mohammad Tariq Sufi	(Independent Director)

AUDIT COMMITTEE

Mr. Mohammad Tariq Sufi	(Chairman)
Mr. Khawaja Mohammad Jahangir	(Member)
Khawaja Shahzad Younus	(Member)

HR & REMUNERATION COMMITTEE

Mr. Mohammad Tariq Sufi	(Chairman)
Mr. Waseem Baig	(Member)
Mr. Khawaja Mohammad Jahangir	(Member)

COMPANY SECRETARY

Mr. Nadeem Anwar	(ACA)
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CHIEF FINANCIAL OFFICER

Mr. Tauseef Ahmad

BANKERS

Habib Metro Bank Limited
National Bank of Pakistan
Askari Bank Limited
The Bank of Punjab

AUDITORS

Aslam Malik & Co.
Chartered Accountants
Suite # 18-19, 1st Floor,
Central Plaza, Civic Centre,
New Garden Town, Lahore. Pakistan

CORPORATE & REGISTERED OFFICE

7/1-E-3 Main Boulevard Gulberg III, Lahore
Tel : (042) 35717510
Fax : (042) 35755760

SHARE REGISTRARS

Corp link (Pvt) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore
Tel: (042) 35839182
Fax: (042) 35869037

Weaving unit

49-Kilometer
Multan Road, Bhai Pheru
Tel: (04943) 540083-4

Spinning unit

7-Kilometer
Multan Road, Pattoki
Tel: (04943) 540083-4

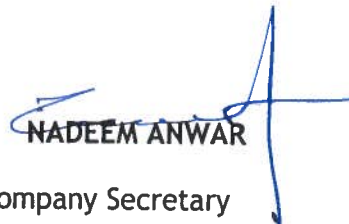
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 33rd Annual General Meeting of members of YOUSAF WEAVING MILLS LIMITED (the "Company") will be held at the Registered Office of the Company situated at 7/1 E-3, Main Boulevard, Gulberg III, Lahore on Wednesday, November 25, 2020 at 10:00 a.m. to transact the following business :-

1. To confirm the minutes of last AGM held on November 27, 2019.
2. To receive and adopt the audited accounts of the Company for the year ended June 30, 2020, together with the reports of Directors and Auditor's report thereon.
3. To appoint auditors for the year ending June 30, 2021 and to fix their remuneration. The retiring auditors Aslam Malik & Company Chartered Accountants have shown their interest in their reappointment.
4. To transact any other business which may be brought forward with the permission of the Chair

Lahore:

November 03, 2020


NADEEM ANWAR
Company Secretary

NOTES:

1. The share transfer books for ordinary shares of the Company will be closed from 18-11-2020 to 25-11-2020 (both days inclusive). Valid transfer(s) received in order by our Share Registrar, Corplink (Pvt.) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore by the closure of business on November 16, 2020 will be in treated in time. The same or any change in address, if any, alongside valid copy of CNIC for filing annual return of Company be sent to our share registrar M/s. Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore. Tel: 042-35839182.
2. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as proxy. Proxies, in order to be effective, must be received at the Company's registered office not less than forty eight (48) hours before the time of meeting. Members through CDC appointing proxies must attach attested copy of their Computerized National Identity Card (CNIC) or Passport with the proxy form.
3. The shareholders through CDC, who wish to attend the Annual General Meeting, are requested to please bring, original CNIC. CDC account holder will further have to

follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

4. In case of corporate entity, certified copy of the board of directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form of the Company.
5. The financial statements for the year ended June 30, 2020 shall be uploaded on the Company's website www.yousafweavingmills.com twenty one days prior to the date of holding of annual general meeting.
6. Pursuant to SECP Notification S.R.O. 787(I)/ 2014 dated September 8, 2014, members may inform the Company to receive the Audited Financial Statements and notices through e-mail by submitting Standard Request Form available on Company's website.
7. If the Company receives consent from the members holding at least 10% shareholding residing in a city, to participate in the meeting through video-link at least 07 days prior to date of the meeting, the Company will arrange facility of video-link in that city subject to availability of such facility in that city.
8. Members are requested to promptly notify the Company of any change in their registered address.



سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ یوسف ویونگ ملز لمیٹڈ کے ارکان کا 33 واں سالانہ اجلاس عام کمپنی کے رجسٹرڈ دفتر بواچ-3، E-7/1، مین بلیوارڈ، گلبرگ III، لاہور میں بروز بدھ 25 نومبر 2020ء کو صبح 10:00 بجے درج ذیل امور کیلئے منعقد ہوگا۔

عمومی امور:

- 1- 27 نومبر 2019ء کو منعقدہ گزشتہ سالانہ اجلاس عام کی کارروائی کی توثیق کرنا۔
- 2- 30 جون 2020ء کو ختم ہونے والے سال کیلئے کمپنی کے نظر ثانی شدہ حسابات معائنہ پر ڈائریکٹرز اور آڈیٹرز کی رپورٹ کی وصولی اور منظوری دینا۔
- 3- 30 جون 2021ء کو ختم ہونے والے سال کیلئے آڈیٹرز کا تقرر اور ان کے مشاہرہ کا تعین کرنا۔ ریٹائر ہونے والے آڈیٹرز اسلم ملک اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے اپنی دوبارہ تقرری میں دلچسپی ظاہر کی ہے۔
- 4- صاحب صدر کی اجازت سے کوئی دیگر امور جو آگے لائے جاسکتے ہیں۔

ندیم انور

کمپنی سیکرٹری

لاہور:

03 نومبر 2020ء

نوٹس:

- 1- کمپنی کے عام حصص کی منتقلی کتابیں 18 نومبر 2020ء تا 25 نومبر 2020ء (بشمول ہر دو ایام) بند رہیں گی۔ کارآمد مٹھلیاں ہمارے شیئر رجسٹرار، کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، 1-K کمرشل، ماڈل ٹاؤن، لاہور کو 16 نومبر 2020ء کو کاروبار کے اختتام تک وصول ہونے والی بروقت تصور ہوگی۔ پتہ یا اس میں کوئی تبدیلی ہو، بمعہ کارآمد CNIC کی کاپی کمپنی کے سالانہ ریٹرن فائلنگ کیلئے ہمارے شیئر رجسٹرار میسرز کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، 1-K کمرشل، ماڈل ٹاؤن، لاہور۔ فون نمبر: 042-35839182 کو ارسال کی جانی چاہئیں۔
- 2- اجلاس عام میں شرکت اور ووٹ دینے کا اہل رکن کسی دیگر رکن کو بطور پراکسی مقررہ کرنے کا اہل ہے۔ پراکسیاں، تا آنکہ موثر ہو سکیں، کمپنی کے رجسٹرڈ دفتر میں اجلاس کے وقت سے کم از کم اڑتالیس (48) گھنٹے قبل لازماً وصول ہو جانی چاہئیں۔ سی ڈی سی کے ذریعے ارکان کو پراکسیز تقرری کیلئے پراکسی فارم کے ہمراہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا پاسپورٹ کی مصدقہ کاپی منسلک کرنی چاہئے۔
- 3- سی ڈی سی کے ذریعے حصص داران، جو سالانہ عام، میں شرکت کے خواہشمند ہوں، سے التماس ہے کہ اصل CNIC ہمراہ لائیں۔ سی ڈی سی اکاؤنٹ ہولڈر کو مزید برآں، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے طرف سے جاری شدہ سرکل نمبر 1 مورخہ 26 جنوری 2000ء میں دی گئی درج ذیل ہدایات کی پیروی کرنا ہوگی۔
- 4- کارپوریٹ اتھنٹی کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/اختیار نامہ کی تصدیق شدہ کاپی مع نمونہ دستخط کمپنی کے پراکسی فارم کے ہمراہ (اگر پہلے مہیا نہیں کی گئی) جمع کرانا ہوگی۔
- 5- 30 جون 2020ء کو ختم ہونے والے سال کیلئے مالیاتی گوشوارے کمپنی کی ویب سائٹ www.yousafweavingmills.com پر سالانہ اجلاس عام کے انعقاد کی تاریخ سے 21 یوم قبل اپ لوڈ کر دیئے جائیں گے۔
- 6- SECP نوٹیفکیشن 2014 (1)/ SRO 787 مورخہ 8 ستمبر 2014ء کی پیروی میں ارکان کمپنی کی ویب سائٹ پر دستیاب معیاری درخواست فارم جمع کر کے بذریعہ ای میل نظر ثانی شدہ مالیاتی گوشوارے اور نوٹس وصول کرنے کیلئے کمپنی کو مطلع کر سکتے ہیں۔
- 7- اگر کمپنی شہر میں سکونت کم از کم 10% شیئر ہولڈنگ کے مالک ارکان سے اجلاس میں وڈیولنک کے ذریعے اجلاس میں شرکت کیلئے رضامندی اجلاس کی تاریخ سے کم از کم 07 یوم قبل وصول کرتی ہے، تو کمپنی اس شہر میں ایسی سہولت کی دستیابی کے حوالہ سے اس شہر میں وڈیولنک کی سہولت کا بندوبست کرے گی۔
- 8- ارکان سے التماس ہے کہ اپنے رجسٹرڈ پتہ میں کسی تبدیلی بارے کمپنی کو فی الفور مطلع فرمائیں۔

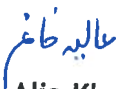
REVIEW REPORT BY THE CHAIRMAN ON THE OVERALL PERFORMANCE OF THE BOARD AND EFFECTIVENESS OF THE ROLE PLAYED BY THE BOARD IN ACHIEVING THE COMPANY'S OBJECTIVES

The Board of Directors (the Board) of Yousaf Weaving Mills Limited (YWML) has performed their duties diligently in upholding the best interest of shareholders' of the Company and has managed the affairs of the Company in an effective and efficient manner. The Board has exercised its powers and has performed its duties as stated in the Companies Act 2017 and the listed Companies (Code of Corporate Governance) regulations, 2019.

- The Board has actively participated in strategic planning processes, enterprise risk management system, policy development and financial structure, monitoring and approval;
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;
- The Board has ensured that the adequate system of internal control is in place and its regular assessment through self-assessment mechanism and/or internal audit activities;
- The Board has prepared and approved the director's report and has ensured that the director's report is published with the quarterly and annual financial statement of the Company and the content of the director's report are in accordance with the requirement of applicable laws and regulations;
- The Board has ensured the hiring, evaluation and compensation of the Chief Executive Officer and other key executives including Chief financial Officer, Company Secretary and Head of internal Audit;
- The Board has ensured that adequate information is shared among its members in a timely manner and the Board members are kept abreast of developments between meetings; and
- The Board has exercised its power in light of power assigned to the Board in accordance with the relevant laws and regulations applicable on the Company and the Board has always prioritized the Compliance with all the applicable laws and regulation in term of their conduct as directors and exercising their powers and decision making.

The annual evaluation of the Board's performance is assessed based on the key areas where the Board requires clarity in order to provide high level oversight, including the strategic process; key business drivers and performing milestones, the global economic environment and competitive context in which the Company operates; the risks faced by the Company's business; Board dynamics; capability and information flows. Based on the aforementioned, it can reasonably be stated that the Board of YWML has played a key role in ensuring that the Company objectives are not only achieved, but also exceeded expectations through a joint effort with the management team and guidance and oversight by the Board and its members.

Lahore
November 03, 2020


Mst. Alia Khanum
Chairman



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Gulberg III, Lahore, Pakistan
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Fax: +92 42 35764036, 35764043 & 35757105
E-mail: yousaf@chakwalgroup.com.pk
Web: www.yousafweaving.com

بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد کے حصول میں بورڈ کے مؤثر کردار پر چیئرمین کی جائزہ رپورٹ

یوسف ویونگ لمیٹید (YWML) کے بورڈ آف ڈائریکٹرز (بورڈ) نے کمپنی کے حصہ داروں کے بہترین مفاد کو برقرار رکھنے میں اپنی ذمہ داریاں تندہی سے انجام دی ہیں اور کمپنی کے امور کو مؤثر اور بروقت انداز سے منظم کیا ہے۔ بورڈ نے کمپنی ایکٹ اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 میں دیئے گئے اپنے اختیارات اور ذمہ داری کو بخوبی سرانجام دیا ہے۔ بورڈ نے اسٹریٹجک منصوبہ بندی کے عمل، ادارے کو لاحق خطرات کا انتظامی نظام، پالیسی ڈویلپمنٹ اور مالیات ساخت کی نگرانی اور منظوری میں فعال طور پر حصہ لیا ہے۔ سال بھر میں تمام اہم مسائل بورڈ یا اس کی کمیٹیوں کے روبرو کاروباری فیصلہ سازی کے عمل کو مضبوط بنانے کے لئے پیش کئے گئے اور خاص طور پر کمپنی کی طرف سے کئے گئے تمام متعلقہ پارٹی کے ساتھ لین دین کو آڈٹ کمیٹی کی سفارشات پر بورڈ نے منظوری دی۔

بورڈ نے اس بات کو یقینی بنایا ہے کہ اندرونی کنٹرول کا مناسب نظام موجود ہے اور خود تشخیصی طریقہ کار اور/یا انٹرنل آڈٹ سرگرمیوں کے ذریعے اس کی باقاعدگی سے جانچ پڑتال کی جاتی ہے۔ بورڈ نے مجلس نظام کی رپورٹ کی تیاری اور منظوری دی ہے اور اس بات کو یقینی بنایا ہے کہ مجلس نظام کی رپورٹ کمپنی کی سہ ماہی اور سالانہ مالیاتی حسابات کے ساتھ شائع ہوئی اور مجلس نظام کی رپورٹ کا مواد قابل اطلاق قوانین اور قواعد و ضوابط کے مطابق ہے۔

بورڈ نے چیف ایگزیکٹو سمیت دیگر اہم ایگزیکٹوز بشمول چیف فنانس آفیسر، کمپنی سیکرٹری اور انٹرنل آڈٹ کے سربراہ کی ملازمت اور معاوضہ سازی کو یقینی بنایا ہے۔ بورڈ نے اس کے اراکین کے درمیان بروقت طریقے سے تسلی بخش معلومات کے تبادلے کو یقینی بنایا اور بورڈ کے ممبران کو اجلاس کے درمیان ڈویلپمنٹ کے بارے میں لمحہ بہ لمحہ باخبر رکھا گیا ہے اور بورڈ نے کمپنی پر قابل اطلاق متعلقہ قوانین اور قواعد و ضوابط کی روشنی میں دیئے گئے اختیارات کے مطابق اپنے اختیارات کا استعمال کیا ہے اور بورڈ نے ہمیشہ بحیثیت ڈائریکٹرز اپنے اختیارات کے استعمال اور فیصلہ سازی کرنے کے برتاؤ میں تمام قابل اطلاق قوانین اور قواعد و ضوابط کی تعمیل کو ترجیح دی ہے۔

بورڈ کی سالانہ کارکردگی اہم شعبوں پر مبنی ہے جہاں بورڈ کو اعلیٰ درجے کی نگرانی مہیا کرنے بشمول اسٹریٹجک عمل: کلیدی کاروباری امور، سنگ میل کی تکمیل، عالمی معاشی ماحول اور مسابقتی سیاق و سباق جس میں کمپنی کام کرتی ہے، کمپنی کے کاروبار کو درپیش خطرات، بورڈ کے محرکات، صلاحیت اور معلومات مہیا کرنے کے لئے وضاحت دینے کی ضرورت ہوتی ہے۔ مذکورہ بالا کی بنیاد پر، یہ مناسب طور پر کہا جاسکتا ہے کہ YWML کے بورڈ نے اس بات کو یقینی بنانے میں اہم کردار ادا کیا ہے کہ کمپنی کے مقاصد کو نہ صرف حاصل کیا جاسکتا ہے، بلکہ بورڈ اور اس کے ارکان کی راہنمائی اور نگرانی کے ذریعہ انتظامیہ ٹیم کی مشترکہ کوششوں کے ساتھ توقعات سے بھی آگے بڑھا جاسکتا ہے۔

عالبہ خانم

عالیہ خانم
چیئرمین

لاہور

3 نومبر 2020



YOUSAF WEAVING MILLS LIMITED

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DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors of Yousaf Weaving Mills Limited, we are pleased to submit annual report of your Company together with audited financial statements and auditors' report thereon for the year ended 30th June 2020.

