20
Annual Report **20**

Ibrahim Fibres Limited

STRIVING FOR EXCELLENCE

Ibrahim

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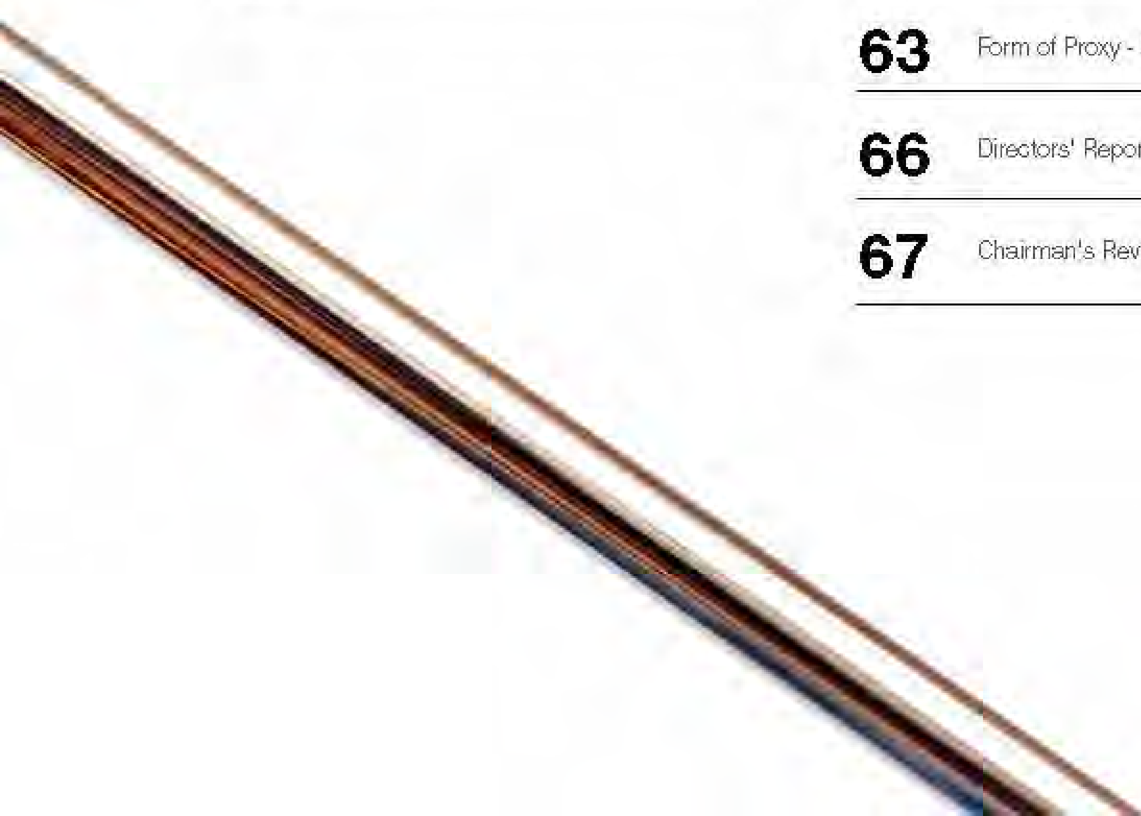


COMPANY INFORMATION

BOARD OF DIRECTORS

Sheikh Mukhtar Ahmad	Chairman
Mohammad Naeem Mukhtar	Chief Executive Officer
Muhammad Waseem Mukhtar	
Mohammad Naeem Asghar	
Abdul Hameed Bhutta	
Mohammad Waqar	
Ikram ul Haq Mian	

CHIEF FINANCIAL OFFICER

Mohammad Naeem Asghar

COMPANY SECRETARY

Muhammad Labeeb Subhani

AUDITORS

Deloitte Yousuf Adil
Chartered Accountants

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mohammad Waqar	Chairman
Abdul Hameed Bhutta	Member / Secretary
Ikram ul Haq Mian	Member

AUDIT COMMITTEE

Ikram ul Haq Mian	Chairman
Abdul Hameed Bhutta	Member
Mohammad Waqar	Member
Muhammad Iqbal Chaudhry	Secretary

REGISTRAR'S & SHARES REGISTRATION OFFICE

CDC Share Registrar Services Limited
CDC House, 99 - B, Block - B, S.M.C.H.S.
Main Shahra-e-Faisal, Karachi - 74400, Pakistan

BANKERS

Askari Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
BankIslami Pakistan Limited
Citibank, N.A.
Deutsche Bank AG
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank of China Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab
United Bank Limited

REGISTERED OFFICE

Ibrahim Centre
1 - Ahmed Block
New Garden Town
Lahore - 54600
Pakistan

HEAD OFFICE

Ibrahim Centre
15 - Club Road
Faisalabad - 38000
Pakistan

PROJECTS LOCATION

38 - 40 Kilometres
Faisalabad - Sheikhupura Road
Faisalabad, Pakistan

FINANCIAL HIGHLIGHTS

	For the year ended June 30,				
	2020	2019	2018	2017	2016
					(Rupees in million)
OPERATING PERFORMANCE					
Sales - net	47,078	66,238	53,887	39,911	34,710
Gross profit	1,951	3,847	4,496	2,425	980
Operating profit	804	2,736	3,445	1,444	130
(Loss) / profit before taxation	(851)	2,044	2,923	7,824	1,922
(Loss) / profit after taxation	(1,295)	998	2,107	8,480	1,535

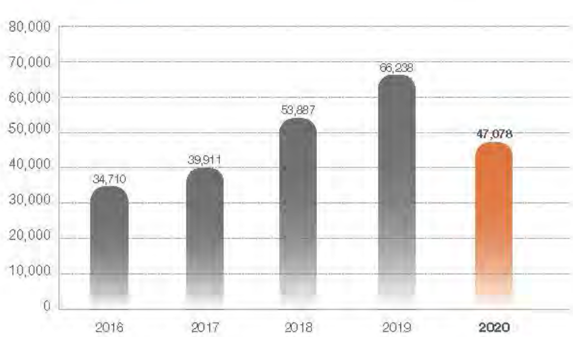
	As at June 30,				
	2020	2019	2018	2017	2016
					(Rupees in million)
FINANCIAL POSITION					
Non - Current Assets					
Property, plant and equipment	39,478	31,976	29,189	28,525	24,738
Other non - current assets	133	140	84	85	13,841
	39,611	32,116	29,273	28,610	38,579
Current Assets					
Stores, spare parts and stock in trade	14,298	14,589	12,134	10,087	7,327
Other current assets	5,661	6,828	5,555	13,486	5,049
Cash and cash equivalents	18	37	46	98	103
	19,977	21,454	17,735	23,671	12,479
Current Liabilities					
Short term borrowings	7,041	5,107	2,097	4,924	2,691
Current portion of long term financing	–	–	933	2,058	1,683
Other current liabilities	2,375	4,399	2,342	1,915	2,226
	9,416	9,506	5,372	8,897	6,600
Working capital	10,561	11,948	12,363	14,774	5,879
Long term financing	10,000	1,500	–	4,421	5,617
Deferred liabilities	2,307	3,090	2,679	1,717	2,603
Share capital and reserves	37,865	39,474	38,957	37,246	36,238

		For the year ended June 30,				
		2020	2019	2018	2017	2016
PROFITABILITY ANALYSIS						
Gross profit to sales	(%)	4.1	5.8	8.3	6.1	2.8
(Loss) / profit before tax to sales	(%)	(1.8)	3.1	5.4	19.6	5.5
(Loss) / profit after tax to sales	(%)	(2.8)	1.5	3.9	21.2	4.4
Return on capital employed	(%)	1.6	6.2	8.3	3.3	0.3
Return on equity	(%)	(3.4)	2.5	5.4	22.8	4.2
Earnings per share	(Rupees)	(4.2)	3.2	6.8	27.3	4.9
DIVIDENDS						
Final cash dividend - Proposed	(%)	–	10	15	10	–

		As at June 30,				
		2020	2019	2018	2017	2016
FINANCIAL ANALYSIS						
Current ratio	(times)	2.1	2.3	3.3	2.7	1.9
Debt to equity	(times)	0.3	0.0	0.0	0.2	0.2
Leverage ratio	(times)	0.6	0.4	0.2	0.4	0.4
Debt service coverage	(times)	2.6	3.7	2.4	4.4	3.0
Breakup value per share	(Rupees)	121.9	127.1	125.5	120.0	116.7
Inventory turnover ratio	(times)	4.4	6.2	6.0	6.0	5.8
Debtors turnover ratio	(times)	68.4	143.8	170.4	183.8	180.7
Fixed assets turnover ratio	(times)	1.3	2.2	1.9	1.5	1.4

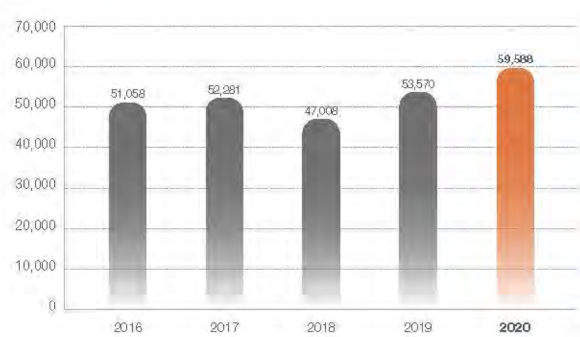
Sales - Net

(Rupees in million)



Total Assets

(Rupees in million)



VISION AND MISSION STATEMENT

OUR VISION

To be a sustainable, growth oriented Company and achieve scale to remain competitive in the global economy.

OUR MISSION

To build the Company on sound financial footings with better productivity, excellence in quality and improved efficiency at lower operating costs by utilising state of the art technologies.

To accomplish excellent results through increased earnings which can benefit all the stakeholders.

To be a responsible employer and to take care of the employees in their career planning and reward them according to their abilities and performance.

To fulfill general obligations towards the society, being a good corporate citizen.

CHAIRMAN'S REVIEW

I am pleased to present the review on the performance of your Company and its board for the year ended June 30, 2020 along with effectiveness of the role played by the board in achieving the Company's objectives.

INDUSTRY OVERVIEW

During first half of financial year under review, domestic industry faced immense challenge of contractionary economic policies coupled with highest inflation rate in recent times. The situation aggravated further in the second half of current financial year due to COVID - 19 outbreak which flattened global as well as domestic economy and resultantly a paradigm shift in basic economic fundamentals of the Globe was observed. Crude oil market was one of the worst hit by these developments and witnessed demand wipe out, causing massive spillover in the market.

MARKETING ACTIVITIES

The polyester plant of your Company achieved sales volume of 210,021 tons of PSF during the year under review as against sales of 291,825 tons of PSF during the previous year.

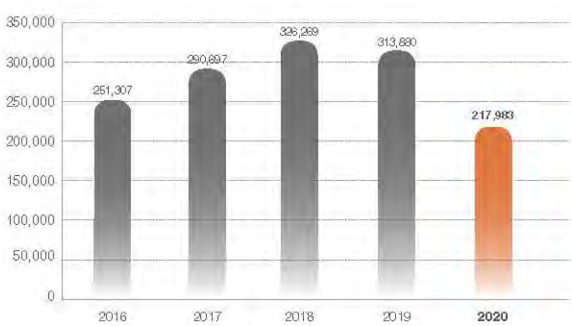
The textile plants of your Company achieved sales of 24,533 tons of different counts of blended yarns during the year, as against sales of 33,528 tons of yarns during previous year.

PRODUCTION OPERATIONS

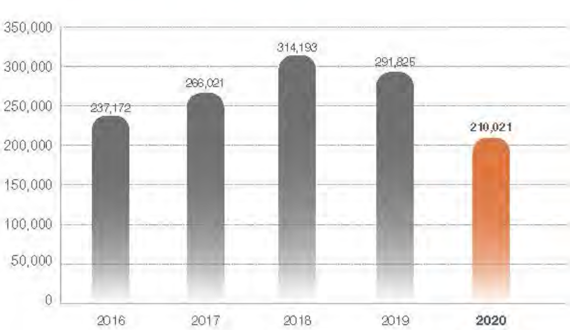
The polyester plant of your Company achieved production of 217,983 tons of PSF as against 313,880 tons of PSF during the previous year. Out of the above production, 17,391 tons of PSF were consumed by the textile plants of your Company during the year for production of blended yarns as against 21,907 tons consumed during previous year.

At the textile plants of your Company, 26,583 tons of different counts of blended yarns were manufactured as against 31,646 tons of yarns during previous year.