Financial Performance:

The financial performance of the company is highly affected by the outbreak of Covid-19 pandemic which proved havoc to the globe. The world economy slip into recession phase and economic growth slashed drastically. Pakistan also face locked down at large scale which impacted the economic and industrial performance. The textile industry is also not spared from the consequences of ill fated pandemic. The slowdown in export and domestic fabric market has incurred huge operating and financial losses to the industry. The industry which was facing the challenge of high cost to do business, un-consistent Government policy to provide affordable energy to the textile sector had added its difficulties in Covid-19 environment to achieve the business and performance growth. The operation of the company remain shut down in lock down which marred all efforts of the management to gear up the operating results of the company. The turnover remained sluggish during the year mainly due to shut down in lock down and closer of operational activities in spinning unit. The company incurred loss after tax for the year amounting to Rs. 75 million as compare to loss after tax of Rs. 74 million in the corresponding period.

Financial Statements Audit

Financial statements of the Company have been audited by M/s. Aslam Malik & Co. Chartered Accountants, the statutory external auditors of the Company. The auditors have given qualified opinion on certain matters which are explained below:

- a) The amount in question relates to National Bank of Pakistan, the bank has filed suit for recovery of Rs. 112.65 million and the court in the subject suit has allowed partial decree for Rs. 77.46 million against which company has filed the appeal in court of law. The amount in question relates to letter of credit facility which is included in the claim amount of the bank against which the leave to defend has been granted by the court. This amount can be easily verified from the suit filed by the bank. The company adequately provided the amount of mark-up against the outstanding financing facilities.
- b) The management shall do all requirements to comply with the provisions of Companies Act 2017 on unclaimed dividend in true vigilance.



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- c) The audit observation on going concern has been disclosed in Note no 1.3 of the financial statements.

Future Outlook:

The management of the company looks optimistic and has commitment to make it a viable and profitable business venture. It has successfully restructured/rescheduled its long term loan availed from Bank of Punjab at significantly favorable terms. The management is also looking to settle with other banks also. The management is adamant to modernize its equipments with state of the art technology. Considering the great potential in local & exports markets and persistent demand of textile product the management has made investment to strengthen its back process and production capacities. Now the management is planning to gradually replace its existing looms with new imported air jet looms within upcoming periods. The management intends to add state of the art generators to optimize its energy cost since fuel & power cost plays a major role in overall production costs. The management is hopeful that streamlining of relationships with the banks will prove to be cutting edge for its BMR plan in near future. The management is auspicious that if the current economic conditions ameliorate with the passage of time and come back on track after enduring the shocks of Covid-19, we would be able to put the Company on the path of sustainable profitability.

Principal Activity

The principal activity of the Company is manufacturing and sale of yarn and fabric.

Principal Risks and Uncertainties

The Board of Directors is responsible to oversee the Company's operations and to devise an effective strategy to mitigate any potential any potential adverse impact of risks.

The Company's principal financial liabilities comprise short term finances, trade and other payables and accrued mark-up. The Company's principal financial assets comprise stocks, trade debts, loans and advances, trade deposits and other receivables, cash and bank balances that arise directly from its operations.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.



YOUSAF WEAVING MILLS LIMITED

A Project of Chakwal Group

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E-mail: yousaf@chakwalgroup.com.pk
Web: www.yousafweaving.com

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company has adequately disclosed all the litigation and their expected outcomes in the financial statements.

Corporate Social Responsibility

The Company strongly believes in the integration of Corporate Social Responsibility into its business, and consistency endeavors to uplift communities that are influenced directly or indirectly by our business.

Environment, Health and Safety

The Company maintains safe working conditions avoiding the risk to the health of employees and public at large. The management has maintained safe environment in all its operations throughout the year and its constantly upgrading their safety and living facilities.

Safety is a matter of concern for machinery as well as the employees working at plant. Fire extinguishers and other fire safety equipments have been placed at sites as well as registered and head office of the Company. Regular drills are performed to ensure efficiency of fire safety equipments.

Internal Financial Controls

A system of sound internal control is established and implemented at all levels of the Company by the Board of Directors. The system of internal control is sound in design for ensuring achievement of Company's objectives and operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies.

Related Parties

All related party transactions during the financial year ended June 30, 2020 were reviewed by the Audit Committee and approved by the Board of Directors.



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Compliance with the Code of Corporate Governance:

The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchange in its Listing Regulations have been adopted by the Company and have been duly complied with. A statement to this effect is annexed to the Report.

Corporate Governance & Financial Reporting Framework:

As required by the Code of Corporate Governance, Directors are pleased to report that:

- i) The financial statements prepared by the management of the Company present fair state of Company's operations, cash flows and changes in equity.
- ii) Proper books of account of the Company have been maintained.
- iii) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based upon reasonable and prudent judgment.
- iv) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements, and any departures there from has been adequately disclosed and explained.
- v) The system of internal control is sound in design and has been effectively implemented and monitored.
- vi) Key operating and financial data for the last five years is annexed.
- vii) There has been no departure from the best practices of corporate Governance, as detailed in the listing regulations.
- viii) We have been prepared and circulated a statement of ethics and business strategy among directors and employees.
- ix) The Company has neither declared dividend nor issued bonus shares because of loss sustained by the Company for the year ended 30th June 2020.
- x) Outstanding taxes and levis are given in the notes to the financial statements.

Shareholding Pattern

The share holding pattern as at June 30, 2020 for ordinary shares is annexed.



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Appointment of Auditors

M/s. Aslam Malik & Co. Chartered Accountants, Lahore are due to retire and being eligible, offer themselves for re-appointment as Auditors for the financial year 2020-2021. The Audit Committee has recommended for re-appointment of present auditors.

Composition of Board

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

- a. Male : 06
- b. Female : 02

2. The composition of the board is as follows:

- a. Executive Directors : 01
- b. Other Non-Executive Directors : 05
- c. Independent Directors : 02

Name of Directors

- i) Mr. Khawaja Mohammad Nadeem (Executive Director)
- ii) Mst. Alia Khanum (Chairman)
- iii) Mst. Nargis Sultana
- iv) Mr. Khawaja Shahzad Younus
- v) Mr. Khawaja Mohammad Jahangir
- vi) Mr. Waseem Baig
- vii) Mr. Sheikh Maqbool Ahmed (Independent Director)
- viii) Mr. Mohammad Tariq Sufi (Independent Director)

The auditors in its review report highlighted that “the company has not arranged director training program or obtained exemption from director training program from the SECP”. The company has planned for the director training program in the last quarter but due to Covid-19 pandemic the scheduled program has been cancelled since the government has announced lock down in the last week of March. Therefore we are left with no other option to delay this program until next financial year. The management shall duly comply with the requirement of directors’ training program within the time frame as defined in Code of Corporate Governance Regulations, 2019.



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Committees of the Board

The Board has made following sub-committees:

Audit Committee Meetings:

- | | | |
|------|-------------------------------|----------|
| i. | Mr. Mohammad Tariq Sufi | Chairman |
| ii. | Mr. Khawaja Mohammad Jahangir | Member |
| iii. | Mr. Khawaja Shahzad Younus | Member |

HR and Remuneration Committee Meetings:

- | | | |
|------|-------------------------------|----------|
| i. | Mr. Mohammad Tariq Sufi | Chairman |
| ii. | Mr. Khawaja Mohammad Jahangir | Member |
| iii. | Mr. Wasim Baig | Member |

Significant Features of Directors' Remuneration

The Board of Directors has approved a formal policy for remuneration of executive directors depending upon their responsibility in affairs of the Company. The remuneration is commensurate with their level of responsibility and expertise needed to govern the Company successfully and to encourage value addition from them.

Acknowledge

Continued diligence and devotion of the staff and workers of the Company and good human relations at all levels deserve acknowledgment. The Directors also wish to place on record their thanks to all stakeholders for their continued support to the Company.

On behalf of the Board

November 03, 2020
Lahore

Khawaja Mohammad Nadeem
Chief Executive Officer

Mst. Alia Khanum
Chairman

حصص داران کو مجلس نظام کی رپورٹ

یوسف ویونگ ملازمین کی مجلس نظام کی جانب سے، ہم 30 جون 2020 کو ختم ہونے والے سال کے لیے کمپنی کی سالانہ رپورٹ معہ جانچ شدہ حسابات اور ان پراڈیٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالی کارکردگی

کمپنی کی مالی کارکردگی، کورونا وائرس کی وباء کی وجہ سے، بُری طرح متاثر ہوئی ہے۔ کورونا وائرس دنیا کے لیے بڑی تباہی کا باعث بنی جس کی وجہ سے معیشت زوال کا شکار نظر آتی ہے۔ پاکستان میں بڑے پیمانے پر لاک ڈاؤن کی وجہ سے ملکی معیشت بڑی طرح متاثر ہوئی کورونا وائرس کی موزی وباء کے اثر سے ٹیکسٹائل کی صنعت بھی نہ بچ سکی۔ مقامی اور ایکسپورٹ مارکیٹ بھی سست روی کا شکار رہی جس کی وجہ سے صنعتوں کو بڑے مالی نقصانات کا سامنا کرنا پڑا۔ ٹیکسٹائل کی صنعت جس کو پہلے ہی قیمتوں میں اضافے اور ٹیکسٹائل کی صنعت کے لیے گورنمنٹ کی غیر مستقل پالیسی برائے فراہمی ارزائیں بجلی / گیس جیسے چیلنجز کا سامنا تھا، وہ اب کورونا وائرس کی وجہ سے مزید مشکلات کا سامنا کر رہی ہے۔ ان حالات میں کاروبار اور کارکردگی کے طے شدہ اہداف حاصل کرنا اور بھی مشکل ہو گیا ہے۔ لاک ڈاؤن کی وجہ سے کمپنی کے معاملات بند کرنا پڑے جس کی وجہ انتظامیہ کی بہتر نتائج حاصل کرنے کے لیے کئی انتھک کوششوں پر پانی پھر گیا۔

مالی سال کے دوران لاک ڈاؤن اور سپینگ پونٹ کے بند ہونے سے کاروبار سست روی کا شکار رہا کمپنی کو اس مالی سال میں 75 ملین روپے کا بعد از ٹیکس نقصان اٹھانا پڑا جو کہ پچھلے سال 74 ملین روپے

تھا۔

مالی حسابات کی جانچ پڑتال

میسرز اسلم ملک اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، کمپنی کے قانونی بیرونی آڈیٹرز نے کمپنی کے مالی حسابات کی جانچ پڑتال کی ہے۔ محاسب نے چند معاملات پر محدود رائے دی ہے جن کی وضاحت ذیل میں کی گئی ہے۔

- آڈیٹرز کی طرف سے اٹھایا گیا تھمب ٹیبل بینک آف پاکستان سے تعلق رکھتا ہے۔ بینک نے 112.65 ملین روپے کی وصولی کے لیے مقدمہ دائر کیا تھا جس پر عدالت نے 77.46 ملین روپے کا جزوی فرمان جاری کیا جس کے خلاف اپیل دائر کی گئی ہے۔ آڈیٹرز کی جانب سے پوچھی گئی رقم کا تعلق LC کی مد سے ہے جو کہ بینک کی طرف سے دائر کئے گئے مقدمہ میں شامل ہے جس پر عدالت نے مدعا علیہ کو رعایت دینے کی اجازت دی ہے۔ اس رقم کی تصدیق بینک کی طرف سے دائر کئے گئے مقدمہ سے کی جاسکتی ہے۔ کمپنی نے بینک کو واجب الادا رقم سود سمیت اپنے حسابات میں درج کیا ہوا ہے۔
- انتظامیہ غیر دعویٰ شدہ ڈیویڈنڈ چھٹائی معنوں میں کمپنیز ایکٹ 2017 کی شقوں پر عمل کرے گی قانون کی دفعات پر اس کی اصل روح کے مطابق عمل کرے گی۔
- کمپنی کا کاروبار جاری رہنے سے متعلق آڈٹ مشاہدے کا مالی حسابات کے نوٹ نمبر 1.3 میں انکشاف کیا گیا ہے۔

مستقبل کا نقطہ نظر:

انتظامیہ پر اُمید ہے کہ آنے والے وقت میں بلا خوف و خطر کمپنی کو ایک منافع بخش کاروبار بنا سکے گی۔ انتظامیہ نے بینک آف پنجاب کے طویل المدتی قرضے کی ادائیگی از سر نو شیڈول سازگار شرائط پر کیا ہے اسی تناظر میں انتظامیہ دوسرے بینکوں کے ساتھ بھی اپنے معاملات کو بحال کرنے کے لیے کوشاں ہے۔ انتظامیہ پر عزم ہے کہ یہ اپنی مشینری کو جدید خطوط پر استوار کرے گی۔ پچھلے کچھ دورانیہ میں مقامی اور ایکسپورٹ مارکیٹس میں ٹیکسٹائل کی مصنوعات کی مستقل طلب کو دیکھتے ہوئے انتظامیہ نے اپنی پیداواری صلاحیتوں میں اضافہ کیا ہے۔ اب انتظامیہ نے منصوبہ بنایا ہے کہ آنے والے وقت میں وہ اپنی موجودہ لومز کو جدید ترین درآمد شدہ لومز سے تبدیل کر دے گی۔ مزید برآں انتظامیہ نئے جبریں خریدنے کا ارادہ بھی رکھتی ہے تاکہ اپنی توانائی کے اخراجات پر قابو پاسکے جو کہ پیداواری لاگت کا ایک بڑا جزو ہے۔

انتظامیہ پر اُمید ہے کہ بینکوں سے تعلقات کی بحالی، کمپنی کے مستقبل میں BMR پلان کی طرف ایک اہم پیش رفت ثابت ہوگی ہے۔ انتظامیہ پر اُمید ہے کہ اگر وقت کے ساتھ معاشی حالات میں بہتری ہے اور معیشت کورونا وائرس کے، اثرات سے نکل آتی ہے تو ہم اس قابل ہو گئے کہ کمپنی کو منافع کی راہ پر لاسکیں۔

اولین سرگرمی

کمپنی کی اولین سرگرمی دھامے اور کپڑے کی تیاری اور فروخت ہے۔

اولین خطرات اور غیر یقینی صورتحال

بورڈ آف ڈائریکٹرز کمپنی کی کارکردگی کی نگرانی اور ممکنہ اثرات و خدشات سے نمٹنے کے لئے ایک مؤثر حکمت عملی وضع کرنے کی ذمہ دار ہے۔

کمپنی کے بنیادی مالی واجبات، مختصر مدتی قرضہ جات، تجارتی و دیگر واجبات اور مارک اپ پر مشتمل ہیں۔ کمپنی کے بنیادی مالیاتی اثاثوں میں اسٹاک، کاروباری وصولیاں اور دیگر قابل وصولی رقوم، نقد

ی اور بینک بیلنس شامل ہیں، جو کاروباری سرگرمیوں سے براہ راست حاصل ہوتے ہیں۔

کمپنی کی سرگرمیاں اسے متعدد مالی خطرات سے دوچار کرتی ہیں: منڈی کا خطرہ (بشمول کرنسی کا خطرہ، شرح سود کا خطرہ اور قیمت کا خطرہ)، ادھار کا خطرہ اور مالی مائیت کا خطرہ۔ کمپنی کا حجم، یعنی طور پر خطرات کو کم کرنے کا پروگرام مالی منڈی کی غیر یقینی صورت حال پر مرکوز ہے اور کمپنی کی مالی کارکردگی پر اثر انداز ہونے والے ممکنہ منفی اثرات کو کم کرنے کی کوشش کرتا ہے۔ کمپنی نے

مقدمات اور ان کے ممکنہ اثرات کو مالی حسابات میں مناسب طور پر ظاہر کر دیا ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی اپنے کاروبار میں کارپوریٹ سماجی ذمہ داری کی شمولیت پر پختہ یقین رکھتی ہے، اور استقامت کے ساتھ ان گروہوں کی ترقی کے لئے کوشش کرتی ہے جو ہمارے کاروبار سے براہ راست یا بلا واسطہ متاثر ہوتے ہیں۔

ماحول، صحت اور حفاظت

کمپنی بڑے پیمانے پر ملازمین اور عوام کی صحت کو لاحق خطرات سے بچانے کے لئے محفوظ کام کے حالات برقرار رکھتی ہے۔ انتظامیہ نے سال بھر اپنی تمام تر سرگرمیوں میں محفوظ ماحول برقرار رکھا ہے اور ان کی حفاظت اور روزمرہ کی سہولیات کو تسلسل کے ساتھ بہتر بنایا ہے۔

حفاظت کا معاملہ مشینری اور پلانٹ میں کام کرنے والے ملازمین سے متعلق ہے۔ آگ بجھانے والے آلات اور آگ سے حفاظت کا دیگر ساز و سامان کمپنی کی ملوں اور کمپنی کے رجسٹرڈ اور مرکزی دفتر میں رکھے گئے ہیں۔ آگ سے حفاظت والے ساز و سامان کی کارکردگی کو یقینی بنانے کے لئے باقاعدگی سے مشقیں کی جاتی ہیں۔

داخلی مالیاتی کنٹرول

بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی تمام سطحوں پر منظم اندرونی کنٹرول کا نظام وضع اور نافذ کیا گیا ہے۔ اندرونی کنٹرول کا نظام کمپنی کے مقاصد کو حاصل کرنے اور کارکردگی کو موثر بنانے، قابل اعتماد مالی رپورٹنگ اور قوانین، ضوابط اور پالیسیوں پر عمل درآمد کو یقینی بناتا ہے۔

متعلقہ پارٹی

30 جون 2020 کو ختم ہونے والے مالی سال کے دوران تمام متعلقہ پارٹیوں کے ساتھ لین دین کا آڈٹ کمیٹی نے جائزہ لیا اور بورڈ آف ڈائریکٹرز نے اس کی منظوری دی۔

کوڈ آف کارپوریٹ گورننس پر عملدرآمد

کمپنی نے پاکستان اسٹاک ایکسچینج کی طرف سے طے کردہ کوڈ آف کارپوریٹ گورننس کے تقاضوں کو اپنایا ہے اور باقاعدہ اس پر عمل کیا ہے۔ اس کی تعمیل کا بیان رپورٹ سے منسلک ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

کوڈ آف کارپوریٹ گورننس کے مطابق ڈائریکٹرز یہ بتاتے ہوئے خوش محسوس کرتے ہیں کہ:

- i- کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- ii- کمپنی کے، لکھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- iii- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- iv- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔
- v- اندرونی کنٹرول کے نظام کا ڈیزائن مضبوط ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- vi- گزشتہ پانچ سال کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔
- vii- لسٹ ریگولیشن میں دیے گئے کارپوریٹ گورننس کے بہترین طریقوں سے کوئی انحراف نہیں کیا گیا۔
- viii- ہم نے ایک منسلک اخلاق اور کاروباری حکمت عملی وضع کی ہے اور ڈائریکٹرز اور ملازمین میں تقسیم کیا ہے۔
- ix- کمپنی نے 30 جون 2020 کے لئے نہ کسی ڈیویڈنڈ کا اعلان کیا ہے اور نہ ہی بونس شیئرز جاری کئے ہیں کیونکہ کمپنی کو خسارہ برداشت کرنا پڑا۔
- x- واجب الادا ایکسٹرنل اور لیویز کی تفصیل مالیاتی حسابات کے نوٹ میں دی گئی ہے۔

حصص کنندگان کی تفصیل

عام شیئرز کے لئے 30 جون 2020 کے مطابق حصص کنندگان کی تفصیل منسلک ہے۔

محاسب کی تقرری

اسلم ملک چارٹرڈ اکاؤنٹنٹس لاہور ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر انہوں نے مالی سال 2020-21 کے لئے دوبارہ اپنی تقرری کی کی خواہش ظاہر کی ہے۔ آڈٹ کمیٹی نے ان کو دوبارہ نامزد کرنے کی سفارش کی ہے۔

بورڈ کی تشکیل

1- حسب ذیل کے مطابق ڈائریکٹرز کی کل تعداد 08 ہے۔

a- مرد: 06

b-خواتین: 02

2- بورڈ مندرجہ ذیل پر مشتمل ہے:

01	a- ایگزیکٹو ڈائریکٹرز	01
05	b- دیگر نان ایگزیکٹو ڈائریکٹرز	05
02	c- آزاد ڈائریکٹرز	02
نمبر شمار	نام ڈائریکٹرز	عہدہ
i	خواجہ محمد ندیم	ایگزیکٹو ڈائریکٹر
ii	عالیہ خانم	چیئر مین
iii	نرگس سلطانہ	
iv	خواجہ شہزاد یونس	
v	خواجہ محمد جہانگیر	
vi	وسیم بیگ	
vii	شیخ مقبول احمد	آزاد ڈائریکٹر
viii	محمد طارق صوفی	آزاد ڈائریکٹر

آڈیٹرز نے اپنے جائزہ رپورٹ میں نمایاں بیان کیا ہے کہ: کمپنی نے ڈائریکٹرز ٹریننگ پروگرام کا انتظام یا SECP سے ڈائریکٹرز ٹریننگ پروگرام سے استسنا حاصل نہیں کیا ہے۔ کمپنی نے آخری سہ ماہی میں ڈائریکٹرز ٹریننگ پروگرام کرانے کا منصوبہ بنایا تھا لیکن کرونا وائرس کی وجہ سے یہ منصوبہ ختم کرنا پڑا کیونکہ گورنمنٹ نے مارچ کے آخری ہفتے میں لاک ڈاؤن کا اعلان کر دیا تھا ان حالات میں ہمارے پاس کوئی آپشن نہ رہی سوائے اسکے کہ اس پروگرام کو اگلے سال تک موخر کر دیا جائے۔ تاہم انتظامیہ کو ڈی آف کارپوریٹ گورننس 2019 کی شرائط پر دے گئی مدت میں عمل کرے گی۔

بورڈ کی کمیٹیاں

بورڈ نے مندرجہ ذیل ذیلی کمیٹیاں بنائی ہیں:

آڈٹ کمیٹی کے اجلاس

i • محمد طارق صوفی چیئر مین

ii • خواجہ محمد جہانگیر رکن

iii • خواجہ شہزاد یونس رکن

انسانی وسائل اور معاوضہ کمیٹی کے اجلاس

i • محمد طارق صوفی چیئر مین

ii • خواجہ محمد جہانگیر رکن

iii • وسیم بیگ رکن

ڈائریکٹران کی تنخواہ کے اہم پہلو

بورڈ آف ڈائریکٹرز نے ایگزیکٹو ڈائریکٹرز کی تنخواہ سے متعلق باقاعدہ پالیسی کی اجازت دی ہے جو ان کی کمپنی کے معاملات میں ان کی ذمہ داریوں پر منحصر ہے۔ تنخواہ کی ذمہ داریوں کے مطابق اور ان کی کمپنی کو کامیابی سے چلانے کے لئے ان کی قابلیت کے مطابق تاکہ ان کی جانب سے کمپنی میں مزید بہتری لائی جاسکے۔

اعتراف

کمپنی کے اسٹاف اور ملازمین کی مسلسل وفاداری اور لگن اور ہر سطح پر اچھے تعلقات تعریف کے مستحق ہیں۔ اس کے علاوہ ڈائریکٹرز، تمام متعلقین کا مسلسل حمایت کی وجہ سے شکریہ ادا کرنے کی خواہش رکھتے ہیں۔

بذریعہ بورڈ آف ڈائریکٹرز

تاریخ: 03 نومبر 2020

لاہور

عالیہ خانم

چیئر مین

خواجہ محمد ندیم

چیف ایگزیکٹو



YOUSAF WEAVING MILLS LIMITED

A Project of Chakwal Group

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Tel: +92 42 35757108 & 35717510 - 17
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E-mail: yousaf@chakwalgroup.com.pk
Web: www.yousafweaving.com

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

Name of Company : Yousaf Weaving Mills Limited

Year ending : June 30, 2020

Yousaf Weaving Mills Limited (the "Company") has complied with the requirement of the Regulations in the following manner:

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

a. Male : 06

b. Female : 02

2. The composition of the board is as follows:

a. Executive Directors : 01

b. Other Non-Executive Directors : 06

c. Independent Directors : 02

Name	Category
Mr. Khawaja Mohammad Nadeem	Executive Director
Mst. Alia Khanum	Non-Executive Director
Mst. Nargis Sultana	Non-Executive Director
Mr. Khawaja Shahzad Younus	Non-Executive Director
Mr. Khawaja Mohammad Jahangir	Non-Executive Director
Mr. Waseem Baig	Non-Executive Director
Mr. Sheikh Maqbool Ahmed	Independent Director
Mr. Mohammad Tariq Sufi	Independent Director

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

4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

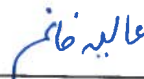
5. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The board has ensured that complete record of particulars

of significant policies along with the dates on which they were approved or amended has been maintained.

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 her absence, by a director elected by the board for this purpose. The board complied with requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of the meeting of board.
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Executive Director is exempt from Director's Training Program, whereas remaining directors will duly comply with the requirement of Code of Corporate Governance with respect of Directors' Training Program.
10. No appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit has been made during the year.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The Board has formed committees comprising members given below:
 - I. Audit Committee:
 - i. Mr. Mohammad Tariq Sufi – Chairman
 - ii. Mr. Khawaja Mohammad Jahangir
 - iii. Mr. Khawaja Shahzad Younus
 - II. HR and Remuneration Committee:
 - i. Mr. Mohammad Tariq Sufi – Chairman
 - ii. Mr. Waseem Baig
 - iii. Mr. Khawaja Mohammad Jahangir
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 aforesaid committees were as per following :

- a) Audit Committee: Four Quarterly meetings during the financial year ended June 30, 2020.
b) HR & Remuneration Committee: One meeting during the financial year ended June 30, 2020.
15. The board has set up an effective internal audit function, which is 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 ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP 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 requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. The directors shall comply with the provision of Code of Corporate Governance Rules, 2017 in respect of Director Training Program.

For Yousaf Weaving Mills Limited



Mst. Alia Khanum
Chairman

Lahore: November 03, 2020

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Aslam Malik & Co.
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New Garden Town, Lahore-Pakistan.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Yousaf Weaving Mills Limited
Review report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

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

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

As 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 ensued compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

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

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the statement of Compliance.

Paragraph Reference	Description
---------------------	-------------

9	The company has not arranged the directors training program or obtained the exemption from directors training program from the commission as required under clause 19 of the Regulations.
---	---

Aslam Malik & Co.
(Aslam Malik & Co.)

Chartered Accountants



Lahore

Date: November 03, 2020

Engagement Partner: Hafiz Muhammad Ahmad

Other Offices at:

Islamabad: House # 726, Street 34, Margalla Town, off Murree Road, Islamabad.
Phone : +92-51-2374282-3 Fax: +92-51-2374281

Karachi: 1001-1003 10th Floor, Chapal Plaza, Hasrat Mohani Road, Off I.I Chundrigar Road, Karachi
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Ph: +92-81-2823837

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New Garden Town, Lahore-Pakistan.

INDEPENDENT AUDITOR'S REPORT

To the members of Yousaf Weaving Mills Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of **Yousaf Weaving Mills Limited** (the Company), which comprise the statement of financial position as at **June 30, 2020**, and the statement of profit or loss account and the statement 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 other explanatory information, and we state that, except for the possible effect of matter described in basis of qualified opinion section of our report, 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, except for the possible effects of the matters described in paragraph (a) & (b) in the Basis for Qualified Opinion section of our report, 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 loss, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

- Company is in litigation with the banking companies. Due to litigation short term borrowings amounting to Rs.18.87 million could not be verified because we had not received the reply of direct confirmation. There are no other satisfactory audit procedures that we could adopt to verify the completeness and accuracy of the balance. Further, the company had not worked out and provided the amount of mark-up on the said amount of borrowing in these financial statements. Based on available underlying records, response from the legal counsel and non-confirmation of loan balance, we are unable to determine with reasonable accuracy the impact on these financial statements of any disagreement with Bank.
- Unclaimed dividend of Rs. 3,247,016 (overdue) of previous years has not been deposited into government treasury nor has any notification been issued to shareholders.

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 Other Offices at:

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Ph: +92-81-2823837

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

Material Uncertainty relating to Going Concern

We draw attention to Note 1.3 in the financial statements which indicates that the company incurred net loss of Rs. 75.48 million for the year (2019: Rs. 74.29 million), its equity is negative by Rs. 120.61 million for the year (2019: Rs. 80.15 million), its accumulated loss amounting to Rs. 1,455.49 million (2019: 1,375.62million) and its current liabilities exceeds its current assets by Rs. 941.92 (2019: Rs. 930.32 million). These conditions along with other matters as set forth in Note 1.3 indicate the existence of a material uncertainty that may cause significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion and material uncertainty relating to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Following are the key audit matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1	Contingencies The Company is subject to material litigations involving in various courts pertaining to Income Tax and recovery of Loans by Financial Institutions, which requires management to make assessment and judgements with respect to likelihood and impact of such litigations. The accounting for, and disclosure of, contingencies is complex and is a matter of most significance in our audit because of the judgements required to determine the level of certainty on these matters. The details of contingencies along with management's assessment and the related provisions are disclosed in note 16 to the financial statements.	Our audit procedures included, but were not limited to: 1. 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; 2. Obtaining independent opinion of legal advisor and tax advisor dealing with such cases in the form of direct confirmations; 3. We obtained copy of degree order passed by Lahore high court in favour of national bank of Pakistan. 4. We also evaluated the legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and

There is inherent risk that legal exposures are not identified and considered for financial reporting purposes on a timely basis, therefore, considered it to be a key audit matter.

contingent assets; and

5. The disclosures of legal exposures and provisions were assessed for completeness and accuracy.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Based on our audit, except for the possible effects of the matters described in the basis for qualified opinion section of our report, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat is deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is **Hafiz Muhammad Ahmad**.

Aslam Malik & Co.