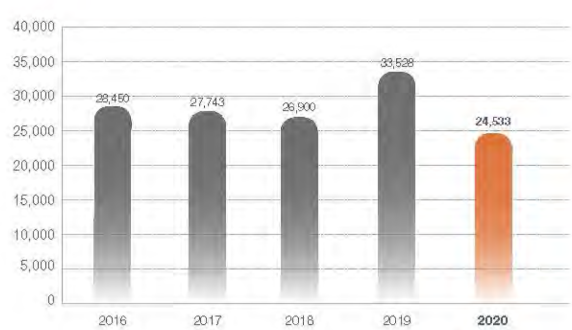
PSF / Polyester Chips Production (Quantity in M. Ton)



PSF / Polyester Chips Sales (Quantity in M. Ton)

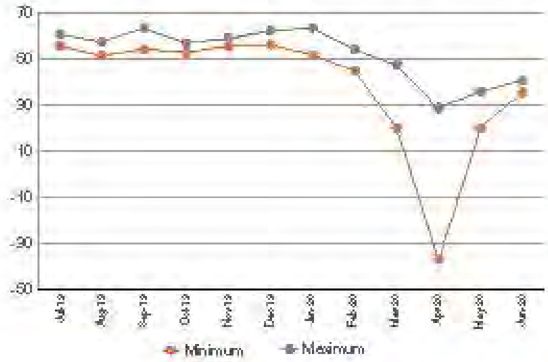


Yarn Sales (Quantity in M. Ton)



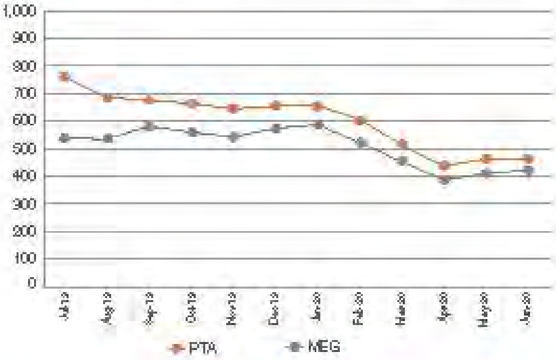
Crude Oil (WTI) Prices

(US Dollar / Barrel)



PTA & MEG Prices

(US Dollar / M. Ton)



FINANCIAL PERFORMANCE

Your Company achieved net sales of Rs. 47,078 million during the year under review as compared to Rs. 66,238 million during the previous year. The gross profit earned during the year was Rs. 1,951 million as against Rs. 3,847 million earned during previous year.

Your Company suffered loss before tax amounting to Rs. 851 million during the year as compared to profit of Rs. 2,044 million during the previous year. Loss after tax for the year comes to Rs. 1,295 million as compared to profit of Rs. 998 million during previous year. This is attributable to plants closure due to corona virus pendamic.

EXPANSION IN YARN MANUFACTURING CAPACITY

Your Company achieved another milestone in the current financial year by successfully starting commercial operations of Textile Plant - 4.

This project consists of state of the art yarn spinning plant having 100,320 spindles with annual production capacity of 32,500 tons of blended yarn.

Plant and machinery for this project was provided by World's leading suppliers i.e. Truetzschler and Saurer Spinning Solutions, Germany and Luwa Air Engineering, Switzerland.

BALANCING, MODERNISATION AND REPLACEMENT

Power Generation Plant

During the year under review, your Company has successfully completed another state of the art project for replacement of automatic control and monitoring system for six Niigata power generating sets.

The system was provided by Niigata Power Systems, Japan who is also the supplier of these power generating sets.

Its implementation resulted in further improving efficiency and productivity of your Company.

Polyester Plant - II

In order to deploy latest technologies for plant operations, management of your Company has decided to replace digital control system for polymer, spinning and draw lines of Polyester Plant - II. Accordingly, an agreement has been signed with the technology supplier of existing polyester plants Technip Zimmer, Germany for supply of engineering, equipment and supervision.

The letters of credit for import of equipment has been established and shipments have arrived during third quarter of current calendar year.

CHAIRMAN'S REVIEW (cont.)

PROFESSIONALISM AND HUMAN RESOURCES

Your Company believes that continuous learning and re-learning is the absolute essential requirement for organizations to thrive in this era of disruptive changes. Therefore, human resources have always been considered as basis of all the organisational policies and strategies of your Company.

With this philosophy in mind, management of your Company is making untiring efforts to enhance learnability, creativity and productivity of its human resources by deploying numerous in-house learning initiatives as well as external learning programs.

During the year under review, your Company arranged a large number of courses for its several executives on various topics mainly covering Oracle ERP applications, project management, human resource management and corporate laws.

FUTURE OUTLOOK

After relaxing lockdown restrictions, economic activities have started to gain momentum in the domestic industry. However, COVID - 19 specific economic uncertainties are hindering the restoration of international as well as domestic economic activities to the pre - Covid level. On the domestic front, depreciation of PKR and recovery of global prices of crude oil are expected to have inflationary impact which may pose risk to stable economic outlook. Moreover, unprecedented volume of PSF is being dumped by regional players choking operating levels of domestic PSF manufacturers.

After taking all these factors into the account, management of your Company expects gradual revival of economic activities in domestic market leading to recovery in turnovers and financial results in the foreseeable future.

ACKNOWLEDGEMENT

I am thankful to the members of the Board of Directors of the Company, shareholders, bankers, financial institutions, our valued customers and suppliers for their support and assistance. I also thank the executives and other employees of the Company for their dedication and hard work and look forward to getting the same cooperation in future.

Sheikh Mukhtar Ahmad
Chairman

Lahore
September 14, 2020


VAHLE

NOTICE OF MEETING

Notice is hereby given that the 34th Annual General Meeting of the shareholders of the Company will be held on October 22, 2020 at 11:00 A.M. through tele/ video conferencing from 1- Ahmed Block, New Garden Town, Lahore to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the preceding meeting of the shareholders of the Company.
2. To consider and approve the annual audited financial statements of the Company for the year ended June 30, 2020 together with directors' and auditor's reports thereon.
3. To appoint Auditors for the year 2020 - 2021 and fix their remuneration. The present auditors M/s Deloitte Yousuf Adil, Chartered Accountants have retired and offered themselves for re - appointment as External Auditors of the Company for the year 2020 - 2021.
4. To transact any other business with the permission of the chair.

By order of the Board

Muhammad Labeeb Subhani
Company Secretary

Lahore
September 14, 2020

NOTES

i. The share transfer books of the Company shall remain closed from October 15, 2020 to October 22, 2020 (both days inclusive) to determine the names of members entitled to attend the Meeting. Transfers received in order at M/s CDC Share Registrar Services Limited, CDC House, 99 - B, Block - B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, the Registrar's and Shares Registration Office of the Company, at the close of business on October 14, 2020 will be treated in time.

ii. In view of the prevailing situation due to pandemic COVID-19 and in line with the direction issued to listed companies by Securities and Exchange Commission of Pakistan, vide its Circular No. 5 of 2020 dated 17 March, 2020 and Circular No. 25 of 2020 dated 31 August, 2020, the Company has decided to hold its AGM through electronic means. The arrangements for the 34th AGM will be as under:

a. AGM will be held through Zoom application - a video link facility.

b. Shareholders interested to participate in the AGM through Zoom are requested to get themselves registered with the Company upto October 21, 2020 at 03:00 P.M. by providing their following particulars at labeeb.subhani@igc.com.pk or WhatsApp No. +923077771242.

- Name of shareholder
- CNIC Number (please attach snapshot of both sides of valid CNIC)
- Folio / CDS Number
- Cell Number
- e-mail address

c. On receipt of request, the link / credentials to join through tele / video conferencing shall be sent to the interested Shareholders on their e-mail addresses or through WhatsApp messages. Shareholders will be able to login and participate in the AGM proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders.

d. Shareholders may send their comments and suggestions relating to the agenda items of the AGM to the Company Secretary atleast two working days before the AGM, at the above given e-mail address or WhatsApp No. Shareholders are required to provide their full name, CNIC No. and Folio / CDS No. for this purpose.

iii. A member entitled to attend and vote at the Meeting may appoint another member as his / her proxy to attend and vote for him / her. Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of holding the Meeting.

iv. Members are requested to notify immediately changes, if any, in their registered address.

v. CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

FOR ATTENDING THE MEETING

i. In case of individuals, the account holder or sub - account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his / her identity by showing his / her original Computerised National Identity Card (CNIC) or original passport at the time of attending the Meeting.

NOTICE OF MEETING (cont.)

ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

FOR APPOINTING PROXIES

i. In case of individuals, the account holder or sub - account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv. The proxy shall produce his / her original CNIC or original passport at the time of the Meeting.

v. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

CIRCULATION OF ANNUAL AUDITED ACCOUNTS VIA CD / USB / DVD

Pursuant to the directions given by the Securities & Exchange Commission of Pakistan through SRO 470 (1) / 2016 dated May 31, 2016 that has allowed the companies to circulate its Annual Audited Accounts to its members through CD / USB / DVD at their registered Addresses.

Shareholders who wish to receive the hardcopy of Financial Statements shall have to fill the standard request form, which is available on the Company's website (www.igcpk.com) and send to the Company at its registered address.

REQUEST TO SHAREHOLDERS

Pursuant to Section 242 of the Companies Act, 2017, all listed companies must pay cash dividend through electronic mode directly into the bank account designated by the entitled shareholders instead of issuing physical dividend warrants.

In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company M/s CDC Share Registrar Services Limited, CDC House, 99 - B, Block - B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, in case of physical shares.

In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker / participant / CDC account services.

NEW TAX IMPLEMENTATION ON DIVIDENDS

Pursuant to the provisions of the Finance Act 2019 effective from July 01, 2019, the rates of the tax deduction on dividend payments under section 150 of the Income Tax Ordinance, 2001 have been revised as follows:

1. For persons appearing in the active taxpayers' list - 15%
2. For persons not appearing in the active taxpayers' list - 30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders are advised to make sure that their names are entered in the Active Taxpayers' List (ATL) provided on the website of FBR before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

TAXATION FOR JOINT SHAREHOLDERS

The FBR has clarified that where the shares are held in joint accounts / names, each account / joint holder will be treated individually as either a person appearing in the active taxpayers' list or a person not appearing in the active taxpayers' list and tax will be deducted according to his / her status on active taxpayers' list vis-à-vis shareholding position. The shareholders, who are having joint shareholding status, are requested to kindly intimate their shareholding proportions to the Shares Registrar of the Company, M/s CDC Share Registrar Services Limited, latest by October 14, 2020, in the following format:

Folio / CDC A/c No.	Name of Shareholders (Principal / Joint Holders)	No. of Shares or Percentage (Proportion)	CNIC No.	Signature

If the shareholding proportion is not advised or determined, each joint shareholder will be assumed to hold equal proportion of shares and deduction of withholding tax will be made accordingly.

REQUIREMENT OF VALID TAX EXEMPTION CERTIFICATE FOR CLAIMING EXEMPTION FROM WITHHOLDING TAX

As per FBR Circulars C. No. 1 (29) WHT / 2006 dated June 30, 2010 and C. No.1 (43) DG (WHT) / 2008 - Vol. II – 66417 - R dated May 12, 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under Clause 47B of Part - IV of Second Schedule is available. The shareholders who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrar before book closure, otherwise tax will be deducted on dividend as per applicable rates.

EXEMPTION FROM DEDUCTION OF ZAKAT

Members desiring non - deduction of zakat are requested to submit a valid declaration for non - deduction of zakat.

UNCLAIMED DIVIDENDS AND BONUS SHARES

Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares are advised to contact our Share Registrar M/s CDC Share Registrar Services Limited, to collect / inquire about their unclaimed dividend or pending shares if any.

ATTENDANCE OF MEETING BY VIDEO - LINK

If Members holding ten (10) percent of the total paid up capital, reside in a city, such Members, may demand the Company to provide them the facility of video - link for attending the Meeting. The Company will arrange video conference facility in the city subject to availability of such facility in that city.

If you wish to take benefit of this facility, please fill the form appearing below and submit it to the Company at its registered address at least seven (7) days prior to the date of the Meeting:

I / We, ______________________________ of ______________________________, being a member of Ibrahim Fibres Limited, holder of ______________ ordinary share(s) as per Registered Folio / CDC Account No. ______________ hereby opt for video link facility at ______________________.

____
Signature of Member

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of Annual General Meeting along with complete information necessary to enable them to access the facility.

DIRECTORS' REPORT

The Directors of your Company are pleased to present before you the audited Financial Statements for the year ended June 30, 2020 along with Auditor's report thereon.

FINANCIAL RESULTS

The financial results for the year under review with corresponding figures of previous year are presented for having a quick look on the performance of the Company.

	2020 Rupees	2019 Rupees
Gross profit	1,951,260,398	3,847,025,969
Selling and distribution expenses	(309,969,821)	(343,674,679)
Administrative expenses	(837,348,980)	(767,457,734)
Other operating expenses	(27,340,749)	(146,889,839)
Finance cost	(1,658,074,910)	(612,097,258)
	(2,832,734,460)	(1,870,119,510)
	(881,474,062)	1,976,906,459
Other income	30,658,697	67,563,225
(Loss) / profit before taxation	(850,815,365)	2,044,469,684
Provision for taxation	(444,666,576)	(1,045,977,175)
(Loss) / profit for the year	(1,295,481,941)	998,492,509
Remeasurement of staff retirement gratuity - net of tax	(2,693,583)	(15,439,924)
Un-appropriated profit brought forward	31,207,085,629	30,689,793,537
Profit available for appropriation	29,908,910,105	31,672,846,122
Final cash dividend - 10% (2019: 15%)	(310,506,995)	(465,760,493)
Un-appropriated profit carried forward	29,598,403,110	31,207,085,629
Earnings per share - Basic and Diluted	(4.17)	3.22

DIVIDEND-PROPOSED

The Board has not recommended payment of dividend for the year ended June 30, 2020 due to loss for the year.

PROPOSED APPROPRIATION OF PROFIT

	2020 Rupees	2019 Rupees
Final cash dividend - Nil (2019: 10%)	–	310,506,995

CHAIRMAN'S REVIEW

The Directors of your Company fully endorse the Chairman's review on the performance of the Company for the year ended June 30, 2020.

AUDITORS

The external auditors M/s Deloitte Yousuf Adil, Chartered Accountants, retire and offer themselves for their re-appointment. The Audit Committee recommends the re-appointment of M/s Deloitte Yousuf Adil, Chartered Accountants, as external auditors for the financial year ending June 30, 2021.

PATTERN OF SHAREHOLDING

Pattern of shareholding as on June 30, 2020 is annexed.

NUMBER OF BOARD MEETINGS HELD

Four meetings of the Board of Directors were held during the year ended June 30, 2020 and the attendance of the Directors is as follows:

		Attendance
Sheikh Mukhtar Ahmad	Chairman	04
Mohammad Naeem Mukhtar	Chief Executive Officer	04
Muhammad Waseem Mukhtar	Director	04
Abdul Hameed Bhutta	Director	04
Mohammad Waqar	Director	04
Mohammad Naeem Asghar	Director	04
Ikram ul Haq Mian	Director	04

AUDIT COMMITTEE

The Audit Committee of the Company is in place and comprises of the following members as required under the Code of Corporate Governance.

Ikram ul Haq Mian (Independent Director)	Chairman
Abdul Hameed Bhutta (Non - Executive Director)	Member
Mohammad Waqar (Independent Director)	Member

Six Meetings of Audit Committee were held during the year ended June 30, 2020 as required by the Code of Corporate Governance for review of quarterly and annual financial statements and other related matters. The meetings were also attended by the CFO, Head of Internal Audit and External Auditors as and when required.

DIRECTORS' REMUNERATION

The Company has a policy in place that ensures formal and transparent procedures for fixing the remuneration of Directors and no single Director is involved in determining his own remuneration.

Remuneration levels are kept at a reasonable level in order to attract and retain directors, however at all times, care is taken that such level does not compromise independence.

For information on remuneration of Directors and CEO, please refer note 30 to the financial statements.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors of the Company are pleased to confirm that the Company has made compliance of the provisions of the Code of Corporate Governance, set out in clause No. 5.20 of the Rule Book of Pakistan Stock Exchange, issued by the Securities and Exchange Commission of Pakistan and there is no material departure from the best practices as detailed in the listing regulations. Our statements on corporate and financial reporting are as follows:

1. The financial statements, prepared by the management of the Company present a fair state of affairs of the Company, results of its operations, cash flows and changes in equity;
2. Proper books of accounts of the Company have been maintained as required under the Companies Act, 2017;
3. Appropriate accounting policies have been applied consistently in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgement;

4. International Accounting / Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and there is no departure therefrom;

5. The system of internal control is sound and has been effectively implemented and monitored;

6. There is no significant doubt on the Company's ability to continue as a going concern;

7. Financial highlights for the last 5 years are annexed.

CORPORATE SOCIAL RESPONSIBILITY

Your Company understands its corporate responsibility towards society and fulfills its obligation by providing financial support to under privileged members of the society and its deserving employees as well as doing philanthropy work. The Company is also contributing considerable amounts to the National Exchequer, applying solutions for energy conservation and environment protection, providing the highest quality products and after - sales technical services to its valued customers.

Your Company regularly donates substantial amounts to renowned hospitals, trusts and to various institutions constituted for dealing with natural calamities as part of its philanthropic activities.

Your Company is providing healthy, safe and learning work environment to its employees and sends them on training courses, seminars, workshops and conferences both within country and abroad. It lends regular support to the special persons by offering them jobs in various departments of the organization. It also offers apprenticeship to fresh graduates, post graduates and engineers, on a regular basis, to elevate their professional and technical skills.

Your Company has also installed an environment friendly gas based power plant with a view to reduce power cost. Moreover, it produces steam as a by-product which is adequate to meet the entire steam requirements of Polyester plant of the Company thereby resulting in energy conservation.

During the year, your Company has contributed a huge amount to the National Exchequer by way of payment of various duties, levies and taxes.

ACKNOWLEDGEMENT

The Directors of your Company would like to place on record their deep appreciation for the support of the customers, banks, financial institutions, regulators and shareholders for achieving good results and hope that this cooperation and support will also continue in future.

The Directors of your Company would also like to express their appreciation for the services, loyalty and efforts being continuously rendered by the executives, staff members and workers of the Company and hope that they will continue to do so in future.

On behalf of the Board

Chief Executive Officer **Director**

Lahore
September 14, 2020

STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019
IBRAHIM FIBRES LIMITED

Year ending June 30, 2020

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

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

   a. Male: 7

   b. Female: Nil (The Company has acquired exemption till new elections which will be held in January, 2021)

2. The composition of Board is as follows:

   Independent Directors

   Ikram ul Haq Mian

   Mohammad Waqar (The Company could not round up independent director's fraction as one because 0.33 is not equal to 1)

   Non - Executive Directors

   Sheikh Mukhtar Ahmad

   Mohammad Naeem Asghar

   Abdul Hameed Bhutta

   Executive Directors

   Mohammad Naeem Mukhtar

   Muhammad Waseem Mukhtar

   Female Directors

   Nil

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

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

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

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

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board has arranged Directors' Training program for the following:

   Sheikh Mukhtar Ahmad

   Muhammad Waseem Mukhtar

   Abdul Hameed Bhutta

   Ikram ul Haq Mian

   Mohammad Waqar

   Mohammad Naeem Mukhtar is exempted from the requirement of Directors' Training Program.

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board.

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

Audit Committee

Ikram ul Haq Mian	Chairman
Mohammad Waqar	Member
Abdul Hameed Bhutta	Member

HR and Remuneration Committee

Mohammad Waqar	Chairman
Abdul Hameed Bhutta	Member
Ikram ul Haq Mian	Member

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

14. The frequency of meetings of the committee were as per following:

    a) Audit Committee — 4 Quarterly and 2 Others in Last Quarter

    b) HR and Remuneration Committee — 1 Annual

15. The Board has set up an effective internal audit function.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.

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

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

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

S. No.	Non- Mandatory Requirements	Regulation No	Explanation
1	Nomination Committee	29(1)	Currently, the Board has not constituted a separate Nomination Committee and the functions are being performed by Human Resource & Remuneration Committee.

Sheikh Mukhtar Ahmad
Chairman

Lahore
September 14, 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF IBRAHIM FIBRES 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 **Ibrahim Fibres Limited** (the Company) for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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

Deloitte Yousuf Adil

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner:
Rana Usman Khan

Lahore
Date: September 14, 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IBRAHIM FIBRES LIMITED

Report on the Audit of Financial Statements

OPINION

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

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

BASIS FOR OPINION

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

KEY AUDIT MATTER

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

Following is the key audit matter:

Key audit matter	How the matter was addressed in our audit
Revenue Recognition The Company's sales comprise of revenue from the sale of polyester staple fiber and yarn which has been disclosed in note 21 to the financial statements. Revenue from sale of goods is recognized when the Company satisfies the performance obligation under the contract by transferring the promised goods to the customers. Revenue recognition criteria has been explained in note 2.20 to the financial statements. We identified revenue recognition as a key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognized based on the satisfaction of the performance obligation under the contract with the customer in line with the accounting policy adopted or may not have been recognized in the appropriate period.	Our audit procedures to assess the recognition of revenue, amongst others, included the following: • assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards; • obtaining an understanding of and assessing the design and operating effectiveness of controls designed to ensure that revenue is recognized appropriately based on the stated accounting policy; • comparing, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period; • checked on sample basis the recorded sales transactions with underlying supporting documents; and • assessed the adequacy of related disclosures in the financial statements.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Management of the Company 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 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, the 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 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 the Company's management.

- Conclude on the appropriateness of the Company's management 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 is therefore the key audit matter. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Rana M. Usman Khan.

Deloitte Yousuf Adil

Deloitte Yousuf Adil
Chartered Accountants

Place: Lahore
Date: September 14, 2020

IBRAHIM FIBRES LIMITED

FINANCIAL STATEMENTS

For the year ended June 30, 2020

STATEMENT OF FINANCIAL POSITION

As at June 30, 2020

	Note	2020 Rupees	2019 Rupees
NON - CURRENT ASSETS			
Property, plant and equipment	3	39,477,948,266	31,975,941,772
Intangible assets	4	37,156,710	33,089,115
Long term loans	5	87,858,424	99,428,629
Long term deposits		7,540,176	7,249,355
		39,610,503,576	32,115,708,871
CURRENT ASSETS			
Stores, spare parts and loose tools	6	4,594,647,824	3,771,686,339
Stock in trade	7	9,703,186,774	10,817,586,684
Trade debts	8	860,483,242	517,033,963
Loans and advances	9	1,426,327,536	2,318,620,827
Prepayments		49,659,288	61,495,264
Other receivables	10	3,324,913,434	3,930,897,358
Cash and bank balances	11	18,079,674	36,844,310
		19,977,297,772	21,454,164,745
CURRENT LIABILITIES			
Trade and other payables	12	1,123,336,895	3,405,954,788
Mark up / interest payable		517,302,165	177,893,212
Short term bank borrowings	13	7,040,979,503	5,107,041,388
Unclaimed dividend		27,100,129	25,252,808
Provision for taxation - income tax		707,573,354	789,925,055
		9,416,292,046	9,506,067,251
Working capital		10,561,005,726	11,948,097,494
Total capital employed		50,171,509,302	44,063,806,365
NON - CURRENT LIABILITIES			
Long term financing	14	10,000,000,000	1,500,000,000
Deferred liabilities:			
Deferred taxation	15	1,195,473,361	1,440,891,126
Staff retirement gratuity	16	1,110,872,232	1,649,069,011
		12,306,345,593	4,589,960,137
CONTINGENCIES AND COMMITMENTS	17	–	–
Net worth		37,865,163,709	39,473,846,228
Represented by:			
SHARE CAPITAL AND RESERVES			
Share capital	18	3,105,069,950	3,105,069,950
Capital reserves	19	1,072,017,550	1,072,017,550
Revenue reserves	20	33,688,076,209	35,296,758,728
		37,865,163,709	39,473,846,228

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

Chief Executive Officer　　Director　　Chief Financial Officer

STATEMENT OF PROFIT OR LOSS
For the year ended June 30, 2020

	Note	2020 Rupees	2019 Rupees
Sales - net	21	47,078,366,164	66,237,950,336
Cost of goods sold	22	(45,127,105,766)	(62,390,924,367)
Gross profit		1,951,260,398	3,847,025,969
Selling and distribution expenses	23	(309,969,821)	(343,674,679)
Administrative expenses	24	(837,348,980)	(767,457,734)
Other operating expenses	25	(27,340,749)	(146,889,839)
Finance cost	26	(1,658,074,910)	(612,097,258)
		(2,832,734,460)	(1,870,119,510)
		(881,474,062)	1,976,906,459
Other income	27	30,658,697	67,563,225
(Loss) / profit before taxation		(850,815,365)	2,044,469,684
Provision for taxation	28	(444,666,576)	(1,045,977,175)
(Loss) / profit for the year		(1,295,481,941)	998,492,509
Earnings per share - Basic and Diluted	29	(4.17)	3.22

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

Chief Executive Officer   Director   Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME
For the year ended June 30, 2020

	Note	2020 Rupees	2019 Rupees
(Loss) / profit for the year		(1,295,481,941)	998,492,509
Other comprehensive income for the year			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of staff retirement gratuity	16.2.2	(3,793,779)	(21,746,372)
Deferred tax	15	1,100,196	6,306,448
		(2,693,583)	(15,439,924)
Total comprehensive income for the year		(1,298,175,524)	983,052,585