(Aslam Malik & Co.)
Chartered Accountants



Place: Lahore

Date: November 03, 2020

YOUSAF WEAVING MILLS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
CAPITAL AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital		900,000,000	900,000,000
90,000,000 (2019: 90,000,000) ordinary shares of Rs. 10 each			
Issued, subscribed and paid up share capital	6	900,000,000	900,000,000
Loan from directors	7	231,050,797	191,630,686
Accumulated loss		(1,455,491,996)	(1,375,617,141)
Surplus on revaluation of land	8	203,833,327	203,833,327
		(120,607,872)	(80,153,128)
Non Current Liabilities			
Long term loan	9	-	-
Deferred liability	10	32,430,735	21,491,451
		32,430,735	21,491,451
Current Liabilities			
Trade and other payables	11	403,860,412	433,842,930
Unclaimed dividend		3,247,016	3,247,016
Accrued mark up	12	135,859,375	135,933,540
Short term borrowings	13	392,204,386	392,441,823
Current portion of non current liabilities	14	93,176,953	93,771,269
Provision for taxation	15	45,551,741	55,818,081
		1,073,899,883	1,115,054,659
Contingencies and Commitments			
	16	-	-
		985,722,746	1,056,392,982
ASSETS			
Non Current Assets			
Property, plant and equipment	17	807,551,842	825,389,867
Intangible assets	18	232,705	290,881
Long term loans	19	8,191,377	8,212,377
Long term deposits	20	37,762,809	37,762,809
		853,738,733	871,655,934
Current Assets			
Stores and spares	21	10,856,819	15,292,701
Stock in trade	22	15,351,226	35,996,754
Short term investment	23	-	7,500,000
Trade debts	24	18,260,998	52,697,603
Loans and advances	25	21,965,116	10,811,885
Trade deposits and other receivables	26	8,150,707	8,618,182
Tax refunds due from government	27	53,336,854	51,473,139
Cash and bank balances	28	4,062,293	2,346,784
		131,984,013	184,737,048
		985,722,746	1,056,392,982

The annexed notes from 1 to 48 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

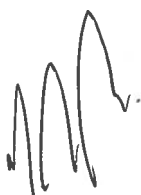
DIRECTOR

CHIEF FINANCIAL OFFICER

YOUSAF WEAVING MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Sales - net	29	415,494,589	1,325,505,967
Cost of sales	30	(447,000,416)	(1,317,244,437)
Gross (Loss) / Profit		(31,505,827)	8,261,530
Distribution costs	31	(3,915,104)	(10,061,703)
Administrative expenses	32	(36,255,836)	(49,733,565)
		(40,170,940)	(59,795,268)
Operating Loss		(71,676,767)	(51,533,738)
Other operating charges	33	(1,100,000)	(1,100,000)
Finance cost	34	(177,623)	(11,310,249)
Other operating income	35	3,777,499	5,190
Loss before Taxation		(69,176,891)	(63,938,797)
Taxation	36	(6,303,619)	(10,352,536)
Loss for the Year		(75,480,510)	(74,291,333)
Loss per Share - Basic and Diluted	37	(0.84)	(0.83)

The annexed notes from 1 to 48 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

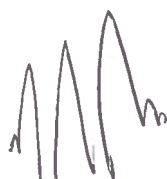


CHIEF FINANCIAL OFFICER

YOUSAF WEAVING MILLS LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	Rupees	Rupees
Loss for the Year	(75,480,510)	(74,291,333)
Other Comprehensive Income for the Year		
<i>Items that will be reclassified subsequently to profit or loss</i>	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>		
- Experience adjustment on remeasurement of staff retirement	(4,394,345)	297,434
- Related tax impact	-	(86,256)
	(4,394,345)	211,178
Total Comprehensive Loss for the Year	(79,874,855)	(74,080,155)

The annexed notes from 1 to 48 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

YOUSAF WEAVING MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
CASH (USED IN) / GENERATED FROM OPERATIONS	38	(6,895,975)	101,498,691
Finance cost paid		(251,788)	(1,305,877)
Gratuity paid		(4,626,000)	(15,645,376)
Income tax paid		(4,510,065)	(2,421,541)
Net cash (used in) / generated from operating activities		(16,283,828)	82,125,897
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment purchased		(26,130,000)	(84,536,519)
Proceeds from disposal of property, plant and equipment		3,240,000	20,000
Proceeds from sale of stores and raw material		1,805,504	-
Long term loans to employees		28,000	348,515
Long term deposits		467,475	(30,263,210)
Net cash used in investing activities		(20,589,021)	(114,431,214)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loan - net		39,420,111	18,304,081
Repayment of lease liabilities		(594,316)	(1,159,847)
Short term borrowings - net		(237,437)	15,046,359
Net cash generated from financing activities		38,588,358	32,190,593
Net increase / (decrease) in Cash and Cash Equivalents		1,715,508	(114,724)
Cash and cash equivalents at the beginning of the year		2,346,785	2,461,509
Cash and Cash Equivalents at the End of the Year		4,062,293	2,346,785

The annexed notes from 1 to 48 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

YOUSAF WEAVING MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

Particulars	Issued, Subscribed and Paid up Share Capital	Accumulated Loss	Loan from Directors	Revaluation Surplus	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2018	900,000,000	(1,301,536,986)	169,658,386	203,833,327	(28,045,273)
Net loss for the year	-	(74,291,333)	-	-	(74,291,333)
Other comprehensive income	-	211,178	-	-	211,178
Loan from directors during the year	-	-	21,972,300	-	21,972,300
Balance as at June 30, 2019	900,000,000	(1,375,617,141)	191,630,686	203,833,327	(80,153,128)
Net loss for the year	-	(75,480,510)	-	-	(75,480,510)
Other comprehensive loss	-	(4,394,345)	-	-	(4,394,345)
Loan from directors during the year	-	-	39,420,111	-	39,420,111
Balance as at June 30, 2020	900,000,000	(1,455,491,996)	231,050,797	203,833,327	(120,607,872)

The annexed notes from 1 to 48 form an integral part of these financial statements.


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 CHIEF FINANCIAL OFFICER

YOUSAF WEAVING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Note 1

The Company and its operations

- 1.1 The Company was incorporated on January 17, 1988 as a public limited company in Pakistan under the Companies Ordinance, 1984 (now the Companies Act, 2017) and is quoted on Pakistan Stock Exchanges. The Company is engaged in the business of textile weaving, spinning and sale of processed fabric.
- 1.2 Corporate office of the Company is located at 7/1, E-3, Main Boulevard Gulberg III, Lahore. While the production plants of the Company are located at 49-Km, Multan Road, Bhai Phero and 7-Km, Multan Road, Pattoki.
- 1.3 During the year Company has incurred loss after tax of Rs. 75.481 million (2019: Rs. 74.291 million) and at year end, its accumulated losses stood at Rs. 1,455.492 million (2019: 1,375.617 million). Its current liabilities exceed its current assets by Rs. 941.916 million (2019: Rs. 930.318 million). The Company in order to carry on its business and to meet its current obligation requires generating sufficient cash flows. Further, the banking companies also filed suit against the Company for recovery of outstanding balances and related interest accrued thereon. Accordingly there is a material uncertainty relating to the Company's operation that may cast sufficient doubt on the discharge of its liabilities in the normal course of business. Continuation of the Company as a going concern is dependent on improved cash flows. For this purpose the management of the Company has drawn up plans which include:-

The management continuously striving to enhance its production capacity, in connection of which the Company has purchased 12 air jet looms and one sizing machinery during the current year which will benefit to improve the production capacity & efficiency of weaving unit. After installation of sizing machinery during the last quarter, the Company has surplus sizing capacity which will be used to provide commercial sizing services to external parties. The management has approached various prospective clients from which cash inflows will be accrued in the up-coming periods.

The Company has negotiated with its bankers for re-structuring of its financial facilities to meet its working capital requirements and successfully restructured its long term loan obtained from Bank of Punjab on favorable terms; i.e. outstanding long term loan is repayable in 26 quarterly installments, whereas fixed mark-up rate of 6% will be charged through out along-with an opportunity that mark-up of Rs. 12.155 million will be waived off at the end of principal repayment.

Further, the management has initiated steps to settle its short term liability towards Habib Metropolitan Bank Limited and National Bank of Pakistan against the assets of its spinning unit. In this regard, the management has filed petition for settlement in the Court.

The directors / sponsors of the Company have provided their assistance in every hour of need to stabilize the Company's operations and committed to provide their enduring support to achieve sustainable growth in future and to cope-with liquidity crisis which is currently faced by the management for which they shall provide funds so that working capital requirements of the Company can be fulfilled.

Current Government has planned energy package to provide incentive to textile industry in terms of reduction in energy prices. Accordingly from next reporting period sui gas and electricity will be provided @ 6.5 \$ per mmbtu and 9 Cents per unit respectively. The management is expecting that these measures would cause a positive impact on the Company's operations.

In view of the above, these financial statements have been prepared on going concern assumption.

Note 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:

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

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

2.2 Basis of measurement

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

Certain property, plant and equipment	Note 17	(stated at Revalued / Fair value)
Employee retirement benefits (Gratuity)	Note 10	(stated at Present value)

2.3 Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees which is the Company's functional and presentation currency. All the figures have been rounded off to the nearest Rupee, unless otherwise stated.

2.4 Key judgments and estimates

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and related assumptions are reviewed on an on going basis. Accounting estimates are revised in the period in which such revisions are made. Significant management estimates in these financial statements relate to the useful life and residual values of property, plant and equipment; revalued amounts of property, plant and equipment; amortization of intangible assets; impairment of assets; provisions for defined benefit obligations; taxation; and contingent liabilities. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in these financial statements.

2.5 Changes in Accounting Standards, Interpretations and Pronouncements

2.5.1 Amendments to accounting and reporting standards and interpretations which are effective during the year ended June 30, 2020

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for the Company's accounting periods beginning on or after July 1, 2019 but are considered not to be relevant or have any significant effect on the Company's financial reporting, except as mentioned in note 4 of the financial statements.

Note 2 - Basis of Preparation ... Contd.

2.5.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting and reporting standards as applicable in Pakistan and relevant to the Company, would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective Date (Period beginning on or after)
Conceptual Framework in IFRS Standards [Amendments]	January 1, 2020
IFRS 7 Financial Instruments: Disclosures [Amendments]	January 1, 2020
IFRS 9 Financial Instruments [Amendments]	January 1, 2020
IAS 16 Property, Plant and Equipment [Amendments]	January 1, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets [Amendments]	January 1, 2022
IFRS 16 Leases [Amendments]	July 1, 2020
IAS 1 Presentation of Financial Statements [Amendments]	January 1, 2020
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors [Amendments]	January 1, 2020

Company will assess the impacts of these changes in the period of initial application once such changes become effective for the company.

Note 3

Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the changes as indicated below in note 3.26

3.1 Employee retirement benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Provisions are made annually to cover the obligation under the schemes on the basis of actuarial valuation and are charged to profit and loss account for the year. The assumptions are determined by independent actuary.

The amount recognized in the statement of financial position represents the present value of defined benefit obligations using the projected unit credit actuarial valuation method. Actuarial gains/ losses arising from the actuarial valuation are recognized immediately and are presented in other comprehensive income. The latest actuarial valuation was carried as at June 30, 2020.

3.2 Compensated absences

The Company provides for compensated absences of its employees on un-availed balance of leaves in the period in which the leaves are earned.

3.3 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.4 Trade and other payables

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

Note 3 - Summary of Significant Accounting Policies ... Contd.

3.5 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilize those temporary differences and unused tax losses and credits.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

3.6 Property, plant and equipment

Property, plant and equipment except freehold land is stated at cost less accumulated depreciation and identified impairment losses. Freehold land is stated at revalued amount. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to the construction and erection period and directly attributable cost of bringing the assets into working condition.

Depreciation is charged to income on reducing balance method at the rates specified in note 17. Full month's depreciation is charged on additions during the month, whereas no depreciation is charged on the assets disposed off during the month. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and replacements are capitalized. Gains or losses on disposal of property, plant and equipment are included in the current year income.

3.7 Intangible asset

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably. Cost of intangible assets i.e. ERP and other software include purchase cost and directly attributable expenses incidental to bring the software for its intended use.

Cost that are directly associated with identifiable software and have probable economic benefits beyond one year, are recognized as an intangible assets. However, costs associated with the maintenance of software are recognized as an expense.

Note 3 - Significant Accounting Policies ... Contd.

Intangibles are measured initially at cost and subsequently stated at cost less accumulated amortization and identified impairment losses, if any. Amortization is charged to income using reducing balance as specified in note 18. The amortization period and the amortization method for an intangible asset are reviewed, at each financial year end, and adjusted if impact on amortization is significant.

3.8 Stores & spares

These are valued at cost, determined on moving weighted average basis less allowance for obsolete and slow moving items. Items in transit are valued at invoice plus other incidental charges incurred thereon.

3.9 Stock in trade

These have been valued at the lower of cost and net realizable value. Cost has been determined as follows:

Raw and packing materials	- Moving average cost
Materials in transit	- Cost and incidental charges paid thereon
Work in process	- Average manufacturing cost
Finished goods	- Average manufacturing cost
Waste	- Net realizable value

Manufacturing cost in relation to work in process and finished goods comprises cost of material, labor and appropriate manufacturing overheads. Net realizable value signifies the estimated selling price in the ordinary course of business less necessary cost to make the sale.

3.10 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful debts and receivables based on review of outstanding amounts at the period end. Balances considered bad and irrecoverable are written off when identified.

3.11 Cash and cash equivalents

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

3.12 Revenue recognition

The Company is in the business of sale of textile products. Revenue from contracts with customers is recognized at the point of time when control of the goods is transferred to the customer (generally on delivery of the goods) at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to the customer.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. warranties). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

3.13 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Note 3 - Significant Accounting Policies ... Contd.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) *Right-of-use assets*

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

ii) *Lease liabilities*

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is premeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Company's lease liabilities are included in Interest-bearing loans.

iii) *Short-term leases and leases of low-value assets*

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

Company as a lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the term of the lease transfers substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Note 3 - Significant Accounting Policies ... Contd.

3.14 Financial instruments

3.14.1 Financial assets

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized and derecognized, as applicable, using trade-date accounting or settlement date accounting.

3.14.1.1 Classification

The Company classifies its financial assets in the following categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. The classification is based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at amortized cost

A financial asset is measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income. However, the Company can make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income unless these are held for trading in which case these have to be measured at fair value through profit or loss. The equity investments of the Company held in short term investments are classified at fair value through profit or loss because they are frequently traded.

3.14.1.2 Initial recognition and measurement

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date - the date on which the Company commits to purchase or sell the asset.

Except for trade receivables, financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account when the Company's right to receive payments is established. Trade receivables are initially measured at the transaction price if these do not contain a significant financing component in accordance with IFRS 15. Where the Company uses settlement date accounting for an asset that is subsequently measured at amortized cost, the asset is recognized initially at its fair value on the trade debt.

Note 3 - Significant Accounting Policies ... Contd.

3.14.1.3 Subsequent measurement

For the purpose of measuring financial assets after initial recognition, these are classified into the following categories:

- financial assets at amortized cost;
- financial assets at fair value through other comprehensive income; and
- financial assets at fair value through profit or loss.

Financial assets carried at amortized cost are subsequently measured using the effective interest method. Gain or loss on financial assets not part of hedging relationship is recognized in profit or loss when the financial asset is derecognized, reclassified, through the amortization process or in order to recognize impairment gains or losses.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit or loss.

Financial assets 'at fair value through other comprehensive income' are marked to market using the closing market rates and are carried in the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognized in other comprehensive income. Interest calculated using the effective interest rate method is credited to the statement of profit or loss. Dividends on equity instruments are credited to the statement of profit or loss when the Company's right to receive payments is established.

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

Fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

3.14.1.4 Derecognition

Financial assets are derecognized when:

- the contractual rights to receive cash flows from the assets have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a) the Company has transferred substantially all the risks and rewards of the asset; or
 - b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The difference between the carrying amount and the consideration received is recognized in profit or loss.

If the Company transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognizes either a servicing asset or a servicing liability for that servicing contract.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability which cannot be offset with the related asset. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Note 3 - Significant Accounting Policies ... Contd.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

If the Company's continuing involvement is in only a part of a financial asset, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the consideration received for the part no longer recognized is recognized in profit or loss.

3.14.1.5 Impairment of financial assets

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The Company recognizes a loss allowance for expected credit losses on a financial asset measured at amortized cost and through other comprehensive income, a lease receivable, a contract asset or a loan commitment and a financial guarantee contract. In case of financial assets measured at fair value through other comprehensive income, loss allowance is recognized in other comprehensive income and carrying amount of the financial asset in the statement of financial position is not reduced.

The Company measures, at each reporting date, the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Where the credit risk on a financial instrument has not increased significantly since the initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables or contract assets that result from transactions under IFRS 15 and lease receivables.

The Company recognizes the amount of expected credit losses (or reversal), that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized, in the profit or loss.

3.14.2 Financial liabilities

3.14.2.1 Initial recognition and measurement

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost except for financial liabilities at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts, commitments to provide a loan at a below-market interest rate and contingent consideration recognized in a business combination.

The Company does not reclassify any of its financial liabilities.

Financial liabilities are initially recognized at fair value minus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognized at fair value and transaction costs are credited in the profit and loss account.

The Company's financial liabilities include trade and other payables, loans and borrowings including Company overdrafts, financial guarantee contracts and derivative financial instruments.

Note 3 - Significant Accounting Policies ... Contd.

3.14.2.2 Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The amount of change in the fair value that is attributable to changes in the credit risk of financial liability is presented in other comprehensive income and the remaining amount of change in the fair value of the liability is presented in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if it eliminates or significantly reduces a measurement or recognition inconsistency or a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Company's key management personnel. The Company has not designated any financial liability as at fair value through profit or loss.

All other liabilities

All other financial liabilities are measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

3.14.2.3 Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

3.15 Off-setting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.16 Balances from contract with customers

Contract assets

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

Note 3 - Significant Accounting Policies ... Contd.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional. Trade receivables are carried at original invoice amount less expected credit loss based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. A contract liability is recognized at earlier of when the payment is made or the payment is due if a customer pays consideration before the Company transfers goods or services to the customer.

Right of return assets

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

3.17 Impairment

Carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. In the absence of any information about the fair value, the recoverable amount is determined to be the value in use. Impairment losses are recognized as expense in the statement of profit or loss.

3.18 Borrowing cost

Borrowing cost are charged to income as and when incurred except costs that are directly attributable to acquisition, construction or production of qualifying assets that are capitalized as part of the cost of assets.

3.19 Foreign currency transactions

Transactions denominated in foreign currencies are initially recorded at Pak Rupees by applying the foreign exchange rate ruling on the date of transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the statement of financial position date except for balances covered under forward exchange contracts, which are converted at the contracted rates. Exchange differences are included in profit and loss account.

3.2 Related party transactions

Related parties from the Company's perspective comprise, associated undertakings, key management personnel (including chief executive and directors) and post employment benefit plan. The Company in the normal course of business carries out transactions with various related parties and continues to have a policy whereby all such transactions are carried out on permissible basis and agreed terms.

3.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (the Chief Executive Officer of the Company).

Note 3 - Significant Accounting Policies ... Contd.

3.22 Dividend

Dividends are recognized as a liability in the period in which these are approved.

3.23 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. When applicable, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is credited or charged to the statement of profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

3.24 Earnings per share

The Company presents basic and diluted earnings per share (EPS). Basis EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

**Note 4
Change in Accounting Policy**

The Company has adopted IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019) during the period that has replaced IAS 17 - Leases, IFRIC 4 - Determining whether an arrangement contains a lease, SIC-15 - Operating Leases - Incentives and SIC-27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease and has not restated comparatives for the 2019 reporting period, using modified retrospective approach. IFRS 16 aims to set out the principles for recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for virtually all of the leases. IFRS 16 includes an optional exemptions for certain short-term leases and leases of low-value assets for lessees. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make the lease payments. Under the previous standard, IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17 'Leases'. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, as the IASB has updated the guidance on the definition of a lease as well as the guidance on the combination and separation of contracts, lessors will also be affected by the new standard. The adoption of IFRS 16 has necessitated change in accounting policy for the Company.

Note 4 - Change in Accounting Policy ... Contd.

The Company did not have any property leases arrangement therefore, adoption of IFRS 16 as at July 01, 2019 did not have an effect on the financial statements of the Company except the reclassification of some leased assets as Right-of-use assets (note 17.1.2). The accounting policies relating to the Company's right-of-use assets and lease liabilities are disclosed in note 3.13.

**Note 5
Impact of COVID-19 on the Financial Statements**

The outbreak of COVID-19 pandemic and the lockdown situation in the country have impacted businesses to varying degrees, having implications on their operations, financial position, profitability, liquidity and in certain cases, the going concern status. The management has evaluated the impacts of COVID-19 on the Financial Statements of the Company and has concluded as follows:

- There are no material implications of COVID-19 on carrying amounts of assets and liabilities or items of income and expenses, as required under the relevant accounting and reporting standards, that require specific disclosure in the financial statements.
- As disclosed in note 29, the weaving unit of the Company has recorded net sales of Rs. 415 million as compared to net sales of Rs. 721 million for the year ended June 30, 2019. The most important contributing factor in decrease in sales for the year was the decreased demand of the products of the Company during the lockdown period. Further the closure of mills due to COVID-19 pandemic also contributed lesser volumes of production during the year. However the management has evaluated the impacts of COVID-19 on going concern status of the Company and has concluded that the Company is not exposed to any going concern risk due to COVID-19.

**Note 6
Issued, Subscribed and Paid Up Capital**

2020	2019	2020	2019
No. of Shares		Rupees	Rupees
Ordinary shares of Rs. 10 each fully paid in			
90,000,000	90,000,000 cash	900,000,000	900,000,000

6.1 The Company has not issued / cancelled any shares during the year.

**Note 7
Loan from directors**

	2020	2019
	Rupees	Rupees
Loan from directors	231,050,797	191,630,686

These interest free loans were obtained from the Directors / Sponsors of the Company to meet working capital requirements of the Company. These loans are subordinated to finances from the directors and these are repayable at the discretion of the Company after the short term finances availed from the banks. These are not measured at amortized cost, rather these are treated as equity at face value in accordance with the guideline provided through TR 32 - "Accounting Directors' Loan" as issued by the Institute of Chartered Accountants of Pakistan.

**Note 8
Surplus on revaluation of property, plant & equipment**

Latest revaluation of freehold land has been carried out as at June 30, 2018 by M/s. K.G. Traders (Private) Limited on the basis of their professional assessment of present market value, based on enquiries made about the cost of land of similar nature, size and location.

Note 9
Long Term Loan

	Note	2020 Rupees	2019 Rupees
Banking companies - Secured			
Demand Finance	9.1	93,176,953	93,176,953
Less: Current and overdue portion shown under current liabilities	14	<u>(93,176,953)</u>	<u>(93,176,953)</u>
		<u>-</u>	<u>-</u>

- 9.1 This represents previous outstanding demand finance of Rs. 62.350 million and utilized facility of cash finance of Rs. 35.000 million (utilize) to meet the working capital requirements of the company obtained from the Bank of Punjab. During last year, this loan was classified to current liabilities due to non-payment as per schedule. After the reporting date, this loan has been rescheduled/restructured by the Bank of Punjab as total demand finance facility is repayable in 26 quarterly installments carries markup at 6%. The facility is secured against exclusive charge over sponsor's residential and agricultural property, ranking charge over fixed and current assets of the Company and personal guarantees of directors of the Company.

Note 10
Deferred Liability

	Note	2020 Rupees	2019 Rupees
Gratuity payable	10.1	32,430,735	21,491,451
Deferred tax - net	10.2	<u>-</u>	<u>-</u>
		<u>32,430,735</u>	<u>21,491,451</u>
10.1 Gratuity payable			
10.1.1 Net liability recognized in the statement of financial position			
Present value of defined benefit obligations		<u>32,430,735</u>	<u>21,491,451</u>
10.1.2 Movement in the net liability recognized in the statement of financial position			
Net liability as at 1st July		21,491,451	28,877,469
Expense recognized in the income statement		11,170,939	8,854,226
Benefits paid during the year		(4,626,000)	(15,942,810)
Remeasurement changes chargeable to other comprehensive income		4,394,345	(297,434)
Net liability as at 30th June		<u>32,430,735</u>	<u>21,491,451</u>
10.1.3 Movement in the present value of defined benefit obligation is as follows:			
Present value of defined benefit obligation as at 1st July		21,491,451	28,877,469
Current service cost		8,773,633	6,972,680
Interest cost		2,397,306	1,881,546
Benefit paid		(4,626,000)	(15,942,810)
Remeasurement of obligation		4,394,345	(297,434)
Present value of defined benefit obligation as at 30th June		<u>32,430,735</u>	<u>21,491,451</u>
10.1.4 Amount charge to profit and loss account			
Current service cost		8,773,633	6,972,680
Interest cost		2,397,306	1,881,546
		<u>11,170,939</u>	<u>8,854,226</u>
10.1.5 Allocation of charge for the year			
Cost of sales	30	3,326,469	6,690,892
Administrative expenses	32	7,844,470	2,163,334
		<u>11,170,939</u>	<u>8,854,226</u>

Note 10 - Deferred Liabilities ... Contd.

10.1.6 Amount recognized in other comprehensive income are:

Actuarial loss / (gain) due to experience adjustments	4,394,345	(297,434)
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10.1.7 Key actuarial assumptions used:

The company operates a defined benefit plan which comprises an unfunded gratuity scheme for its permanent employees. The scheme defined the amounts of the benefit that an employee will receive on or after retirement subject to minimum qualifying period of service under the scheme. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out on June 30, 2020 using Projected Unit Credit method by an approved actuary.

	2020	2019
Discount rate	8.50%	12.50%
Expected rate of salary increase	7.50%	11.50%
Retirement age	60 Years	60 Years

10.1.8 Sensitivity analysis for actuarial assumptions:

The sensitivity of the defined benefit obligation to changes in the weighted principle assumption is:

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	+ - by 100 bps	30,137,583	35,083,655
Salary increase	+ - by 100 bps	35,083,655	30,097,556

10.2 Deferred tax liability - Net

- 9.2.1** Deferred tax asset amounting to Rs. 43.771 million arising due to brought forward losses amounting to Rs. 150.934 million has not been recognized in the current year, as the attributable temporary differences are not expected to reverse in the foreseeable future.

Note 11

Trade and Other Payables

	Note	2020 Rupees	2019 Rupees
Creditors - Unsecured	11.1	241,538,580	281,561,227
Contract liabilities		4,746,187	50,640,519
Accrued liabilities	11.3	147,790,398	94,183,856
Withholding tax payable		4,257,783	1,927,437
Other liabilities		5,527,464	5,529,891
		<u>403,860,412</u>	<u>433,842,930</u>

11.1 This includes amount due to following related parties as follows:

	2020 Rupees	2019 Rupees
Chakwal Spinning Mills Limited	6,428,219	7,248,167
Kohinoor Spinning Mills Limited	21,815,980	21,931,392
	<u>28,244,199</u>	<u>29,179,559</u>

- 11.2** The maximum aggregate amount due to these related parties at the end of any month during the year was Rs. 29.179 million.

- 11.3** This mainly includes salaries & wages payable and utility bills payable as at reporting date.

Note 12
Accrued Mark up

		2020	2019
	Note	Rupees	Rupees
Long term loan		20,997,073	20,997,073
Short term borrowings	12.1	114,862,302	114,936,467
		<u>135,859,375</u>	<u>135,933,540</u>

- 12.1 The principal amount of the short term borrowings is Rs. 392.204 million which is under litigation, the cost of funds is to be determined by Banking Court, at the current reporting date therefore no mark-up is charged for the year on the said borrowings.

Note 13
Short Term Borrowings

		2020	2019
	Note	Rupees	Rupees
Banking companies - Secured			
- Running finance / packing credit / cash finance	13.1	392,204,386	392,204,387
Others			
- Unpresented cheques	13.2	-	237,436
		<u>392,204,386</u>	<u>392,441,823</u>

13.1 Terms and conditions of borrowings

- **Purpose**
These facilities have been obtained with sanctioned limit of Rs. 906.568 million (2019: 906.568 million) for working capital requirements, procure stock of cotton, retirement of import bills, local and foreign LCs, discounting local bills / receivables and loan against trust receipts etc.
- **Mark up**
The mark up rate on various limits is 3-month Kibor plus a spread of 2% to 3.5% (2019: 3-month Kibor plus 2% to 3.5%) per annum, payable quarterly. Further, some limits carry commission against local LCs at 0.20% to 0.25% (2019: 0.20% to 0.25%) per quarter.
- **Securities**
These facilities are secured against pledge of raw material stocks, registered hypothecation charge over fabrics and yarn stocks, imports documents, irrevocable L/Cs and export bills, charges over fixed and current assets of the Company and personal guarantees of sponsoring directors of the Company.

- 13.2 This represents cheques issued but not presented on the statement of financial position date. These cheques will be honored subsequent to the statement of financial position date.

Note 14
Current and Overdue Portion of Non Current Liabilities

		2020	2019
	Note	Rupees	Rupees
Long term loans	9	93,176,953	93,176,953
Lease liability		-	594,316
		<u>93,176,953</u>	<u>93,771,269</u>

- 14.1 Long term loan has been classified as current liability due to Company's inability to pay loan's installments as per agreed schedule of the bank.

Note 15
Provision for Taxation

	2020 Rupees	2019 Rupees
Opening balance	55,818,081	39,248,122
Add: Charge for the current year	6,303,619	16,569,959
	62,121,700	55,818,081
Less: Payment / adjustments against advance tax	(16,569,959)	-
	45,551,741	55,818,081

- 15.1 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available. The comparison of estimated provision for taxation and actual tax assessed as per income tax return filed for previous years can be analyzed as follows:

	2017 Rupees	2018 Rupees	2019 Rupees
Provision for Taxation	14,872,704	24,375,418	16,569,959
Tax assessed	-	-	16,569,959

Note 16
Contingencies and Commitments

Contingencies

- 16.1 National Bank of Pakistan Limited filed a suit against the Company and Others before the Lahore High Court vide COS No.96/2016, wherein the bank demanded repayment of Rs. 112.654 million inclusive of principal and mark up. In this suit an interim decree for an amount of Rs. 77.467 million against cash finance facilities and mark-up accrued thereon up to December 31, 2014, was passed on January 21, 2019, execution whereof is also pending vide Ex.App. No.9787/2019. The Court has ordered that mark-up beyond December 31, 2014 is declined and un-claimable. The Company has also filed an appeal vide RFA No.19723/2019 against said interim decree, which is also pending. For remaining claim of the bank in respect of outstanding inland LC facility amounting to Rs. 18.868 million, leave to defend has been granted. The amount involved in this case is the same as claimed by the bank. The case is being vigorously contested by the Company and there are good chances of a favorable outcome in this case.
- 16.2 The Company filed a suit against National Bank of Pakistan Limited, before the Lahore High Court vide COS No.14450/2018, wherein along with other prayers recovery of Rs. 409.662 million has also been claimed. This suit is still pending adjudication. There is no scope of any loss to the Company in the instant matter.
- 16.3 Habib Metropolitan Bank Limited filed a suit against the Company and Others before the Lahore High Court vide COS No.173949/2018, wherein the Bank demanded recovery of Rs. 313.500 million inclusive of principal and mark up. This suit is still pending adjudication. The amount involved in this case is the same as claimed by the Bank. This case is being vigorously and diligently contested by the Company and there are good chances of a favorable result in this case.
- 16.4 The Company filed a suit against Habib Metropolitan Bank Limited, before the Lahore High Court vide COS No.219124/2018, wherein along with other prayers recovery of Rs. 578.318 million has been claimed. This suit is still pending adjudication. There is no scope of any loss to the Company in the instant matter.
- 16.5 Bank of Punjab has filed recovery suit against the Company before the Lahore High Court, Lahore against which the Company has filed petition denying the liability of the Bank. The Company's is vigorously contesting the case, currently the case is pending for arguments on the PLA. There is no scope of any loss to the Company in the instant matter.

Note 16 - Contingencies and Commitments ... Contd.

- 16.6** The Company has filed cross appeal before the Hon'ble Appellate Tribunal Inland Revenue, Lahore Bench, Lahore against the order of the CIR(Appeals-I), Lahore dated 06th February, 2013 passed in appeal No. 02 for the tax year 2006. Both the appeals are pending adjudication before the Hon'ble Appellate Tribunal Inland Revenue, Lahore Bench, Lahore.
- 16.7** The Company has filed income tax appeal before the Hon'ble Appellate Tribunal Inland Revenue, Lahore Bench, Lahore against the order of the CIR(Appeals-I), Lahore dated 17th September, 2012 passed in appeal No. 19 for the tax year 2009. The appeal is pending adjudication.
- 16.8** Federal Board of Revenue has filed appeal before Honorable Appellate Tribunal Inland Revenue, Lahore Bench on March 01, 2019 against the order passed by CIR(Appeal-I), Lahore for tax year 2011 in favor of the Company, however no decision has been taken ATIR as at reporting date.
- 16.9** Income tax appeal has been filed before the Hon'ble Appellate Tribunal Inland Revenue, Lahore Bench, Lahore on March 18, 2019 against the order No. 13 dated February 27, 2019 passed by the CIR(Appeals-I), Lahore, under section 182 of Income Tax Ordinance, 2001. The appeal is pending adjudication. The Hon'ble ATIR has granted stay against recovery of demand as at reporting date.
- 16.10** Sales tax appeal has been filed before the Honorable Appellate Tribunal Inland Revenue, Lahore Bench against the order passed by CIR(Appeal-I), Lahore for the tax year 2016, the appeal is pending adjudication and management expects a favorable outcome against this case.

Commitments

There are no commitments as at reporting date.