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

Chief Executive Officer

Director

Chief Financial Officer

STATEMENT OF CASH FLOWS

For the year ended June 30, 2020

		2020 Rupees	2019 Rupees
a)	**Cash flows from operating activities**		
	(Loss) / profit before taxation	(850,815,365)	2,044,469,684
	Adjustments for:		
	Depreciation / amortisation of property, plant and equipment	3,165,414,770	2,793,647,470
	Amortisation of intangible assets	9,533,967	8,687,134
	Provision for staff retirement gratuity	255,986,112	249,586,376
	Balances written off - net	19,187,038	3,297,745
	Loss on disposal of property, plant and equipment	7,907,713	4,612,589
	Profit on deposits	(203,528)	(157,416)
	Finance cost	1,658,074,910	612,097,258
	Operating cash flows before working capital changes	4,265,085,617	5,716,240,840
	Changes in working capital		
	(Increase) / decrease in current assets		
	Stores, spare parts and loose tools	(822,961,485)	(797,059,594)
	Stock in trade	1,114,399,910	(1,658,657,921)
	Trade debts	(343,476,021)	(118,015,963)
	Loans and advances	127,805,212	(94,252,666)
	Prepayments	11,835,976	145,137
	Other receivables	928,558,596	(843,739,321)
	(Decrease) / increase in current liabilities		
	Trade and other payables	(2,278,986,667)	1,089,898,094
		(1,262,824,479)	(2,421,682,234)
	Cash generated from operations	3,002,261,138	3,294,558,606
	Long term loans - net	41,923,246	(70,669,916)
	Finance cost paid	(1,613,819,724)	(469,602,238)
	Income tax paid - net	(385,886,294)	(199,823,411)
	Staff retirement gratuity paid	(798,840,637)	(111,177,422)
	Net cash from operating activities	245,637,729	2,443,285,619
b)	**Cash flows from investing activities**		
	Additions in:		
	Property, plant and equipment	(10,392,686,438)	(5,596,532,740)
	Intangible assets	(13,601,562)	(14,577,058)
	Proceeds from disposal of property, plant and equipment	16,687,759	45,597,572
	Long term deposits	(290,821)	(1,257,099)
	Profit on deposits	210,256	153,700
	Net cash used in investing activities	(10,389,680,806)	(5,566,615,625)
c)	**Cash flows from financing activities**		
	Long term financing obtained	8,500,000,000	1,500,000,000
	Repayment of long term financing	–	(933,333,331)
	Increase in short term bank borrowings - net	1,933,938,115	3,009,767,477
	Dividend paid	(308,659,674)	(462,756,975)
	Net cash from financing activities	10,125,278,441	3,113,677,171
	Net decrease in cash and cash equivalents (a+b+c)	(18,764,636)	(9,652,835)
	Cash and cash equivalents at the beginning of the year	36,844,310	46,497,145
	Cash and cash equivalents at the end of the year	18,079,674	36,844,310

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

Chief Executive Officer | **Director** | **Chief Financial Officer**

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2020

	Share Capital	Capital Reserves		Revenue Reserves		Total
		Share premium	Merger reserve	General reserve	Unappropriated profit	
	Rupees					
Balance as at July 01, 2018	3,105,069,950	1,000,000,000	72,017,550	4,089,673,099	30,689,793,537	38,956,554,136
Transactions with owners						
Final cash dividend for the year ended June 30, 2018: Rs. 1.5 per share	-	-	-	-	(465,760,493)	(465,760,493)
Total comprehensive income for the year						
Profit	-	-	-	-	998,492,509	998,492,509
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of staff retirement gratuity	-	-	-	-	(21,746,372)	(21,746,372)
Deferred tax	-	-	-	-	6,306,448	6,306,448
					(15,439,924)	(15,439,924)
	-	-	-	-	983,052,585	983,052,585
Balance as at June 30, 2019	3,105,069,950	1,000,000,000	72,017,550	4,089,673,099	31,207,085,629	39,473,846,228
Transactions with owners						
Final cash dividend for the year ended June 30, 2019: Rs. 1 per share	-	-	-	-	(310,506,995)	(310,506,995)
Total comprehensive income for the year						
Loss	-	-	-	-	(1,295,481,941)	(1,295,481,941)
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of staff retirement gratuity	-	-	-	-	(3,793,779)	(3,793,779)
Deferred tax	-	-	-	-	1,100,196	1,100,196
					(2,693,583)	(2,693,583)
	-	-	-	-	(1,298,175,524)	(1,298,175,524)
Balance as at June 30, 2020	3,105,069,950	1,000,000,000	72,017,550	4,089,673,099	29,598,403,110	37,865,163,709

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

Chief Executive Officer

Director

Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2020

1. STATUS AND ACTIVITIES

1.1 Ibrahim Fibres Limited (the Company) was incorporated in Pakistan as a public limited company and is listed on Pakistan Stock Exchange. The principal business of the Company is manufacture and sale of polyester staple fibre and yarn. The registered office of the Company is located at 1 - Ahmad Block, New Garden Town, Lahore. The manufacturing units are located at Faisalabad - Sheikhupura Road, in the Province of Punjab.

1.2 Pursuant to scheme of arrangement approved by the Honourable Lahore High Court, Lahore, assets, liabilities and reserves of Ibrahim Textile Mills Limited, A. A. Textiles Limited, Zainab Textile Mills Limited and Ibrahim Energy Limited were merged with the assets, liabilities and reserves of the Company with effect from October 01, 2000.

1.3 Ibrahim Holdings (Private) Limited is the parent company and it's registered office is in Pakistan.

1.4 The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

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

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

2.2 Application of new and revised IFRS Standards

2.2.1 Standards, amendments to standards and interpretations becoming effective in current year

There were certain new standards, amendments to the approved accounting standards and interpretations which became effective during the year ended June 30, 2020 but are considered not to be relevant or not to have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

Following new IFRS Standard and related guidance are effective and adopted in current year:

- IFRS 16 replaces existing guidance on accounting for leases, including IAS 17, "Leases", IFRIC 4, "Determining whether an arrangement contains a Lease", SIC-15, "Operating Leases - Incentive", and SIC - 27, "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". IFRS 16 introduces a single balance sheet lease accounting model for long term operating leases. A lessee recognises a right of use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the previous standard IAS 17 "Leases" i.e. lessors continue to classify leases as either finance or operating leases.

The adoption of IFRS 16 and related guidance do not have any significant impact on the financial statements of the Company.

2.2.2 Standards, amendments to standards and interpretations becoming effective in future

There are certain new standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2020 but are considered not to be relevant or are not expected to have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

2.3 Basis of preparation

These financial statements have been prepared under the "historical cost convention" except staff retirement gratuity carried at present value.

2.4 Property, plant and equipment

Property, plant and equipment, except freehold land and capital work in progress are stated at cost less accumulated depreciation / amortisation and impairment in value, if any. Freehold land and capital work in progress are stated at cost less impairment in value, if any.

Depreciation is charged to income applying the reducing balance method and amortisation is charged on straight line basis over the unexpired period of leasehold rights of land at the rates specified in the property, plant and equipment note.

Depreciation on additions during the year is charged from the month in which an asset is acquired or capitalised, while no depreciation is charged for the month in which the asset is disposed off. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised.

Gains and losses on disposal of property, plant and equipment are included in current income.

All costs / expenditure connected with specific assets are collected under capital work in progress. These are transferred to specific assets as and when assets are available for intended use.

2.5 Intangible assets

Intangible assets except those under implementation are stated at cost less accumulated amortisation and impairment in value, if any. Intangible assets under implementation are carried at cost less impairment in value, if any.

Intangible assets are amortised over a period of five years using straight line method. Amortisation on additions during the year is charged from the month in which an asset is acquired or capitalised.

All costs / expenditure connected with implementation of intangible assets are collected in intangible assets under implementation. These are transferred to specific assets as and when assets are available for intended use.

2.6 Impairment

Financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Non - financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation / amortisation and are tested annually for impairment. Assets that are subject to depreciation / amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash - generating units). Non - financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised. Reversal of impairment loss is recognised as income.

2.7 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of profit or loss in the period in which these are incurred.

2.8 Stores, spare parts and loose tools

These are valued at moving average cost less allowances for obsolete or slow moving items, if any. Items in transit are valued at cost comprising invoice value and other charges incurred thereon.

2.9 Stock in trade

Stock in trade except wastes is valued at lower of cost and net realisable value. Cost is determined as follows:

Raw materials	
In hand	Weighted average cost
In transit	Cost comprising invoice value and other charges incurred thereon
Work in process and Finished goods	Cost is determined on weighted average method and it comprises of cost of direct materials, labour and appropriate manufacturing overheads.

Wastes are valued at net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to make the sales.

2.10 Trade debts and other receivables

These are classified at amortised cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

2.11 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand, balances with banks and highly liquid short term investments that are convertible to known amounts of cash and are subject to insignificant risk of change in value.

2.12 Staff retirement gratuity

The Company operates a defined benefit plan - unfunded gratuity scheme covering all permanent employees. Provision is made annually on the basis of actuarial recommendation to cover the period of service completed by employees using Projected Unit Credit Method. All remeasurement adjustments are recognised in other comprehensive income as they occur.

The amount recognised in the statement of financial position represents the present value of defined benefit obligation as adjusted for remeasurement adjustments.

2.13 Trade and other payables

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

2.14 Provisions

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

2.15 Provision for taxation

Current

Provision for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits and tax rebates available under the law.

Deferred

Deferred tax is provided using the liability method for all temporary differences at reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release - 27 of the Institute of Chartered Accountants of Pakistan.

Deferred tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realised or the liabilities are settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is charged or credited to the statement of profit or loss, except in case of items recognised in other comprehensive income in which case it is included in the statement of comprehensive income.

2.16 Dividend and other appropriations

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

2.17 Foreign currency translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the exchange rates prevailing at the reporting date, except those covered under forward exchange contracts which are translated at the contracted rates. Transactions in foreign currencies are translated into Pak Rupee at exchange rates prevailing on the date of transaction.

Exchange differences are included in current statement of profit or loss. All non - monetary items are translated into Pak Rupee at exchange rates prevailing on the date of transaction.

2.18 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and de - recognised when the Company loses control of the contractual rights that comprise the financial assets and, in case of financial liabilities, when the obligation specified in the contract is discharged, cancelled or expired.

Recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial instruments.

2.19 Off - setting of financial asset and financial liability

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

2.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in the normal course of business.

– Revenue from sale of goods is recognised on transfer of control to customers.
– Profit on deposits is recognised on time proportionate basis, taking into account the effective yield.

2.21 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting for the effects of all dilutive potential ordinary shares.

2.22 Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, provision for doubtful receivables and slow moving inventory, staff retirement gratuity and taxation. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2020

	Note	2020 Rupees	2019 Rupees
3. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	3.1	39,308,114,692	25,777,908,547
Capital work in progress	3.5	169,833,574	6,198,033,225
		39,477,948,266	31,975,941,772