Notes to and Forming Part of the Financial Statements

Note 17

Property, Plant and Equipment

	Note	2020	2019
		Rupees	Rupees
Operating fixed assets	17.1	807,551,842	825,389,867
		<u>807,551,842</u>	<u>825,389,867</u>

17.1 Operating fixed assets

Description	2020						
	Land	Freehold	Factory & Colony Building on Freehold Land	Plant & Machinery	Tools & Equipment	Office Equipment	Furniture and Fixtures
	Rupees		Rupees	Rupees	Rupees	Rupees	Rupees

17.1.1 Owned assets

Cost

Balance as at July 01, 2019	215,570,000		181,663,215	1,387,435,988	5,345,946	17,527,946	6,831,464	11,383,556	1,825,758,115
Additions	-		-	26,130,000	-	-	-	-	26,130,000
Deletions	-		-	-	-	-	-	-	(4,231,446)
Transfer	-		-	-	-	-	-	-	3,313,844
Balance as at June 30, 2020	215,570,000		181,663,215	1,413,565,988	5,345,946	17,527,946	6,831,464	10,465,954	1,850,970,513

Accumulated Depreciation

Balance as at July 01, 2019	-		142,493,081	823,958,012	4,519,701	16,218,309	5,122,184	9,162,395	1,001,473,682
Charge for the year	-		1,958,508	39,899,966	91,807	261,932	170,933	603,203	42,986,349
Deletions	-		-	-	-	-	-	(3,249,770)	(3,249,770)
Transfer	-		-	-	-	-	-	2,208,410	2,208,410
Balance as at June 30, 2020	-		144,451,589	863,857,978	4,611,508	16,480,241	5,293,117	8,724,238	1,043,418,671

Written Down Value as at June 30, 2020

215,570,000	37,211,626	549,708,010	734,438	1,047,705	1,538,347	1,741,716	807,551,842
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17.1.2 Right to use assets

Cost

Balance as at July 01, 2019	-		-	-	-	-	-	3,313,844	3,313,844
Addition	-		-	-	-	-	-	-	-
Transfer	-		-	-	-	-	-	(3,313,844)	(3,313,844)
Balance as at June 30, 2020	-		-	-	-	-	-	-	-

Note 17 - Property, Plant and Equipment ... Contd.

Accumulated Depreciation

Balance as at July 01, 2019	-	-	-	-	-	-	2,208,410	2,208,410
Charge for the year	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	(2,208,410)	(2,208,410)
Balance as at June 30, 2020	-	-	-	-	-	-	-	-

Written Down Value as at June 30, 2020

Total Written Down Value June 30, 2020	215,570,000	37,211,626	549,708,010	734,438	1,047,705	1,538,347	1,741,716	807,551,842
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17.1.3 Depreciation rates

	5%	7%	10%	20%	10%	20%
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17.2 Operating fixed assets

Description	2019							Total
	Land Freehold	Factory & Colony Building on Freehold Land	Plant & Machinery	Tools & Equipment	Office Equipment	Furniture and Fixtures	Vehicles	

17.2.1 Owned assets

Cost

Balance as at July 01, 2018	215,570,000	181,663,215	1,302,899,469	5,345,946	17,527,946	6,831,464	6,298,286	1,736,136,326
Additions	-	-	84,536,519	-	-	-	-	84,536,519
Deletions	-	-	-	-	-	-	(74,330)	(74,330)
Transfers	-	-	-	-	-	-	5,159,600	5,159,600
Balance as at June 30, 2019	215,570,000	181,663,215	1,387,435,988	5,345,946	17,527,946	6,831,464	11,383,556	1,825,758,115

Accumulated Depreciation

Balance as at July 01, 2018	-	140,431,495	784,575,025	4,427,898	15,890,895	4,932,251	5,416,679	955,674,243
Charge for the year	-	2,061,586	39,382,987	91,803	327,414	189,933	556,073	42,609,796
Deletions	-	-	-	-	-	-	(59,520)	(59,520)
Transfers	-	-	-	-	-	-	3,249,163	3,249,163
Balance as at June 30, 2019	-	142,493,081	823,958,012	4,519,701	16,218,309	5,122,184	9,162,395	1,001,473,682
Written Down Value as at June 30, 2019	215,570,000	39,170,134	563,477,976	826,245	1,309,637	1,709,280	2,221,161	824,284,433

Note 17 - Property, Plant and Equipment ... Contd.

17.2.2 Right to use assets

Cost

Balance as at July 01, 2018
Additions
Transfers
Balance as at June 30, 2019

-	-	-	-	-	-	8,473,444	8,473,444
-	-	-	-	-	-	-	-
-	-	-	-	-	-	(5,159,600)	(5,159,600)
-	-	-	-	-	-	3,313,844	3,313,844

Accumulated Depreciation

Balance as at July 01, 2018
Charge for the year
Transfers
Balance as at June 30, 2019

-	-	-	-	-	-	5,181,215	5,181,215
-	-	-	-	-	-	276,358	276,358
-	-	-	-	-	-	(3,249,163)	(3,249,163)
-	-	-	-	-	-	2,208,410	2,208,410

Written Down Value as at
June 30, 2019

-	-	-	-	-	-	1,105,434	1,105,434
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Total Written Down Value
June 30, 2020

215,570,000	39,170,134	563,477,976	826,245	1,309,637	1,709,280	3,326,595	825,389,867
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17.2.3 Depreciation rates

-	5%	7%	10%	20%	10%	20%
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Note 17 - Property, Plant and Equipment ... Contd.

17.3 Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

Location / Address	Usage of immovable property	Total Area (In Kanal)	Covered Area (In sq. ft.)
49-Km, Multan Road, Bhai Phero	Production unit	106.8	194,000
7-Km, Multan Road, Pattoki	Production unit	118.3	139,313

17.4 Allocation of depreciation charge

Depreciation charge for the year has been apportioned as follows:

	Note	2020 Rupees	2019 Rupees
Cost of sales	30	41,950,281	41,536,376
Administrative expenses	32	1,036,068	1,349,778
		<u>42,986,349</u>	<u>42,886,154</u>

17.5 As per the valuation report of independent valuer as of June 30, 2018, the forced sales value of freehold land is Rs. 194.013 million. The management believes that these values approximate to the values as on June 30, 2020.

17.6 Had there been no revaluation, the cost of revalued asset would have been amounting to Rs. 11.737 million as at reporting date.

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

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

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Land Freehold	-	215,570,000	-	215,570,000

17.8 Disposal of Property, plant and equipment

The details of property, plant and equipment disposed of during the year having individual book value exceeding Rs. 500,000 or more are as follows:

2020							
Particulars	Cost	Accumulated Depreciation	Written Down Value	Sale Proceed	Gain on Disposal	Buyer Name	Mode of Disposal

Vehicle

Honda Civic	2,572,270	1,880,352	691,918	2,000,000	1,308,082	Mr. Muhammad Irfan	Negotiation
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17.9 There was no disposal during the previous year whose net book value exceeds Rs. 500,000 or more.

Note 18
Intangible Assets

	Note	2020 Rupees	2019 Rupees
Net carrying value			
Opening balance of net book value		290,881	363,602
Amortization	30	(58,176)	(72,721)
Net book value as at June 30		<u>232,705</u>	<u>290,881</u>
Gross carrying value			
Cost		3,630,520	3,630,520
Accumulated amortization		(3,397,815)	(3,339,639)
Net book value		<u>232,705</u>	<u>290,881</u>
Amortization rate per annum		<u>20%</u>	<u>20%</u>

18.1 Amortization charge for the year has been allocated to cost of sales.

18.2 Intangible assets include ERP system and other software implemented and used by the Company.

Note 19
Long Term Loans

	Note	2020 Rupees	2019 Rupees
Loans to employees - (Secured - considered good)			
- Due from executives	19.1	5,857,088	5,857,088
- Due from other employees		5,064,749	5,092,749
		10,921,837	10,949,837
Less: Current portion			
- Due from executives	25	(1,171,418)	(1,171,418)
- Due from other employees		(1,559,042)	(1,566,042)
		(2,730,460)	(2,737,460)
		<u>8,191,377</u>	<u>8,212,377</u>

19.1 Reconciliation of carrying amount of loan to executives:

Opening balance	5,857,088	5,947,088
Disbursement during the year	-	-
	5,857,088	5,947,088
Recoveries/adjusted during the year	-	(90,000)
Closing Balance	<u>5,857,088</u>	<u>5,857,088</u>

19.2 This represents interest free loans given to executives and other employees for construction of houses and other purposes as per the Company's policy. These loans shall be recovered in monthly installments from salary and are secured against gratuity balances.

19.3 The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs. 5.947 million (2019: Rs. 5.947 million)

19.4 Long term loans have been carried at cost as the effect of carrying these balances at amortized cost would not be material.

Note 20
Long Term Deposits

	Note	2020 Rupees	2019 Rupees
Security deposits against:			
- Utilities		37,762,809	37,762,809
- Lease Liability		-	467,475
Less: Current portion	26	-	(467,475)
		<u>37,762,809</u>	<u>37,762,809</u>

Note 21
Stores and Spares

	2020 Rupees	2019 Rupees
Stores and spares	<u>10,856,819</u>	<u>15,292,701</u>

21.1 No identifiable stores and spares were held for specific capitalization.

Note 22
Stock in Trade

	2020 Rupees	2019 Rupees
Raw and packing materials	1,146,169	5,924,537
Work in process	1,849,882	3,477,154
Finished goods	<u>12,355,175</u>	<u>26,595,063</u>
	<u>15,351,226</u>	<u>35,996,754</u>

22.1 Short term borrowings availed by the Company are secured by way of hypothecation charge on present and future current assets of the Company (including stock in trade) as per detail given in note 13 to these financial statements.

Note 23
Short Term Investment

	2020 Rupees	2019 Rupees
Sales tax refund bond	<u>-</u>	<u>7,500,000</u>

23.1 Sales tax refund bonds were issued by the FBR Settlement Company (Private) Limited against sales tax refundable under section 67A of the Sales Tax Act, 1990. During the year the Federal Board of Revenue has disbursed payment to bond holders by redeeming bonds issued to the refund claimants due to the cancellation of the scheme.

Note 24
Trade Debts

	2020 Rupees	2019 Rupees
Local - Unsecured		
Trade debts (Considered good)	<u>18,260,998</u>	<u>52,697,603</u>

24.1 Trade debts do not include any amount due from related parties.

Note 25

Loans and Advances

		2020	2019
	Note	Rupees	Rupees
Current portion of loan to employees:			
- Due from executives	19	1,171,418	1,171,418
- Due from other employees		<u>1,559,042</u>	<u>1,566,042</u>
		2,730,460	2,737,460
Advances - Considered good:			
- Suppliers and contractors	25.1	1,656,276	2,608,674
- Employees	25.2	8,462,004	5,465,751
- Letters of credit		<u>9,116,376</u>	-
		<u>21,965,116</u>	<u>10,811,885</u>

25.1 Advances to suppliers and contractors do not include any amount given to related parties.

25.2 This represents interest-free loans given to employees as per the Company's policy. These loans are recoverable from salary in installments and are secured against their gratuity balances of employees. Advances to employees do not include any amount given to directors of the Company.

Note 26

Trade Deposits and Other Receivables

		2020	2019
	Note	Rupees	Rupees
Security deposits		212,000	212,000
Deposit against lease liability	20	-	467,475
Export rebate		2,541,806	2,541,806
Margin against letter of credit		<u>5,396,901</u>	<u>5,396,901</u>
		<u>8,150,707</u>	<u>8,618,182</u>

Note 27

Tax Refunds Due from Government

		2020	2019
		Rupees	Rupees
Tax deducted at source and advance tax		32,869,111	44,929,005
Sales tax refundable - Net		<u>20,467,743</u>	<u>6,544,134</u>
		<u>53,336,854</u>	<u>51,473,139</u>

Note 28

Cash and Bank Balance

		2020	2019
		Rupees	Rupees
Imprest with staff		30,000	33,216
Cash in hand		1,238,728	1,034,969
Cash at bank - in current accounts		<u>2,793,565</u>	<u>1,278,599</u>
		<u>4,062,293</u>	<u>2,346,784</u>

Note 29

Sales

		2020	2019
		Rupees	Rupees
Local			
- Grey cloth		145,838,447	74,522,834
- Yarn		-	597,264,691
		145,838,447	671,787,525
Waste sales		-	22,457,962
Processing income		<u>346,280,749</u>	<u>631,351,251</u>
		492,119,196	1,325,596,738
Sales tax		(71,877,947)	-
Commission		<u>(4,746,660)</u>	<u>(90,771)</u>
Net sales		<u>415,494,589</u>	<u>1,325,505,967</u>

29.1 Revenue has been recognized at a point in time for local sales made during the year.

Note 30
Cost of Sales

		2020	2019
	Note	Rupees	Rupees
Raw materials consumed	30.1	65,652,464	537,808,190
Salaries, wages and other benefits	30.2	106,606,039	259,324,936
Fuel and power		172,952,551	346,886,998
Stores, spares and chemicals consumed		36,857,304	104,044,642
Packing material		5,393,892	13,979,643
Insurance		-	556,986
Repairs and maintenance		1,613,710	14,296,781
Miscellaneous		48,839	4,363,328
Amortization	18	58,176	72,721
Depreciation	17.4	41,950,281	41,536,376
		<u>431,133,256</u>	<u>1,322,870,601</u>
Work in process:			
- Opening work in process		3,477,154	7,454,142
- Closing work in process		(1,849,882)	(3,477,154)
		<u>1,627,272</u>	<u>3,976,988</u>
Cost of goods manufactured		<u>432,760,528</u>	<u>1,326,847,589</u>
Finished goods:			
- Opening finished goods		26,595,063	16,991,911
- Closing finished goods		(12,355,175)	(26,595,063)
		<u>14,239,888</u>	<u>(9,603,152)</u>
		<u>447,000,416</u>	<u>1,317,244,437</u>
30.1 Raw materials consumed:			
- Opening stock		5,924,537	6,685,796
- Purchases		59,470,321	534,857,380
- Purchase expenses		1,403,775	2,189,551
		<u>66,798,633</u>	<u>543,732,727</u>
- Closing stock		(1,146,169)	(5,924,537)
		<u>65,652,464</u>	<u>537,808,190</u>

30.2 This includes Rs. 7.844 million (2019: Rs. 6.691 million), approximately, in respect of employee benefits - gratuity scheme.

Note 31
Distribution Costs

	2020	2019
	Rupees	Rupees
Salaries, wages and other benefits	3,915,104	3,788,094
Freight, octroi and other charges	-	5,305,073
Commission, claims and promotion	-	673,823
Travelling and conveyance	-	263,813
Communication	-	26,000
Testing, sampling and others	-	4,900
	<u>3,915,104</u>	<u>10,061,703</u>

Note 32
Administrative Expenses

		2020	2019
	Note	Rupees	Rupees
Salaries, wages and other benefits	32.1	26,112,341	33,415,405
Traveling and conveyance		206,251	131,230
Rent, rates and taxes		1,337,400	1,223,520
Printing and stationery		249,954	522,141
Communications		1,048,631	956,497
Entertainment		391,969	278,584
Electricity and gas		3,634,001	3,883,250
Vehicles' running and maintenance		1,185,488	1,346,646
Legal and professional charges		255,048	5,320,734
Fees and subscriptions		589,331	594,611
Repairs and maintenance		140,154	253,224
Insurance		-	102,600
Advertisement		69,200	168,220
Miscellaneous		-	187,125
Depreciation	17.4	1,036,068	1,349,778
		<u>36,255,836</u>	<u>49,733,565</u>

32.1 This includes Rs. 3.326 million (2019: Rs. 2.163 million), approximately, in respect of employee benefits - gratuity scheme.

Note 33
Other Operating Charges

		2020	2019
	Note	Rupees	Rupees
Auditors' remuneration	33.1	<u>1,100,000</u>	<u>1,100,000</u>
33.1 Auditors' remuneration			
Audit fee		850,000	850,000
Certification and reviews		250,000	250,000
		<u>1,100,000</u>	<u>1,100,000</u>

Note 34
Finance Cost

		2020	2019
		Rupees	Rupees
Mark up on:			
- Long term loan		-	10,572,301
- Short term borrowings		-	180,365
- Lease liability		102,249	307,414
Bank charges and commissions		75,374	250,169
		<u>177,623</u>	<u>11,310,249</u>

Note 35
Other Operating Income

		2020	2019
		Rupees	Rupees
Gain on sale of raw material and store & spare		1,519,175	-
Gain on disposal of property, plant and equipment		2,258,324	5,190
		<u>3,777,499</u>	<u>5,190</u>

Note 36
Taxation

	2020	2019
	Rupees	Rupees
For the year		
- Current	6,303,619	16,569,959
- Deferred	-	(6,217,423)
	<u>6,303,619</u>	<u>10,352,536</u>

36.1 The relationship between income tax expense and accounting profit has not been presented in these financial statements as the provision for taxation for the current year is based on minimum tax @ 1.5% under the Income Tax Ordinance, 2001.

Note 37
Loss per Share

	2020	2019
	Rupees	Rupees
	Number of shares	
Weighted average number of ordinary shares outstanding during the year	90,000,000	90,000,000
Loss after taxation	(75,480,510)	(74,291,333)
Loss per share - basic (Rupees per share)	<u>(0.84)</u>	<u>(0.83)</u>

Diluted loss per share

37.1 There is no dilution effect on the basic earnings per share of the Company as the Company has no such commitment that would result in dilution of earnings of the Company.

Note 38
Cash Generated from Operations

	2020	2019
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(69,176,891)	(63,938,797)
Adjustments for:		
- Depreciation	42,986,349	42,886,154
- Amortization of intangible asset	58,176	72,721
- Provision for gratuity	11,170,939	8,556,792
- Gain on disposal of property, plant and equipment	(2,258,324)	(5,190)
- Gain on sale of raw material	(1,519,175)	-
- Finance cost	177,623	11,310,249
	<u>50,615,588</u>	<u>62,820,726</u>
Operating loss before working capital changes	(18,561,303)	(1,118,071)

Note 38 - Cash Generated from Operations ... Contd.

	2020	2019
	Rupees	Rupees
(Increase) / decrease in current assets		
- Stores and spares	4,435,882	6,499,671
- Stock in trade	20,359,199	(4,864,905)
- Short term investment	7,500,000	(7,500,000)
- Trade debts	34,436,605	(28,880,312)
- Loans and advances	(11,160,231)	30,236,935
- Trade deposits and short term prepayments	-	(2,062,266)
- Other receivables	-	3,771,050
- Tax refund due from government	(13,923,609)	793,761
(Decrease) / increase in current liabilities		
- Trade and other payables	(29,982,518)	104,622,828
	11,665,328	102,616,762
Cash (used in) / generated from operations	(6,895,975)	101,498,691

Note 39

Liabilities Arising from Financing Activities

	As at June 30, 2019	Non-Cash Changes	Cash Flows (Net)	As at June 30, 2020
	Rupees			
Long term loan	93,176,953	-	-	93,176,953
Lease liability	594,316	-	(594,316)	-
Short term borrowings	392,441,823	-	(237,437)	392,204,386
Total liabilities from financing activities	486,213,092	-	(831,753)	485,381,339

	As at June 30, 2018	Non-Cash Changes	Cash Flows (Net)	As at June 30, 2019
	Rupees			
Long term loan	96,845,172	-	(3,668,219)	93,176,953
Lease liability	1,754,163	-	(1,159,847)	594,316
Short term borrowings	377,395,464	-	15,046,359	392,441,823
Total liabilities from financing activities	475,994,799	-	10,218,293	486,213,092

Note 40

Remuneration of Chief Executive and Executives

The aggregate amounts charged in the accounts for the year as remuneration and benefits to the chief executive, executive director and executives of the Company are as follows:

	Chief Executive		Director		Executives	
	2020	2019	2020	2019	2020	2019
			Rupees	Rupees	Rupees	Rupees
Managerial remuneration	5,000,000	5,000,000	5,000,000	5,000,000	6,627,057	4,107,057
House rent allowance	2,000,000	2,000,000	2,000,000	2,000,000	666,903	1,526,778
Utilities	500,000	500,000	500,000	500,000	166,476	498,982
Car allowance and others	534,255	945,638	54,000	117,800	192,896	1,152,940
	8,034,255	8,445,638	7,554,000	7,617,800	7,653,332	7,285,757
Number of persons	1	1	1	1	4	2

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

40.2 Chief executive, executive director and certain executives are provided with free use of Company maintained vehicles.

40.3 An executive is defined as an employee, other than the chief executive and directors, whose basic salary exceeds Rs. 1.2 million in a financial year.

Note 41

Transaction with Related Parties

Related parties and associated undertaking comprise related group companies, associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated companies, other than remuneration and benefits to key management personnel under the terms of their employment, are as follows:

	2019 Rs. '000'	2018 Rs. '000'
Associates and related parties		
Short term funds availed from directors	39,420	35,881
Expenses paid on behalf of Chakwal Spinning Mills Limited	820	-

There were no transactions with key management personnel other than undertaken as per terms of their employment as disclosed in Note 40.

Sale and purchase transactions have been carried out on commercial terms and conditions as per Company's policy.

41.1 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place.

Sr. No.	Company Name	Relationship	Aggregate % of Shareholding
1	Kohinoor Spinning Mills Limited	Associate - Common Directorship	Nil
2	Chakwal Spinning Mills Limited	Associate - Common Directorship	Nil

Note 42

Segment Reporting

For management purposes, the activities of the Company are organized into two operating segment i.e., weaving and spinning. The Company operates in the said reportable operating segments based on the nature of products, risks and returns, organizational and management structure and internal financial reporting systems. Accordingly, the figures reported in these financial statements related to the Company's reportable segment.

Information regarding the Company's reportable segment is presented below:

42.1 Segment revenues and results

	Weaving Segment	Spinning Segment	Total
	Rupees	Rupees	Rupees
For the year ended June 30, 2020			
Sales - net	415,494,589	-	415,494,589
Cost of sales	(441,184,766)	(5,815,650)	(447,000,416)
Gross Loss	(25,690,177)	(5,815,650)	(31,505,827)
Distribution cost	(3,915,104)	-	(3,915,104)
Administrative expenses	(36,182,519)	(73,317)	(36,255,836)
	(40,097,623)	(73,317)	(40,170,940)
Operating Loss	(65,787,800)	(5,888,967)	(71,676,767)
Other operating charges	(1,100,000)	-	(1,100,000)
Finance cost	(177,623)	-	(177,623)
Other operating income	3,777,499	-	3,777,499
Loss before Taxation	(63,287,924)	(5,888,967)	(69,176,891)
Taxation			(6,303,619)
Loss after taxation			(75,480,510)
For the year ended June 30, 2019			
Sales - net	721,633,149	603,872,818	1,325,505,967
Cost of sales	(648,867,216)	(668,377,221)	(1,317,244,437)
Gross Profit / (Loss)	72,765,933	(64,504,403)	8,261,530
Distribution cost	(6,231,747)	(3,829,956)	(10,061,703)
Administrative expenses	(40,163,597)	(9,569,968)	(49,733,565)
	(46,395,344)	(13,399,924)	(59,795,268)
Operating Profit / (Loss)	26,370,589	(77,904,327)	(51,533,738)
Other operating charges	(1,100,000)	-	(1,100,000)
Finance cost	(11,188,033)	(122,216)	(11,310,249)
Other operating income	5,190	-	5,190
Profit / (Loss) before Taxation	14,087,746	(78,026,543)	(63,938,797)
Taxation			(10,352,536)
Loss after taxation			(74,291,333)

Note 42 - Segment Reporting ... Contd.

42.1.1 Revenue reported above represents revenue generated from external customers. Inter-segment sales during the year is Rs. Nil (2019 : Nil)

42.1.2 The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 3 to the financial statements.

42.2 Entity-wide disclosures regarding single reportable segment are as follows:

- **Information about products**

One product of the weaving segment comprises 11.20% (2019: 11.23%) of total sales for the year.

One product of the spinning segment comprises 0% (2019: 29.96%) of total sales for the year.

- **Information about major customers**

One customer of the weaving segment accounts for 26.32% (2019: 23.22%) of total sales for the year.

One customer of the spinning segment accounts for 0% (2019: 21.04%) of total sales for the year.

- **Information about geographical area**

All non-current assets of the Company are located in Pakistan as at the reporting date. Revenue from export sale is Nil. (2019: Nil).

41.3 Segment assets and liabilities

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	Weaving Segment	Spinning Segment	Total
	Rupees	Rupees	Rupees
As at June 30, 2020			
Segment assets for reportable segments	845,388,148	79,289,524	924,677,672
Unallocated assets			61,045,074
Total assets as per balance sheet			<u>985,722,746</u>
Segment liabilities for reportable segments	860,708,896	200,069,981	1,060,778,877
Unallocated liabilities			45,551,741
Total liabilities as per balance sheet			<u>1,106,330,618</u>
As at June 30, 2019			
Segment assets for reportable segments	788,911,337	216,008,505	1,004,919,842
Unallocated assets			51,473,140
Total assets as per balance sheet			<u>1,056,392,982</u>
Segment liabilities for reportable segments	984,775,628	89,001,668	1,073,777,296
Unallocated liabilities			254,399,500
Total liabilities as per balance sheet			<u>1,328,176,796</u>

Note 42 - Segment Reporting ... Contd.

For the purposes of monitoring segment performance and allocating resources between segments

- all assets are allocated to reportable segments other than those directly relating to corporate and tax assets; and
- all liabilities are allocated to reportable segments other than current and deferred tax liabilities.

42.3 Other Segment Information

	Weaving Segment	Spinning Segment	Total
	Rupees	Rupees	Rupees
<i>For the year ended 30 June 2020</i>			
Capital expenditure	26,130,000	-	26,130,000
Depreciation and amortization	37,440,626	5,603,899	43,044,525
Non-cash items other than depreciation and amortization - net	7,478,849	92,214	7,571,063
	Weaving Segment	Spinning Segment	Total
	Rupees	Rupees	Rupees
<i>For the year ended 30 June 2019</i>			
Capital expenditure	83,521,519	1,015,000	84,536,519
Depreciation and amortization	36,941,363	6,017,512	42,958,875
Non-cash items other than depreciation and amortization - net	19,739,635	122,216	19,861,851

Note 43
Financial Risk Management

43.1 Financial risk factors

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

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rate, commodity price and equity price that will affect the Company's income or the value of its holdings of financial instruments.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Since there have been no foreign currency receivables and payables as at reporting date therefore the Company is not exposed to currency risk with respect to foreign receivables and payables.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity and commodity price risk.

(iii) Interest rate risk

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

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from long term financing and short term borrowings. As the borrowings are obtained at variable rates, these expose the Company to cash flow interest rate risk.

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

	2020 Rupees	2019 Rupees
Floating rate instruments		
Financial liabilities		
Long term loan	93,176,953	93,176,953
Lease Liability	-	594,316
Short term borrowings	392,204,386	392,441,823
Financial assets		
Bank balances - saving accounts	-	-

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the balance sheet date, fluctuate by 1% higher / lower with all other variables held constant, (loss) / profit before taxation for the year would have been Rs. 4.854 million (2019: Rs. 4.862 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at balance sheet dates were outstanding for the whole year.

Note 43 - Financial Risk Management ... Contd.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2020	2019
	Rupees	Rupees
Long term loans	8,191,377	8,212,377
Long term deposits	37,762,809	37,762,809
Short term investment	-	7,500,000
Trade debts	18,260,998	52,697,603
Short term loans to employees	8,462,004	5,465,751
Trade deposits and other receivables	2,753,806	2,753,806
Bank balances	2,793,565	1,278,599

The aging of trade debts at balance sheet date is as follows:

	2020	2019
	Rupees	Rupees
1 - 30 days	4,106,860	19,905,721
31 - 60 days	2,760,658	17,367,883
61 - 120 days	2,365,020	8,124,654
120 days and above	9,028,460	7,299,345
	<u>18,260,998</u>	<u>52,697,603</u>

The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of parties and trade debts are subject to specific credit ceilings based on customer credit history.

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counter party default rate:

	Agency	Rating	
		Short Term	Long Term
Allied Bank Limited	PACRA	A1+	AAA
Askari Bank Limited	PACRA	A1+	AA
Bank Alfalah Limited	PACRA	A1+	AA+
Faysal Bank Limited	PACRA	A1+	AA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Meezan Bank Limited	JCR - VIS	A-1+	AA+
MCB Bank Limited	PACRA	A1+	AAA
United Bank Limited	JCR - VIS	A1+	AA+
Al-Baraka Bank (Pakistan) Limited	PACRA	A1	A
Bank Of Punjab	PACRA	A1+	AA
Bank Al Habib Limited	PACRA	A1+	AA+
Habib Bank Limited	JCR - VIS	A-1+	AAA

Due to company's long standing business relationship with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligation to the company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at the balance sheet date, the Company had Rs. 906.568 million (2019: Rs. 906.568 million) worth short term borrowing limits available from financial institutions and Rs. 4.063 million (2018: Rs. 2.347 million) cash and bank balances. Following are the contractual maturities of financial liabilities, including interest payments.

Note 43 - Financial Risk Management ... Contd.

Contractual maturities of financial liabilities as at June 30, 2020:

Description	Carrying Amount	On Demand	Contractual cash flows	Within 1 Year	1-2 Years	2-5 Years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Long term loan	93,176,953	-	93,176,953	93,176,953	-	-
Lease Liability	-	-	-	-	-	-
Trade and other payables	394,075,165	-	394,075,165	394,075,165	-	-
Accrued mark up	135,859,375	-	135,859,375	135,859,375	-	-
Short term borrowings	392,204,386	392,204,386	-	-	-	-
	<u>1,015,315,879</u>	<u>392,204,386</u>	<u>623,111,493</u>	<u>623,111,493</u>	<u>-</u>	<u>-</u>

Contractual maturities of financial liabilities as at June 30, 2019:

Description	Carrying Amount	On Demand	Contractual cash flows	Within 1 Year	1-2 Years	2-5 Years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Long term loan	93,176,953	-	93,176,953	93,176,953	-	-
Lease Liability	594,316	-	594,316	594,316	-	-
Trade and other payables	426,385,602	-	426,385,602	426,385,602	-	-
Accrued mark up	135,933,540	-	135,933,540	135,933,540	-	-
Short term borrowings	392,204,386	392,204,386	-	-	-	-
	<u>1,048,294,797</u>	<u>392,204,386</u>	<u>656,090,411</u>	<u>656,090,411</u>	<u>-</u>	<u>-</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30th June. The rates of interest / mark up have been disclosed in Note 9 and Note 13 to these financial statements.

(d) Fair value of financial instruments

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

As at June 30, 2020 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying values.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The fair values of all other financial assets and liabilities are not considered to be significantly different from their carrying values.

The Company classifies the financial instruments measured in the statement of financial position at fair value in accordance with the following fair value measurement hierarchy:

Level 1	Quoted market prices
Level 2	Valuation techniques (market observable)
Level 3	Valuation techniques (non market observable)

43.2 Financial instruments by categories

Financial asset as at amortized cost

	2020	2019
	Rupees	Rupees
Long term loans	8,191,377	8,212,377
Long term deposits	37,762,809	37,762,809
Short term investment	-	7,500,000
Trade debts	18,260,998	52,697,603
Short term loans to employees	8,462,004	5,465,751
Trade deposits and other receivables	2,753,806	2,753,806
Cash and Bank Balance	4,062,293	2,346,784
	<u>79,493,287</u>	<u>116,739,130</u>

Financial liabilities at amortized cost

	2019	2018
	Rupees	Rupees
Long term loan	93,176,953	93,176,953
Lease liability	-	594,316
Trade and other payables	394,075,165	426,385,602
Accrued mark up	135,859,375	135,933,540
Short term borrowings	392,204,386	392,204,386
	<u>1,015,315,879</u>	<u>1,048,294,797</u>

43.3 Fair values of financial assets and liabilities

Carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Note 44
Capital Risk Management

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhance shareholders' wealth and meets stakeholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchase shares, if possible, selling surplus property, plant and equipment without affecting the optimal operating level, and regulate its dividend payout thus maintaining smooth capital management.

In line with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non current) less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt.

As on the balance sheet date, the gearing ratio of the Company was as under:

	2020	2019
	Rupees	Rupees
Total borrowings	485,381,339	486,213,092
Cash and bank balances	(4,062,293)	(2,346,784)
Net Debt	481,319,046	483,866,308
Equity	(120,607,872)	(80,153,128)
Total capital employed	360,711,174	403,713,180
Gearing Ratio	133%	120%

Note 45
Plant Capacity and Production

	2020	2019
Air Jet Looms installed	264	252
Installed capacity converted into 50 picks based on 364 days (Sq. Meters approximately)	87,463,500	83,487,886
Actual production converted into 50 picks - (Sq. Meters)	29,328,048	79,313,492
Number of spindles installed	17,976	17,976
Installed capacity in 20's count (Kgs) - approximately	8,853,756	8,853,756
Actual production after conversion into 20's count (Kgs)	-	2,283,603

45.1 Under utilization of installed capacities is mainly due to non availability of sufficient liquid funds.

Note 46
Number of Employees

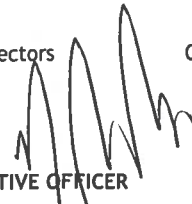
		2020	2019
Average number of employees during the year	Note	506	820
Number of Employees as at June 30,	46.1	429	583
46.1 This includes factory employees as at June 30,		392	541

Note 47
Authorization of Financial Statements

These financial statements were authorized for issue on November 03, 2020 by the Board of Directors of the Company.