3.1 Operating assets

	Land		Building on		Plant and machinery	Furniture and fixture	Office equipment	Vehicles	Total
	Freehold	Leasehold	Freehold land	Leasehold land					
	Rupees								
At July 01, 2018									
Cost	504,372,150	23,179,082	5,271,104,413	63,897,537	44,170,902,746	256,668,349	304,148,361	288,359,657	50,882,632,295
Accumulated depreciation / amortisation	–	(457,685)	(2,663,432,623)	(51,206,938)	(19,838,563,643)	(118,773,027)	(132,944,526)	(148,660,575)	(22,954,039,017)
Written down value	504,372,150	22,721,397	2,607,671,790	12,690,599	24,332,339,103	137,895,322	171,203,835	139,699,082	27,928,593,278
Reconciliation of written down value at June 30, 2019									
Written down value as at July 01, 2018	504,372,150	22,721,397	2,607,671,790	12,690,599	24,332,339,103	137,895,322	171,203,835	139,699,082	27,928,593,278
Additions	22,402,845	–	122,785,049	–	411,248,327	26,477,866	43,646,322	67,055,157	693,615,566
Less: Disposals									
Cost	179,523	–	–	–	170,749,117	506,280	10,183,260	30,919,302	212,537,482
Accumulated depreciation	–	–	–	–	(142,148,491)	(279,021)	(3,037,969)	(16,861,840)	(162,327,321)
	179,523	–	–	–	28,600,626	227,259	7,145,291	14,057,462	50,210,161
Less: Depreciation / amortisation	–	288,717	267,954,255	1,269,060	2,456,136,826	14,991,224	19,097,061	34,352,993	2,794,090,136
Written down value as at June 30, 2019	526,595,472	22,432,680	2,462,502,584	11,421,539	22,258,849,978	149,154,705	188,607,805	158,343,784	25,777,908,547
At July 01, 2019									
Cost	526,595,472	23,179,082	5,393,889,462	63,897,537	44,411,401,956	282,639,935	337,611,423	324,495,512	51,363,710,379
Accumulated depreciation / amortisation	–	(746,402)	(2,931,386,878)	(52,475,998)	(22,152,551,978)	(133,485,230)	(149,003,618)	(166,151,728)	(25,585,801,832)
Written down value	526,595,472	22,432,680	2,462,502,584	11,421,539	22,258,849,978	149,154,705	188,607,805	158,343,784	25,777,908,547
Reconciliation of written down value at June 30, 2020									
Written down value as at July 01, 2019	526,595,472	22,432,680	2,462,502,584	11,421,539	22,258,849,978	149,154,705	188,607,805	158,343,784	25,777,908,547
Additions	321,294,861	–	3,887,349,864	141,596,438	12,195,142,079	76,685,752	38,874,769	59,663,385	16,720,607,148
Less: Disposals									
Cost	–	–	–	–	2,869,048	434,732	11,303,436	33,098,509	47,705,725
Accumulated depreciation	–	–	–	–	(2,681,773)	(260,246)	(3,064,400)	(17,103,834)	(23,110,253)
	–	–	–	–	187,275	174,486	8,239,036	15,994,675	24,595,472
Less: Depreciation / amortisation	–	288,717	390,742,141	7,248,415	2,692,176,912	18,468,075	20,563,805	36,317,466	3,165,805,531
Written down value as at June 30, 2020	847,890,333	22,143,963	5,959,110,307	145,769,562	31,761,627,870	207,197,896	198,679,733	165,695,028	39,308,114,692
At June 30, 2020									
Cost	847,890,333	23,179,082	9,281,239,326	205,493,975	56,603,674,987	358,890,955	365,182,756	351,060,388	68,036,611,802
Accumulated depreciation / amortisation	–	(1,035,119)	(3,322,129,019)	(59,724,413)	(24,842,047,117)	(151,693,059)	(166,503,023)	(185,365,360)	(28,728,497,110)
Written down value	847,890,333	22,143,963	5,959,110,307	145,769,562	31,761,627,870	207,197,896	198,679,733	165,695,028	39,308,114,692
Rate (%)	–	01 ~ 1.25	10	10	10	10	10	20	

	Note	2020 Rupees	2019 Rupees
3.2 Depreciation / amortisation for the year has been allocated as under:			
Cost of goods sold	22	3,103,121,005	2,739,111,310
Administrative expenses	24	62,293,765	54,536,160
Unallocated capital expenditures		390,761	442,666
		3,165,805,531	2,794,090,136

3.3 Particulars of land in the name of the Company are as follows:

Description	Location	Land Area (Kanals)
Freehold land	Shahkot	7,239
	Faisalabad	20
	Lahore	33
	Karachi	40
Leasehold land	Karachi	8
	Multan	1

3.4 Detail of disposal of property, plant and equipment

Description	Cost	Written down value	Sale proceeds	Gain / (loss)	Particulars
	Rupees				
Plant & machinery					
(Sold by negotiation)	2,869,048	187,275	341,988	154,713	Assets having net book value less than Rs. 500,000/- each.
	2,869,048	187,275	341,988	154,713	
Office Equipment					
(Sold by negotiation)	564,500	304,618	475,000	170,382	Assets having net book value less than Rs. 500,000/- each.
(Disposed off under Company policy)	5,610,683	4,457,312	270,007	(4,187,305)	Assets having net book value less than Rs. 500,000/- each.
(Scrapped and written off)	5,128,253	3,477,106	-	(3,477,106)	
	11,303,436	8,239,036	745,007	(7,494,029)	
Furniture & fixtures					
(Sold by negotiation)	329,052	140,003	5,300	(134,703)	Assets having net book value less than Rs. 500,000/- each.
(Scrapped and written off)	105,680	34,483	-	(34,483)	
	434,732	174,486	5,300	(169,186)	
Vehicles					
(Sold by negotiation)	2,483,250	1,934,866	823,601	(1,111,265)	Saeed Ahmad Naseem (Ex-Employee)
	3,169,040	562,167	1,371,522	809,355	Assets having net book value less than Rs. 500,000/- each.
(Disposed off under Company policy)	2,585,520	855,166	855,166	-	Abdul Hameed Bhutta (Employee)
	2,036,110	662,559	662,559	-	Irshad Ali Anjum (Employee)
	2,037,310	662,950	662,950	-	Imtiaz Ahmad (Employee)
	2,038,310	676,262	676,262	-	Muhammad Iqbal Chaudhary (Employee)
	2,036,060	638,451	638,451	-	Karim Nawaz (Employee)
	2,032,810	623,323	623,323	-	Syed Amer Akmal (Employee)
	2,457,800	2,217,482	2,217,482	-	Mujahid Hussain (Ex-Employee)
	1,731,320	847,654	847,654	-	Raza Ullah (Ex-Employee)
	2,502,485	1,839,326	1,839,326	-	Zahoor Ul Hassan (Ex-Employee)
	3,312,020	2,870,417	2,870,417	-	Furqan Hameed (Ex-Employee)
	4,676,474	1,604,052	1,506,751	(97,301)	Assets having net book value less than Rs. 500,000/- each.
	33,098,509	15,994,675	15,595,464	(399,211)	
2020	47,705,725	24,595,472	16,687,759	(7,907,713)	
2019	212,537,482	50,210,161	45,597,572	(4,612,589)	

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2020

	Note	2020 Rupees	2019 Rupees
3.5 Capital work in progress			
Building on freehold land		9,988,353	2,380,530,699
Building on leasehold land		–	34,986,346
Plant and machinery		6,932,407	3,251,036,614
Advances against property, plant and equipment			
Land		134,587,608	267,029,500
Building on freehold land		572,066	85,270,201
Building on leasehold land		–	5,672,579
Plant and machinery		5,489,266	99,591,054
Furniture and fixture		8,314,874	10,867,081
Vehicles		3,949,000	8,860,000
		152,912,814	477,290,415
Unallocated capital expenditures		–	54,189,151
		169,833,574	6,198,033,225

4. INTANGIBLE ASSETS

	Note	2020 Rupees	2019 Rupees
Computer softwares	4.1	34,906,710	28,237,868
Advance against computer software under implementation		2,250,000	4,851,247
		37,156,710	33,089,115
4.1 Computer softwares			
Cost		163,765,162	147,562,353
Accumulated amortisation		(128,858,452)	(119,324,485)
Written down value		34,906,710	28,237,868
Reconciliation of written down value			
Opening balance		28,237,868	27,199,191
Additions		16,202,809	9,725,811
Amortisation	24	(9,533,967)	(8,687,134)
Closing balance		34,906,710	28,237,868

5. LONG TERM LOANS

	Note	2020 Rupees	2019 Rupees
Loans to employees - considered good	5.1	179,235,158	221,158,404
Less: Current portion	9	91,376,734	121,729,775
		87,858,424	99,428,629

5.1 These loans have been carried at cost as the effect of carrying these balances at amortised cost would not be material. These are interest free loans provided as per Company's policy.

		Note	2020 Rupees	2019 Rupees
6.	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores			
	In hand		789,070,533	611,807,613
	In transit		241,709,987	75,273,887
			1,030,780,520	687,081,500
	Spare parts			
	In hand		3,330,825,674	2,825,461,962
	In transit		221,068,738	251,141,945
			3,551,894,412	3,076,603,907
	Loose tools		11,972,892	8,000,932
			4,594,647,824	3,771,686,339
7.	**STOCK IN TRADE**			
	Raw materials			
	In hand		7,019,463,547	5,557,562,684
	In transit		2,884,200	1,327,376,335
			7,022,347,747	6,884,939,019
	Work in process		355,881,331	622,633,277
	Finished goods		2,312,817,900	3,300,278,116
	Wastes		12,139,796	9,736,272
			9,703,186,774	10,817,586,684
8.	**TRADE DEBTS**			
	Considered good - Unsecured		860,483,242	517,033,963
9.	**LOANS AND ADVANCES**			
	Loans to employees - considered good			
	Short term loans		4,021,916	12,554,612
	Current portion of long term loans	5	91,376,734	121,729,775
			95,398,650	134,284,387
	Advances			
	Suppliers and contractors		58,883,006	112,811,222
	Income tax		1,214,819,316	1,948,952,338
	Sales tax		38,381,985	38,381,985
	Letters of credit fee, margin and expenses		18,844,579	84,190,895
			1,330,928,886	2,184,336,440
			1,426,327,536	2,318,620,827
10.	**OTHER RECEIVABLES**			
	Custom duty refundable		20,029,208	34,920,973
	Income tax refundable		1,722,632,547	1,373,949,077
	Sales tax / federal excise duty refundable / adjustable		1,541,951,140	2,277,236,290
	Claims		25,564,275	230,833,043
	Other		14,736,264	13,957,975
			3,324,913,434	3,930,897,358

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 Rupees	2019 Rupees
11. CASH AND BANK BALANCES			
Cash in hand		6,207,334	5,264,169
Cash at banks			
In current accounts		11,786,176	31,509,020
In deposit accounts	11.1	86,164	71,121
		11,872,340	31,580,141
		18,079,674	36,844,310

11.1 The rate of profit on deposit accounts ranges between 6.50% to 11.25% per annum (2019: 4.50% to 10.25% per annum).

	Note	2020 Rupees	2019 Rupees
12. TRADE AND OTHER PAYABLES			
Creditors		423,494,897	678,816,114
Accrued liabilities		286,757,011	537,753,675
Advances from customers		281,235,887	85,611,669
Capital expenditure payable		100,458,843	96,282,312
Bills payable		79,425	1,839,102,844
Workers' profit participation fund	12.1	–	109,756,113
Workers' welfare fund		–	29,223,392
Other		31,310,832	29,408,669
		1,123,336,895	3,405,954,788
12.1 Workers' profit participation fund			
Opening balance		109,756,113	153,953,794
Interest on funds utilised in the Company's business		11,725,911	11,673,072
		121,482,024	165,626,866
Paid to the fund		(121,482,024)	(165,626,866)
		–	–
Allocation for the year		–	109,756,113
		–	109,756,113
13. SHORT TERM BANK BORROWINGS			
Secured			
Running finances		6,540,979,503	5,107,041,388
Term finances		500,000,000	–
		7,040,979,503	5,107,041,388

13.1 These facilities are secured against first pari passu hypothecation charge over current assets of the Company and carry markup ranging from 1.77% to 14.06% per annum (2019: 6.52% to 12.89% per annum). The aggregate unavailed short term bank borrowing facilities available to the Company are Rs. 5,459 million (2019: Rs. 6,393 million).

	Note	2020 Rupees	2019 Rupees
14. LONG TERM FINANCING			
Secured			
From banking companies			
Demand finance	14.1	1,500,000,000	1,500,000,000
Diminishing Musharakah I	14.2	3,500,000,000	–
Diminishing Musharakah II	14.3	2,000,000,000	–
Diminishing Musharakah III	14.4	3,000,000,000	–
		10,000,000,000	1,500,000,000

14.1 Demand finance

It is repayable in 6 equal half yearly installments commencing from December 20, 2021 and ending on June 20, 2024. It is secured by way of first pari passu charge over plant and machinery of Textile plant - IV of the Company. It carries markup at six months KIBOR plus 10 basis points payable half yearly in arrears.

Effective markup rate charged during the year ranges from 7.77% to 13.56% per annum (2019: 13.15% per annum).

14.2 Diminishing Musharakah I

It is repayable in 6 equal half yearly installments commencing from January 16, 2022 and ending on July 16, 2024. It is secured by way of first pari passu charge over plant and machinery of Textile plant - IV of the Company. It carries markup at six months KIBOR plus 10 basis points payable half yearly in arrears.

Effective markup rate charged during the year ranges from 13.33% to 14.18% per annum (2019: Nil).

14.3 Diminishing Musharakah II

It is repayable in 6 equal half yearly installments commencing from May 15, 2022 and ending on November 15, 2024. It is secured by way of first pari passu charge over plant and machinery of Textile plant - IV of the Company. It carries markup at six months KIBOR plus 15 basis points payable half yearly in arrears.

Effective markup rate charged during the year ranges from 8.29% to 13.68% per annum (2019: Nil).

14.4 Diminishing Musharakah III

It is repayable in 6 equal half yearly installments commencing from October 13, 2022 and ending on April 13, 2025. It is secured by way of first exclusive charge over plant and machinery of Coal Fired Power Plant of the Company. It carries markup at six months KIBOR plus 35 basis points payable half yearly in arrears.