Note 48
General

Comparative figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. Following re-arrangements / reclassifications have been made in these financial statements for better presentation:

Nature	From	To	Amount (Rupees)
Loan from directors	Current Liabilities	Share Capital and Reserves	191,630,686
			
CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER	

YOUSAF WEAVING MILLS LIMITED

KEY FINANCIAL DATA OF LAST FIVE YEARS

Rupees in '000

	2019	2018	2017	2016	2015
Sales	1,325,506	1,947,147	1,482,551	1,309,076	1,708,644
Gross (Loss) / Profit	8,262	(55,528)	(1,918)	(127,162)	(178,572)
Loss Before Taxation	(63,939)	(165,449)	(105,990)	(407,148)	(344,861)
Tax	(10,352)	469	(16,555)	(2,717)	(2,679)
Loss After Taxation	(74,291)	(164,980)	(122,545)	(409,865)	(347,540)
Total Assets	1,056,393	982,798	836,373	947,048	1,343,454
Current Liabilities	(1,306,686)	(1,078,798)	(927,806)	(980,271)	(923,126)
	(250,293)	(96,000)	(91,433)	(33,223)	420,328

Issued, subscribed and paid up share capital	900,000	900,000	900,000	400,000	400,000
Accumulated loss	(1,375,617)	(1,301,537)	(1,134,022)	(1,012,798)	(602,188)
Surplus on revaluation of land	203,833	203,833	-	-	-
Equity	(271,784)	(197,704)	(234,022)	(612,798)	(202,188)
Long term loan	-	66,695	82,278	537,188	570,355
Deferred Liability	21,491	35,009	60,311	42,387	52,161
	(250,293)	(96,000)	(91,433)	(33,223)	420,328

YOUSAF WEAVING MILLS LIMITED
Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2020

Sr. No.	Name	No. of Shares Held	Percentage
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Associated Companies, Undertakings and Related Parties (Name Wise Detail):

-

-

Mutual Funds (Name Wise Detail)

1	GOLDEN ARROW SELECTED STOCKS	1,000	0.0011
2	CDC - TRUSTEE AKD INDEX TRACKER FUND (CDC)	9,000	0.0100

Directors and their Spouse and Minor Children (Name Wise Detail):

1	KHAWAJA MOHAMMAD NADEEM	11,690,000	12.9889
2	MRS. ALIA KHANUM	500	0.0006
3	KH. SHAHZAD YOUNUS	500	0.0006
4	MRS. NARGIS SULTANA	500	0.0006
5	KHAWAJA MUHAMMAD JAHANGIR PHINO	753,375	0.8371
6	MR. WASIM BAIG	500	0.0006
7	SHEIKH MAQBOOL AHMED	500	0.0006
8	MR. MUHAMMAD TARIQ SUFI	500	0.0006

Executives:

-

-

Public Sector Companies & Corporations:

-

-

Banks, Development Finance Institutions, Non Banking Finance

278,283

0.3092

Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:

Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)

S. No.	NAME	Holding	%Age
1	KHAWAJA MOHAMMAD KALEEM	15,026,289	16.6959
2	KHAWAJA MOHAMMAD JAWED	14,138,000	15.7089
3	KHAWAJA MOHAMMAD NADEEM	11,690,000	12.9889
4	MR. MUHAMMAD NAVEED	10,271,320	11.4126

During the financial year there is no trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children.

YOUSAF WEAVING MILLS LIMITED

Categories of Share Holders required under Code of Corporate Governness(CCG)

As on 30th June, 2020

S. No.	NAME	HOLDING	% AGE
<u>DIRECTORS, CEO THEIR SPOUSES & MINOR CHILDREN</u>			
1	KHAWAJA MOHAMMAD NADEEM	11,500,000	12.7778
	KHAWAJA MOHAMMAD NADEEM (CDC)	190,000	0.2111
2	MRS. ALIA KHANUM	500	0.0006
3	KH. SHAHZAD YOUNUS	500	0.0006
4	MRS. NARGIS SULTANA	500	0.0006
5	KHAWAJA MUHAMMAD JAHANGIR PHINO	753,375	0.8371
6	MR. WASIM BAIG	500	0.0006
7	SHEIKH MAQBOOL AHMED	500	0.0006
8	MR. MUHAMMAD TARIQ SUFI	500	0.0006
		12,446,375	13.8293
<u>ASSOCIATED COMPANIES</u>			
		0	0.0000
<u>NIT & ICP</u>			
1	INVESTMENT CORP. OF PAKISTAN	1,100	0.0012
		1,100	0.0012
<u>BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS</u>			
1	NATIONAL BANK OF PAKISTAN	2,100	0.0023
2	PAKISTAN INDUSTRIAL CREDIT & INVESTMENT	1,000	0.0011
3	THE BANK OF PUNJAB	900	0.0010
4	NATIONAL DEVELOPMENT FINANCE CORP.	100	0.0001
5	AL-FAYSAL INVESTMENT BANK LTD	500	0.0006
6	NATIONAL DEVELOPMENT FINANCE CORP.	1,000	0.0011
7	NATIONAL BANK OF PAKISTAN (CDC)	667	0.0007
		6,267	0.0070
<u>MODARABA & MUTUAL FUNDS</u>			
1	TRUST MODARABA	2,100	0.0023
2	FIRST MEHRAN MODARABA	100	0.0001
3	GOLDEN ARROW SELECTED STOCKS	1,000	0.0011
4	FIRST INTER FUND MODARABA	400	0.0004
5	INDUSTRIAL CAPITAL MODARABA	1,600	0.0018
6	CDC - TRUSTEE AKD INDEX TRACKER FUND (CDC)	9,000	0.0100
		14,200	0.0158
<u>LEASING COMPANIES</u>			
1	NATIONAL DEVELOPMENT LEASING CORPORATION LIMITED	6,100	0.0068
<u>INSURANCE COMPANIES</u>			
1	STATE LIFE INSURANCE CORPORATION OF PAKISTAN (CDC)	153,047	0.1701
		153,047	0.1701
<u>PENSION FUNDS</u>			
1	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND (CDC)	108,669	0.1207
		108,669	0.1207
<u>FOREIGN COMPANIES</u>			
1	THE PAKISTAN FUND	6,700	0.0074
		6,700	0.0074

JOINT STOCK COMPANIES

1	N. H. HOLDINGS (PVT) LIMITED	500	0.0006
2	SAPPHIRE FIBRES LIMITED	20,000	0.0222
3	AL-HAJWERI TRADERS REGD.	9,600	0.0107
4	ATIF MUSHTAQ & CO. (REGD)	18,800	0.0209
5	BEAR STEARNS SECURITIES CORP.	500	0.0006
6	NAEEM'S SECURITIES (PVT) LTD.	2,000	0.0022
7	CHENAB STOCK SERVICES (PVT) LIMITED (CDC)	5,000	0.0056
8	A. H. M. SECURITIES (PRIVATE) LIMITED (CDC)	100,000	0.1111
9	ASDA SECURITIES (PVT.) LTD. (CDC)	15,000	0.0167
10	BACKERS & PARTNERS (PRIVATE) LIMITED - MF (CDC)	41,000	0.0456
11	INTERMARKET SECURITIES LIMITED - MF (CDC)	113,500	0.1261
12	MAM SECURITIES (PRIVATE) LIMITED (CDC)	400	0.0004
13	MRA SECURITIES LIMITED - MF (CDC)	40,500	0.0450
14	MULTILINE SECURITIES (PVT) LIMITED - MF (CDC)	61,500	0.0683
15	NCC - PRE SETTLEMENT DELIVERY ACCOUNT (CDC)	3,500	0.0039
16	SAAO CAPITAL (PVT) LIMITED (CDC)	35,000	0.0389
17	SALIM SOZER SECURITIES (PVT.) LTD. (CDC)	165,291	0.1837
18	ZAFAR MOTI CAPITAL SECURITIES (PVT) LTD. (CDC)	101,500	0.1128
19	ZILLION CAPITAL SECURITIES (PVT) LTD (CDC)	100,000	0.1111
		833,591	0.9262

OTHERS

1	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT	3,813	0.0042
		3,813	0.0042

SHARES HELD BY THE GENERAL PUBLIC (LOCAL)	76,420,138	84.9113
SHARES HELD BY THE GENERAL PUBLIC (FOREIGN)	0	0.0000
	76,420,138	84.9113
	90,000,000	100.0000

SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL

S. No.	NAME	Holding	%Age
1	KHAWAJA MOHAMMAD KALEEM	15,026,289	16.6959
2	KHAWAJA MOHAMMAD JAWED	14,138,000	15.7089
3	KHAWAJA MOHAMMAD NADEEM	11,690,000	12.9889
4	MR. MUHAMMAD NAVEED	10,271,320	11.4126
		51,125,609	56.8062

SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL

S. No.	NAME	Holding	%Age
1	KHAWAJA MOHAMMAD KALEEM	15,026,289	16.6959
2	KHAWAJA MOHAMMAD JAWED	14,138,000	15.7089
3	KHAWAJA MOHAMMAD NADEEM	11,690,000	12.9889
4	MR. MUHAMMAD NAVEED	10,271,320	11.4126
		51,125,609	56.8062

During the financial year there is no trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children.

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

1.1 Name of the Company

YOUSAF WEAVING MILLS LIMITED

2.1. Pattern of holding of the shares held by the shareholders as at

30-06-2020

-----Shareholdings-----			
2.2 No. of Shareholders	From	To	Total Shares Held
152	1	100	4,404
209	101	500	94,235
214	501	1,000	210,929
438	1,001	5,000	1,368,716
204	5,001	10,000	1,704,101
68	10,001	15,000	896,100
54	15,001	20,000	1,015,801
53	20,001	25,000	1,244,984
27	25,001	30,000	767,125
19	30,001	35,000	625,498
16	35,001	40,000	613,375
15	40,001	45,000	645,500
37	45,001	50,000	1,823,000
7	50,001	55,000	378,500
7	55,001	60,000	410,500
6	60,001	65,000	376,000
10	65,001	70,000	686,000
4	70,001	75,000	298,500
5	75,001	80,000	396,250
3	80,001	85,000	249,500
1	85,001	90,000	87,000
3	90,001	95,000	272,600
17	95,001	100,000	1,687,000
5	100,001	105,000	515,000
4	105,001	110,000	431,169
4	110,001	115,000	457,500
3	115,001	120,000	347,500
4	120,001	125,000	489,000
4	130,001	135,000	531,500
1	135,001	140,000	138,000
3	145,001	150,000	446,000
5	150,001	155,000	761,547
1	155,001	160,000	159,500
2	165,001	170,000	335,291

2	175,001	180,000	354,000
4	185,001	190,000	757,000
6	195,001	200,000	1,197,000
1	205,001	210,000	209,500
1	220,001	225,000	220,500
1	225,001	230,000	227,500
1	240,001	245,000	244,500
2	245,001	250,000	495,500
1	250,001	255,000	250,500
1	300,001	305,000	304,000
1	340,001	345,000	344,000
1	350,001	355,000	352,500
1	435,001	440,000	438,000
1	455,001	460,000	459,500
1	750,001	755,000	753,375
1	800,001	805,000	804,000
1	1,020,001	1,025,000	1,025,000
1	1,155,001	1,160,000	1,156,875
1	1,535,001	1,540,000	1,540,000
1	1,685,001	1,690,000	1,690,000
1	2,930,001	2,935,000	2,933,000
1	2,995,001	3,000,000	3,000,000
1	10,270,001	10,275,000	10,271,320
1	11,495,001	11,500,000	11,500,000
1	13,995,001	14,000,000	14,000,000
1	15,000,001	15,005,000	15,004,805
1,641			90,000,000

2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	12,446,375	13.8293
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	-	-
2.3.3 NIT and ICP	1,100	0.0012
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	6,267	0.0070
2.3.5 Insurance Companies	153,047	0.1701

2.3.6 Modarabas and Mutual Funds	14,200	0.0158
2.3.7 Shareholders holding 10% or more	51,125,609	56.8062
2.3.8 General Public		
a. Local	76,420,138	84.9113
b. Foreign	-	-
2.3.9 Others (to be specified)		
1- Joint Stock Companies	833,591	0.9262
2- Foreign Companies	6,700	0.0074
3- Leasing Companies	6,100	0.0068
4- Pension Funds	108,669	0.1207
5- Others	3,813	0.0042

Form of Proxy - 33rd Annual General Meeting

The Corporate Secretary
Yousaf Weaving Mills Limited
7/1 E-3 Main Boulevard Gulberg III, Lahore

Folio # / CDC A/C #.	
Participant I.D	
Account #	
Shares held	

I/We _____ of _____
_____ being a member (s) of YOUSAF WEAVING MILLS
LIMITED hold _____ ordinary shares hereby appoint Mr./Mrs./Miss
_____ of _____
_____ or _____ failing
him/her _____ of _____
_____ as my /our Proxy to attend and vote for me/us and on my/our behalf at
the 33rd Annual General Meeting of the Company to be held on Wednesday, 25th
November, 2020 at 10:00 a.m at the registered office 7/1 E-III, Main Boulevard,
Gulberg III, Lahore.

Signed _____ this _____ day of _____
_____ 2020.

NOTE

1. This Form of proxy, duly completed and signed, must be received at the registered office of the company, at 7/1 E-3 Main Boulevard Gulberg III, Lahore Pakistan, not less than 48 hours before the time of holding the meeting.
2. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the company, all such instruments of proxy shall be rendered invalid.

1. Witness:
Signature _____
Name _____
Address _____
CNIC _____

2. Witness:
Signature _____
Name _____
Address _____
CNIC _____

**AFFIX
REVENUE
STAMP of Five rupees**

Signature _____

(Signature appended above should
agree with the specimen signatures
registered with the Company.)

مختار نامہ

کمپنی سیکرٹری

یوسف ویونگ ملز لمیٹڈ

E-3، 7/1 مین بلیوارڈ، گلبرگ III،

لاہور

فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر:
ملکیتی حصص:

میں / ہم

بحیثیت رکن یوسف ویونگ ملز لمیٹڈ بذریعہ ہذا محترم / محترمہ کو اپنے / ہمارے ایماء پر بروز بدھ مورخہ 25 نومبر 2020ء صبح 10:00 بجے، بمقام E-3، 7/1 مین بلیوارڈ، گلبرگ III، لاہور میں منعقد ہونے والے کمپنی کے سالانہ اجلاس میں شرکت اور حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت اپنا / ہمارا بطور مختار (پراکسی) مقرر کرنا ہوں / کرتے ہیں۔

آج بروز بتاریخ 2020ء کو دستخط کئے گئے۔

رسیدی ٹکٹ یہاں چسپاں کریں

دستخط:

(دستخط کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں)

گواہان

1-

دستخط:

نام:

پتہ:

2-

دستخط:

نام:

پتہ:

نوٹ:

- 1- پراکسی تقرری کے آلات، معہ پاور آف اٹارنی، اگر کوئی ہو، جس کے تحت یہ دستخط شدہ ہے یا اس کی نوٹریلی کاپی، اجلاس کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کے دفتر میں جمع کرائے جانے چاہئیں۔
- 2- سی ڈی سی حصص داران سے التماس ہے کہ متعلقہ حصص داران کی شناخت کی سہولت کے لئے غیر معمولی اجلاس عام میں شرکت کے وقت اپنے کمپیوٹر انزڈ قومی شناختی کارڈ معہ پارٹنیشنس کا آئی ڈی نمبرز اور اپنے اکاؤنٹ نمبرز لازماً ہمراہ لائیں۔