Effective markup rate charged during the year is 10.49% per annum (2019: Nil).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2020

15. DEFERRED TAXATION

	At July 01, 2019	Charged / (Credited) to profit or loss	Credited in other comprehensive income	At June 30, 2020
	Rupees			
Deferred tax liabilities:				
Difference in tax and accounting bases of property, plant and equipment	3,937,769,245	972,409,061	–	4,910,178,306
Deferred tax assets:				
Staff retirement gratuity	(479,164,607)	157,427,812	(1,100,196)	(322,836,991)
Unadjusted tax losses	(2,017,713,512)	(1,374,154,442)	–	(3,391,867,954)
	(2,496,878,119)	(1,216,726,630)	(1,100,196)	(3,714,704,945)
	1,440,891,126	(244,317,569)	(1,100,196)	1,195,473,361

	At July 01, 2018	Charged / (Credited) to profit or loss	Credited in other comprehensive income	At June 30, 2019
	Rupees			
Deferred tax liabilities:				
Difference in tax and accounting bases of property, plant and equipment	4,147,709,356	(209,940,111)	–	3,937,769,245
Deferred tax assets:				
Staff retirement gratuity	(432,719,563)	(40,138,596)	(6,306,448)	(479,164,607)
Unadjusted tax losses	(2,404,216,427)	386,502,915	–	(2,017,713,512)
Unavailed tax credit on plant and machinery	(74,981,312)	74,981,312	–	–
Workers' profit participation fund	(44,646,600)	44,646,600	–	–
	(2,956,563,902)	465,992,231	(6,306,448)	(2,496,878,119)
	1,191,145,454	256,052,120	(6,306,448)	1,440,891,126

16. STAFF RETIREMENT GRATUITY

The scheme provides terminal benefits for all the employees of the Company who attain the minimum qualifying period. Annual charge is based on actuarial valuation carried out as at June 30, 2020 using Projected Unit Credit Method.

	2020 Rupees	2019 Rupees
16.1 The amount recognised in the statement of financial position is as follows:		
Present value of defined benefit obligation	1,110,872,232	1,649,069,011

		Note	2020 Rupees	2019 Rupees
16.2	**Movement in net liability recognised**			
	Opening Liability		1,649,069,011	1,488,887,388
	Liability transferred to accrued liabilities		(1,487,816)	(2,610,916)
	Expenses recognised in statement of profit or loss	16.2.1	255,986,112	249,586,376
	Paid during the year		(796,488,854)	(108,540,209)
	Remeasurement of obligation	16.2.2	3,793,779	21,746,372
			1,110,872,232	1,649,069,011
16.2.1	**Expenses recognised in statement of profit or loss**			
	Current service cost		132,715,299	120,588,312
	Past service cost		(54,865,683)	–
	Interest cost		178,136,496	128,998,064
			255,986,112	249,586,376
16.2.2	**Remeasurement of obligation**			
	Actuarial (gains) / losses from changes in financial assumptions		(14,434,898)	21,556,937
	Experience adjustment		18,228,677	189,435
			3,793,779	21,746,372

		2020	2019
16.3	**Principal actuarial assumptions used**		
	Discount rate	8.50 % per annum	14.25 % per annum
	Expected rate of increase in salary	7.50 % per annum	13.25 % per annum
	Expected average duration of the defined benefit obligation	8 years	7 years

16.4 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		Reworked defined benefit obligation	
	Change in assumptions	Increase in assumptions Rupees	Decrease in assumptions Rupees
Discount rate	100 bps	1,032,483,565	1,199,649,965
Salary growth rate	100 bps	1,201,526,030	1,029,387,270

16.5 The above sensitivity analyses are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (Projected Unit Credit Method) has been applied as for calculating the liability of staff retirement gratuity.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2020

	2020 Rupees in million	2019 Rupees in million
17. CONTINGENCIES AND COMMITMENTS		
17.1 Contingencies		
17.1.1 In respect of bank guarantees issued on behalf of the Company:		
(i) The Company claimed exemption from levy of custom duty on import of plant and machinery for the project of Polyester plant. A suit was filed in the Honourable Sindh High Court, Karachi for this purpose and bank guarantees were furnished accordingly. Later on, the Company reached an out of court settlement with customs department and paid Rs. 116.594 million accordingly. The department has issued No Objection Certificate dated June 21, 2017 in the name of Honourable Sindh High Court at Karachi for the release of bank guarantees and due legal process is in process for its effect.	–	–
(ii) Guarantees issued in favour of Sui Northern Gas Pipelines Limited against supply of gas.	629.517	625.506
(iii) Guarantees issued in favour of The Director, Excise and Taxation, Karachi against imposition of infrastructure cess.	1,000.000	850.000
(iv) The Company has filed suit in Honourable Sindh High Court, Karachi dated August 16, 2011 against PCT classification of TDO by Custom PCT Committee. For release of TDO, bank guarantees were issued in favour of The Collector of Customs, Karachi to avail exemption from levy of custom duty, sales tax and income tax.	4.698	4.698
(v) Guarantees issued in favour of Faisalabad Electric Supply Company against electricity connection.	56.960	56.960
(vi) Guarantee issued in favour of State Bank of Pakistan to avail benefit under Technology up-gradation Fund Scheme.	20.000	20.000
17.1.2 Custom duty of Rs. 8.9 million (2019: Rs. 8.9 million) in respect of local purchase of PTA has not been acknowledged due to pending suit before Honourable Sindh High Court, Karachi which was filed on July 23, 2010 against Federation of Pakistan. The Company's claim on account of custom duty refund amounting to Rs.11.455 million (2019: Rs. 11.455 million) is also pending before the Customs Department.	–	–
17.1.3 The Additional Commissioner Inland Revenue (ACIR) passed order disallowing some of the administrative expenses and bad debts for the tax year 2008. The Company contended the case before the Commissioner Inland Revenue (Appeals) (CIR-A) who decided the case in favour of tax department. The Company filed an appeal dated October 12, 2013 before Appellate Tribunal Inland Revenue (ATIR) assailing the CIR-A's order and is currently pending for adjudication.	6.166	6.166

		2020 Rupees in million	2019 Rupees in million
17.1.4	The Deputy Commissioner Inland Revenue (DCIR) passed order disallowing financial charges and thereby creating demand of Rs. 450.50 million for the tax year 2009. The Company contended the case before CIR-A and as a result tax liability demand was reduced. The Company filed an appeal dated April 17, 2015 before ATIR against the reduced tax liability and is currently pending for adjudication.	104.533	104.533
17.1.5	DCIR passed the order disallowing financial charges and thereby creating demand for the tax year 2012. The Company contended the case before CIR-A and case was decided in favour of the Company. The department approached the ATIR on September 30, 2016 against the order of CIR-A which is still pending for adjudication.	13.761	13.761
17.1.6	DCIR passed the order disallowing financial charges and thereby creating demand for the tax year 2010. The Company contended the case before CIR-A and case was decided in favour of the Company. The department approached the ATIR on June 30, 2016 against the order of CIR-A which is still pending for adjudication.	86.842	86.842
17.1.7	DCIR passed the order disallowing financial charges and thereby creating demand for the tax year 2011. The Company contended the case before CIR-A and case was decided in favour of the Company. The department approached the ATIR on September 30, 2016 against the order of CIR-A which is still pending for adjudication.	24.553	24.553
17.1.8	DCIR passed an order disallowing the financial charges alongwith initial depreciation allowance, depreciation and tax credit on BMR for the tax year 2013. The Company filed an appeal before CIR-A. The CIR-A directed the department to accept contention of the Company. The department approached the ATIR on April 05, 2016 against the order of CIR-A which is still pending for adjudication.	226.128	226.128
17.1.9	ACIR passed an order under section 122 and thereby creating demand for the tax year 2011. The Company contended the case before CIR-A who decided the case in favour of the Company. The department approached the ATIR on September 06, 2017 against the order of CIR-A which is still pending for adjudication.	386.676	386.676
17.1.10	The Company filed Intra Court Appeal for assailing the imposition of Super Tax for the tax years 2015 and 2016 before the Honourable Lahore High Court. However, Commissioner Inland Revenue (CIR) passed order and thereby increased the demand. The Company filed an appeal dated October 22, 2018 against the order of CIR before CIR-A which is pending for adjudication. During the year, appeal before Honourable Lahore High Court was rejected. The Company has filed Civil Petition for Leave to Appeal dated May 16, 2020 against judgment of Lahore High Court before the Honourable Supreme Court for which hearing is awaited.	83.744	83.744

		2020 Rupees in million	2019 Rupees in million
17.1.11	DCIR passed an order and disallowed input tax based on various reasons. The Company filed an appeal dated March 26, 2018 before CIR-A which is to be adjudicated.	249.460	249.460
17.1.12	Finance Act, 2015 introduced income tax at the rate of 10% on undistributed reserves where such reserves of the company are in excess of its paid up capital and the company derives profits for a tax year but does not distribute requisite cash dividend within six months of the end of the said tax year. The Company approached Honourable Lahore High Court dated December 31, 2015 challenging the levy of said tax through filing a writ petition and the Court has granted stay against recovery of tax in any manner. The legal counsel is of the view that the outcome of the petition is expected to be favourable based on which the Company has not recorded such tax liability for the tax years 2015 and 2016.	–	–
17.1.13	Assistant Commissioner Inland Revenue passed an order disallowing some of the administrative expenses and tax deductions for the tax year 2009. The Company filed an appeal with CIR-A who remanded back to Officer Inland Revenue to consider the provided supporting documents. The Company has filed appeal before ATIR on April 29, 2019 against order of CIR-A.	302.900	302.900
17.1.14	Assistant Commissioner Inland Revenue passed an order disallowing some of the administrative expenses for the tax year 2013. The Company filed an appeal with CIR-A on January 04, 2019 which is pending for adjudication.	0.077	0.077
17.1.15	ACIR passed an order disallowing some of the administrative expenses and charging tax on undistributed profits for the tax year 2017. The Company filed an appeal with CIR-A who made partial decision in favour of the Company. The Company and CIR filed appeals against order of CIR-A with ATIR on May 14, 2019 and May 16, 2019 respectively.	94.210	94.210
17.1.16	Assistant Commissioner Inland Revenue passed order under section 8B of the Sales Tax Act, 1990. The Company had filed an appeal before CIR-A. CIR-A passed order for principal amount in favour of the Company and for penalty and default surcharge against the Company. Against the order of CIR-A, the Company and CIR filed appeals before ATIR on January 30, 2020 and February 19, 2020 respectively.	13.184	13.184
17.1.17	ACIR - Audit passed an order dated April 08, 2020 disallowing some of the administrative expenses and tax credit for the tax year 2018. The Company filed an appeal with CIR-A on May 13, 2020 which is pending for adjudication.	35.119	–
17.1.18	DCIR passed an order in respect of reduced rate supplies made by the Company. The Company has filed an appeal dated December 02, 2019 with CIR-A which is pending for adjudication.	10.577	–

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2020

	2020 Rupees in million	2019 Rupees in million
17.2 Commitments		
17.2.1 Under contracts for capital expenditure:		
Land and Building	106.851	419.553
Plant and machinery	7.445	549.052
17.2.2 Under letters of credit for:		
Plant and machinery	1,808.952	8,605.636
Raw materials and spare parts	368.221	3,059.271

18. SHARE CAPITAL

Authorised capital

2020 Number of shares	2019 Number of shares		2020 Rupees	2019 Rupees
500,000,000	500,000,000	Ordinary shares of Rs.10/- each	5,000,000,000	5,000,000,000

Issued, subscribed and paid up capital

2020 Number of shares	2019 Number of shares		2020 Rupees	2019 Rupees
200,000,000	200,000,000	Ordinary shares of Rs.10/- each fully paid in cash	2,000,000,000	2,000,000,000
50,000,000	50,000,000	Ordinary shares of Rs.10/- each issued as fully paid bonus shares	500,000,000	500,000,000
60,506,995	60,506,995	Ordinary shares of Rs.10/- each issued as fully paid shares as per scheme of arrangement for amalgamation sanctioned by the Honourable Lahore High Court, Lahore	605,069,950	605,069,950
310,506,995	310,506,995		3,105,069,950	3,105,069,950

19. CAPITAL RESERVES

	Note	2020 Rupees	2019 Rupees
Share premium		1,000,000,000	1,000,000,000
Merger reserve	19.1	72,017,550	72,017,550
		1,072,017,550	1,072,017,550

19.1 It represents book difference of capital under scheme of arrangement for amalgamation.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2020

		2020 Rupees	2019 Rupees
20.	**REVENUE RESERVES**		
	General reserve	4,089,673,099	4,089,673,099
	Unappropriated profit	29,598,403,110	31,207,085,629
		33,688,076,209	35,296,758,728
21.	**SALES**		
	Local	47,375,044,616	66,724,185,638
	Export	42,779,120	7,600,559
		47,417,823,736	66,731,786,197
	Less:		
	Commission and brokerage	25,459,184	19,463,998
	Discount on sale	313,998,388	474,371,863
		47,078,366,164	66,237,950,336

21.1 Sales are exclusive of sales tax of Rs. 8,078,973,710/- (2019: Rs. 64,419,590/-).

		Note	2020 Rupees	2019 Rupees
22.	**COST OF GOODS SOLD**			
	Raw materials consumed		32,699,538,543	50,306,391,194
	Packing materials		517,635,567	698,538,308
	Salaries, wages and benefits		1,671,895,873	1,812,149,029
	Staff retirement benefits		150,500,474	196,602,956
	Stores and spare parts		1,062,927,280	973,704,288
	Fuel and power		4,097,950,221	5,010,934,590
	Insurance		89,258,307	70,670,688
	Depreciation of property, plant and equipment	3.2	3,103,121,005	2,739,111,310
	Other		482,469,858	520,272,039
			43,875,297,128	62,328,374,402
	Work in process			
	Opening stock		622,633,277	631,490,953
	Closing stock		(355,881,331)	(622,633,277)
			266,751,946	8,857,676
	Cost of goods manufactured		44,142,049,074	62,337,232,078
	Finished goods			
	Opening stock		3,310,014,388	3,363,706,677
	Closing stock		(2,324,957,696)	(3,310,014,388)
			985,056,692	53,692,289
			45,127,105,766	62,390,924,367
23.	**SELLING AND DISTRIBUTION EXPENSES**			
	Salaries, wages and benefits		87,447,034	88,849,409
	Staff retirement benefits		25,973,817	14,621,822
	Freight and forwarding		158,848,857	203,321,741
	Travelling and conveyance		7,413,647	10,215,238
	Vehicles running and maintenance		4,799,370	5,300,667
	Postage and telecommunication		1,569,965	1,845,367
	Other		23,917,131	19,520,435
			309,969,821	343,674,679

	Note	2020 Rupees	2019 Rupees
24. ADMINISTRATIVE EXPENSES			
Directors' remuneration		85,000,000	86,875,000
Salaries, wages and benefits		315,980,805	294,940,676
Staff retirement benefits		79,511,821	38,361,598
Travelling and conveyance		55,903,040	67,738,326
Vehicles running and maintenance		15,430,752	15,100,013
Fuel and power		42,015,216	37,370,809
Postage and telecommunication		17,780,783	17,726,934
Printing and stationery		5,534,087	5,863,710
Repairs and maintenance		74,877,468	76,763,527
Fees, subscription and periodicals		10,898,592	7,871,093
Rent, rates and taxes		15,138,468	15,027,831
Legal and professional		17,570,700	4,365,200
Entertainment		14,280,861	19,600,596
Auditors' remuneration	24.1	3,073,000	3,353,000
Advertisement		296,900	620,430
Insurance		821,629	762,107
Donations	24.2	6,250,000	7,229,000
Depreciation / amortisation of property, plant and equipment	3.2	62,293,765	54,536,160
Amortisation of intangible assets	4.1	9,533,967	8,687,134
Other		5,157,126	4,664,590
		837,348,980	767,457,734

24.1 Auditors' remuneration

	2020 Rupees	2019 Rupees
Audit fee	2,200,000	2,200,000
Other services	873,000	1,153,000
	3,073,000	3,353,000

24.1.1 Other services include half yearly review, review of statement of compliance and statutory certifications.

24.2 Donations

24.2.1 Donations made to Faisalabad Development Trust and Liver Foundation Trust, Faisalabad exceed 10% of total donations of the Company.

24.2.2 No director or his spouse had any interest in the donees' fund.

	2020 Rupees	2019 Rupees
25. OTHER OPERATING EXPENSES		
Workers' profit participation fund	–	109,756,113
Workers' welfare fund	245,998	29,223,392
Loss on disposal of property, plant and equipment	7,907,713	4,612,589
Balances written off - net	19,187,038	3,297,745
	27,340,749	146,889,839

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2020

	Note	2020 Rupees	2019 Rupees
26. FINANCE COST			
Mark up / interest on:			
Long term financing		559,411,545	55,269,443
Short term bank borrowings	26.1	1,045,304,488	543,220,138
Workers' profit participation fund		11,725,911	11,673,072
Bank charges and commission		2,863,679	1,934,605
Exchange differences		38,769,287	–
		1,658,074,910	612,097,258

26.1 It includes markup of Rs. 10,062,740/- paid to Ibrahim Holdings (Private) Limited, the parent company.

	2020 Rupees	2019 Rupees
27. OTHER INCOME		
Profit on deposits	203,528	157,416
Exchange differences	468,640	165,910
Scrap sales	26,114,552	46,336,860
Rental income	3,612,000	12,000
Other	259,977	20,891,039
	30,658,697	67,563,225
28. PROVISION FOR TAXATION		
Current		
For the year	(707,573,354)	(789,925,055)
For prior year	18,589,209	–
	(688,984,145)	(789,925,055)
Deferred		
For the year	242,648,875	(258,484,222)
For prior year	1,668,694	2,432,102
	244,317,569	(256,052,120)
	(444,666,576)	(1,045,977,175)

28.1 Reconciliation between accounting profit and tax expense

	2020 Rupees	2019 Rupees
Accounting (loss) / profit before tax	(850,815,365)	2,044,469,684
Tax rate	29%	29%
Tax on accounting (loss) / profit	246,736,456	(592,896,208)
Tax impact of income chargeable as final tax	(1,680,325)	19,557
Impact of minimum tax	(952,838,981)	(235,926,816)
Impact of income chargeable at lower rate	209,496	17,611
Impact of super tax	–	(58,450,539)
Origination and reversals of temporary differences	242,648,875	(258,484,222)
Impact of tax credit on BMR	–	97,311,340
Prior year adjustments	20,257,903	2,432,102
Tax expense	(444,666,576)	(1,045,977,175)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2020

	2020	2019
29. EARNINGS PER SHARE - BASIC AND DILUTED		
(Loss) / profit for the year (Rupees)	(1,295,481,941)	998,492,509
Weighted average number of ordinary shares	310,506,995	310,506,995
Earnings per share - Basic and Diluted (Rupees)	(4.17)	3.22

29.1 There is no dilutive effect on the basic earnings per share of the Company.

30. REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2020			2019		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	Rupees					
Remuneration	24,999,996	49,999,992	340,908,800	24,545,451	49,090,902	304,241,724
Medical allowance	2,500,004	5,000,008	39,261,166	2,454,549	4,909,098	27,996,368
Bonus	–	–	–	1,500,000	3,000,000	21,199,871
Meeting Fee	–	2,500,000	–	–	1,375,000	–
Reimbursable expenses for vehicles running	–	–	14,942,346	–	–	13,219,472
	27,500,000	57,500,000	395,112,312	28,500,000	58,375,000	366,657,435
Number of persons	1	3	143	1	3	126

30.1 The Chief Executive Officer and Directors are entitled to free use of Company maintained vehicles. The monetary value of the benefit is Rs. 2,568,316/- (2019: Rs. 2,779,292/-). Meeting fee is paid to one Director.

31. AGGREGATE TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of transaction	2020 Rupees	2019 Rupees
Parent company			
	Dividend paid	279,939,014	416,305,521
	Rental income	3,600,000	–
	Short term borrowing obtained and repaid	1,500,000,000	–
Associated undertakings			
	Rent charged	11,949,984	11,845,440
	Consultancy fee paid	16,472,000	25,288,000
	Rental income	12,000	12,000
Key management personnel			
	Dividend paid	47,000	108,000

Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place.

Name	Basis of relationship	Note	Aggregate % of shareholding
Ibrahim Holdings (Private) Limited	Parent company	31.1	90.2840%
Allied Bank Limited	Common directorship		–
Ibrahim Agencies (Private) Limited	Common directorship		–
Polytek Associates (Private) Limited	Common directorship		–
Sheikh Mukhtar Ahmad	Key management personnel		0.0008%
Mohammad Naeem Mukhtar	Key management personnel		0.0008%
Muhammad Waseem Mukhtar	Key management personnel		0.0008%
Mohammad Naeem Asghar	Key management personnel		0.0002%
Abdul Hameed Bhutta	Key management personnel		0.0003%
Mohammad Waqar	Key management personnel		0.0121%
Ikram ul Haq Mian	Key management personnel		0.0002%

31.1 Ibrahim Holdings (Private) Limited acquired 845,500 shares of the Company during the year.

	2020 M. Tons	2019 M. Tons
32. PLANT CAPACITY AND ACTUAL PRODUCTION		
Annual production capacity (350 days - 3 shifts)		
Polyester Staple Fibre / Polyester Chips	390,600	390,600
Yarn converted into 20/s count	78,400	45,900
Actual production		
Polyester Staple Fibre / Polyester Chips	217,983	313,880
Yarn converted into 20/s count	38,166	48,089

32.1 The actual production is planned to meet the market demand.

	2020	2019
33. NUMBER OF EMPLOYEES		
Total number of employees as at June 30,	1,337	3,846
Average number of employees during the year	3,378	3,915

34. FINANCIAL RISK MANAGEMENT

The Company finances its operations through mix of equity, debt and working capital management with a view to maintain an appropriate mix between various sources of finance to minimise risk. The Company's activities expose it to a variety of financial risks (credit risk, liquidity risk and market risk). The overall risk management is carried out by the finance department under oversight of the Board of Directors in line with the policies approved by the Board.

	2020 Rupees	2019 Rupees
34.1 FINANCIAL INSTRUMENTS BY CATEGORY		
Financial assets		
Cash and bank balances	18,079,674	36,844,310
At amortised cost:		
Long term loans	179,235,158	221,158,404
Long term deposits	7,540,176	7,249,355
Trade debts	860,483,242	517,033,963
Loans and advances	4,021,916	12,554,612
Other receivables	33,219,275	233,549,129
	1,102,579,441	1,028,389,773
Financial liabilities measured at amortised cost:		
Long term financing	10,000,000,000	1,500,000,000
Trade and other payables	830,485,575	3,154,212,149
Mark up / interest payable	517,302,165	177,893,212
Short term bank borrowings	7,040,979,503	5,107,041,388
Unclaimed dividend	27,100,129	25,252,808
	18,415,867,372	9,964,399,557

34.2 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The maximum exposure to credit risk at the reporting date is as follows:

	2020 Rupees	2019 Rupees
Long term deposits	7,540,176	7,249,355
Trade debts	860,483,242	517,033,963
Other receivables	33,219,275	233,549,129
Bank balances	11,872,340	31,580,141
	913,115,033	789,412,588

Due to Company's long standing relations with counter parties and after giving due consideration to their financial standing, the management does not expect non performance by these counter parties on their obligations to the Company.

For trade debts, credit quality of customers is assessed taking into consideration their financial position and previous dealings and on that basis, individual credit limits are set. Moreover, the management regularly monitors and reviews customers' credit exposure. Accordingly, the Company is not exposed to any significant credit risk.

The Company's most significant customers are industrial users of polyester staple fibre and yarn. Aging of trade debts as at reporting date is as under:

	2020 Rupees	2019 Rupees
Not past due	643,862,212	475,506,147
Past due within one year	206,862,039	31,569,856
Past due more than one year	9,758,991	9,957,960
	860,483,242	517,033,963

Based on the past experience and taking into consideration the financial position and previous record of recoveries, the Company believes that trade debts past due do not require recognition of any impairment. The credit risk exposure is limited in respect of bank balances as these are placed with the banks having good credit rating from international and local credit rating agencies.

34.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity risk is to maintain sufficient level of liquidity by holding highly liquid assets and maintaining adequate reserve borrowing facilities. This includes maintenance of liquidity ratios through working capital management. The management believes that the Company is not exposed to any significant liquidity risk. Following are the contractual maturities of financial liabilities including interest payments as at June 30, 2020 and June 30, 2019.

	2020				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	More than one year
	Rupees				
Financial liabilities:					
Long term financing	10,000,000,000	13,276,402,872	540,597,826	531,941,644	12,203,863,402
Trade and other payables	830,485,575	830,485,575	830,485,575	-	-
Mark up / interest payable	517,302,165	517,302,165	517,302,165	-	-
Short term bank borrowings	7,040,979,503	7,040,979,503	7,040,979,503	-	-
Unclaimed dividend	27,100,129	27,100,129	27,100,129	-	-
	18,415,867,372	21,692,270,244	8,956,465,198	531,941,644	12,203,863,402

	2019				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	More than one year
	Rupees				
Financial liabilities:					
Long term financing	1,500,000,000	2,234,508,562	99,435,616	98,354,795	2,036,718,151
Trade and other payables	3,154,212,149	3,154,212,149	3,154,212,149	-	-
Mark up / interest payable	177,893,212	177,893,212	177,893,212	-	-
Short term bank borrowings	5,107,041,388	5,107,041,388	5,107,041,388	-	-
Unclaimed dividend	25,252,808	25,252,808	25,252,808	-	-
	9,964,399,557	10,698,908,119	8,563,835,173	98,354,795	2,036,718,151

The contractual cash flows relating to mark up on long term financing have been determined on the basis of markup rates as applicable at the year end.

34.4 Market risk

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

i) Interest rate risk

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

Majority of interest rate risk arises from long term financing and short term bank borrowings from banks and deposit accounts with banks. The interest rate profile of the Company's interest bearing financial instruments is presented in relevant notes to the financial statements.

Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

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

Had the interest rate been increased / decreased by 100 basis points at the reporting date, with all other variables held constant, profit for the year and equity would have been lower / higher by Rs. 128.42 million (2019: Rs. 62.391 million) respectively.

ii) 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. Foreign currency risk arises mainly where receivables and payables exist due to foreign currency transactions. The Company is exposed to currency risk on claims and bills payable denominated in foreign currency. The total foreign currency risk exposure on reporting date amounted to Rs. 13.899 million (2019: Rs. 710.015 million).

Had the Pak Rupee been weakened / strengthened by 5% against the U.S dollar at the reporting date, with all other variables held constant, profit for the year and equity would have been lower / higher by Rs. 0.695 million (2019: Rs. 35.501 million) respectively.

iii) Equity price risk

Trading and investing in equity securities give rise to equity price risk. The Company is not directly exposed to equity price risk as there is no investment in equity securities at year end.

34.5 Fair values of financial instruments

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

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.

There are no financial assets and financial liabilities that are measured using the fair value hierarchy.

34.6 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or obtain / repay long term financing from / to financial institutions.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets, keeping in view future investment requirements and expectations of the shareholders. Debt comprises of long term financing and short term bank borrowings as shown in the statement of financial position. Total equity comprises of shareholders' equity as shown in the statement of financial position under 'share capital and reserves'.

The salient information relating to capital risk management of the Company as at June 30, 2020 and June 30, 2019 was as follows:

	Note	2020 Rupees	2019 Rupees
Debt	13 & 14	17,040,979,503	6,607,041,388
Less: Cash and cash equivalents	11	18,079,674	36,844,310
Net Debt		17,022,899,829	6,570,197,078
Total equity		37,865,163,709	39,473,846,228
Total capital		54,888,063,538	46,044,043,306
Gearing ratio		31.01%	14.27%

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2020

35. IMPACT OF COVID-19 ON FINANCIAL STATEMENTS

Novel strain of coronavirus disease (COVID-19) that was classified as a pandemic by the World Health Organization impacted countries globally including Pakistan. Government of Pakistan took certain measures to reduce spread of the pandemic including lockdown of business activities across the country. These measures resulted in an overall economic slowdown.

Management has evaluated and concluded that outcomes of these developments do not have any material implication on the financial statements of the Company that require specific disclosure.

36. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue as on September 14, 2020 by the Board of Directors of the Company.

37. Figures have been rounded off to the nearest Rupee unless otherwise stated.

Mohd. Naeem

Chief Executive Officer **Director** **Chief Financial Officer**

PATTERN OF SHAREHOLDING

As at June 30, 2020

Number of Shareholders	Having Shares From	To	Shares Held
426	1	100	15,286
834	101	500	197,089
392	501	1000	276,973
313	1001	5000	687,023
69	5001	10000	495,364
23	10001	15000	288,534
11	15001	20000	194,140
10	20001	25000	233,548
5	25001	30000	141,828
9	30001	35000	286,627
7	35001	40000	260,195
2	40001	45000	88,500
1	45001	50000	50,000
1	55001	60000	56,000
1	65001	70000	66,500
1	75001	80000	77,250
1	110001	115000	112,375
2	120001	125000	250,000
1	165001	170000	166,257
1	195001	200000	200,000
1	335001	340000	337,000
1	560001	565000	561,125
1	630001	635000	630,530
1	670001	675000	674,000
1	925001	930000	925,062
1	2140001	2145000	2,141,300
1	4490001	4495000	4,494,000
1	5725001	5730000	5,729,875
1	10530001	10535000	10,532,600
1	280335001	280340000	280,338,014
2,120			**310,506,995**

CATEGORIES OF SHAREHOLDING

As at June 30, 2020

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer and their Spouse(s) and minor children			
Sheikh Mukhtar Ahmad	1	2,500	0.0008
Mohammad Naeem Mukhtar	1	2,500	0.0008
Muhammad Waseem Mukhtar	1	2,500	0.0008
Mohammad Waqar	1	37,500	0.0121
Abdul Hameed Bhutta	1	1,000	0.0003
Mohammad Naeem Asghar	1	500	0.0002
Ikram ul Haq Mian	1	500	0.0002
Associated Companies, undertakings and related parties			
Ibrahim Holdings (Private) Limited	1	280,338,014	90.2840
Executives	–	–	–
Public Sector Companies and Corporations	5	3,068,718	0.9883
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	7	172,223	0.0555
Mutual Funds			
Security Stock Fund Ltd.	1	100	0.0000
First Capital Mutual Fund Ltd.	1	86	0.0000
CDC - Trustee AKD Index Tracker Fund	1	3,600	0.0012
CDC - Trustee National Investment (Unit) Trust	1	630,530	0.2031
General Public			
a) Local	2,063	14,378,555	4.6307
b) Foreign	–	–	–
Foreign Companies	5	11,796,000	3.7989
Others	28	72,169	0.0232
	2,120	**310,506,995**	**100.0000**

Shareholders holding 10% or more	Shares Held	Percentage
Ibrahim Holdings (Private) Limited	280,338,014	90.2840

FORM OF PROXY

I / We ______________________ of ______________ a member / members of the Company / merged Companies, do hereby appoint Mr. / Ms. ______________________ of ______________ a member of the Company, or failing him / her Mr. / Ms. ______________ of ______________ who is also a member of the Company, as my / our proxy to attend, speak and vote for me / us and on my / our behalf at the 34th Annual General Meeting of the Company to be held on October 22, 2020 at 11:00 A.M. through tele / video conferencing from 1 - Ahmed Block, New Garden Town, Lahore, and at any adjournment thereof.

Signed this ______________ day of ______________ 2020.

AFFIX
REVENUE
STAMP OF
RS. 5/-

Witness: (1)

Signature ______________

Name ______________

Address ______________

CNIC No. ______________

Signature: ______________

(The signature should agree with the Specimen Registered with the Company)

Witness: (2)

Signature ______________

Name ______________

Address ______________

CNIC No. ______________

Folio No. ______________

CDC A/c No. ______________

No. of shares held ______________

Distinctive Numbers ______________

IMPORTANT:

1. The Proxy Form must be deposited at the registered office of the Company at Ibrahim Centre, 1 - Ahmed Block, New Garden Town, Lahore, as soon as possible but not later than 48 hours before the time of holding the meeting and in default Proxy Form will not be treated as valid.
2. No person shall act as proxy unless he / she is a member of the Company except a corporation being a member may appoint as its proxy any officer of such corporation whether a member of the Company or not.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

FOR CDC ACCOUNT HOLDERS / CORPORATE ENTITIES:

In addition to the above, the following requirements have to be met:

i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iii) The proxy shall produce his / her original CNIC or original passport at the time of the meeting.

iv) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

Ibrahim

AFFIX
CORRECT
POSTAGE

The Company Secretary,
Ibrahim Fibres Limited
Ibrahim Centre, 1 - Ahmed Block,
New Garden Town, Lahore, Pakistan.

پراکسی فارم

میں / ہم مسمی / مسماۃ ---------------------ساکن---------------------ضلع---------------------

بحیثیت ممبر کمپنی / مرجذ کمپنی، مسمی / مسماۃ---------------------ساکن---------------------کمپنی ممبر یا اُسکی عدم موجودگی کی صورت

میں مسمی / مسماۃ---------------------ساکن---------------------کمپنی ممبر کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری /

ہماری جگہ اور میری/ ہماری طرف سے کمپنی کے چوبیسویں سالانہ اجلاسِ عام جو کے بتاریخ ۲۲ اکتوبر ۲۰۲۰ء بوقت صبح 11:00 بجے ٹیلی/ ویڈیو کانفرنسنگ کے ذریعے 1-احمد بلاک، نیو گارڈن ٹاؤن، لاہور منعقد ہو رہا ہے

میں یا اس کے کسی ملتوی شدہ اجلاس میں حاضر ہو سکے، بول سکے اور ووٹ ڈال سکے۔

پانچ روپے کی ریونیو سٹمپ چسپاں کریں

دستخط بتاریخ ----------------دن---------------- ۲۰۲۰ء

گواہ نمبر ۱

دستخط:---------------------------

نام:---------------------------

پتہ:---------------------------

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:---------------

دستخط:---------------------------------

(دستخط کمپنی میں موجود رجسٹرڈ دستخط کے مطابق ہونے چاہیں)

گواہ نمبر ۲

دستخط:---------------------------

نام:---------------------------

پتہ:---------------------------

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:---------------

فولیو نمبر:---------------------------

سی ڈی سی کھاتہ نمبر:---------------------------

حصص کی تعداد:---------------------------

امتیازی حصص نمبرز:---------------------------

اہم گذارش:

۱۔ پراکسی فارم، کمپنی کے رجسٹرڈ آفس، ابراہیم سنٹر، 1-احمد بلاک، نیو گارڈن ٹاؤن، لاہور، میں اجلاس کے انعقاد سے کم از کم ۴۸ گھنٹے قبل جمع کرانا لازمی ہے۔ بصورت دیگر وہ قابل قبول نہ ہوگا۔

۲۔ پراکسی کے لئے کمپنی کا ممبر ہونا ضروری ہے، البتہ کارپوریشن ممبر ہونے کی صورت میں کارپوریشن اپنے کسی بھی آفیسر کو پراکسی مقرر کر سکتی ہے جو کمپنی کا ممبر ہو یا نہ ہو۔

۳۔ اگر کوئی ممبر ایک سے زیادہ پراکسی مقرر کرتا ہے اور ایک سے زیادہ پراکسی دستاویزات کمپنی آفس میں جمع کرواتا ہے تو ایسی تمام پراکسی دستاویزات غیر قانونی تصور ہونگی۔

سی ڈی سی اکاؤنٹ ہولڈرز / کارپوریٹ ادارہ ہونے کی صورت میں

مندرجہ بالا کے علاوہ درج ذیل شرائط بھی ضروری ہیں۔

i)۔ پراکسی فارم پر 2 عدد گواہ ہونا ضروری ہیں جن کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم میں موجود ہونا ضروری ہیں۔

ii)۔ پراکسی فارم کے ساتھ اس سہولت سے مستفید ہونے والے ممبرز اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول منسلک ہونی چاہیں۔

iii)۔ پراکسی کے لئے لازمی ہے کہ اجلاس کے وقت شناخت کے لئے اپنا اصلی کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ ہمراہ لائے۔

iv)۔ کارپوریٹ ادارے کے لئے ضروری ہے کہ اجلاسِ عام میں شرکت کے وقت بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمعہ نامزد کنندہ فرد کے دستخط کے نمونے (اگر یہ دستاویزات پہلے فراہم نہ کی گئی ہوں) پراکسی فارم کے ساتھ کمپنی میں جمع کروائیں۔

Ibrahim

AFFIX
CORRECT
POSTAGE

The Company Secretary,
Ibrahim Fibres Limited
Ibrahim Centre, 1 - Ahmed Block,
New Garden Town, Lahore, Pakistan.

ڈائریکٹرز کا جائزہ

بورڈز کے اجلاسوں کی تعداد

زیر نظر 30 جون 2020 کو ختم ہونے والے سال کے دوران ادارے کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے اور اجلاسوں میں ڈائریکٹرز کی شرکت درج ذیل ہے۔

شیخ مختار احمد	چیئرمین	04
محمد نعیم مختار	چیف ایگزیکٹو آفیسر	04
محمد وسیم مختار	ڈائریکٹر	04
عبدالحمید بھٹہ	ڈائریکٹر	04
محمد وقار	ڈائریکٹر	04
محمد نعیم اصغر	ڈائریکٹر	04
اکرام الحق میاں	ڈائریکٹر	04

آڈٹ کمیٹی

ادارے کی آڈٹ کمیٹی موجود ہے اور مندرجہ ذیل اراکین پر مشتمل ہے جو کہ کوڈ آف کارپوریٹ گورننس کی شرائط پر پورا اترتے ہیں۔

اکرام الحق میاں	چیئرمین	انڈیپینڈنٹ ڈائریکٹر
عبدالحمید بھٹہ	رُکن	نان ایگزیکٹو ڈائریکٹر
محمد وقار	رُکن	انڈیپینڈنٹ ڈائریکٹر

30 جون 2020 کو اختتام پزیر ہونے والے مالی سال کے دوران کوڈ آف کارپوریٹ گورننس کے ضوابط کے تحت آڈٹ کمیٹی کے چھ اجلاس سہ ماہی اور سالانہ مالی گوشواروں اور دوسرے متعلقہ معاملات کو دیکھنے کے لئے منعقد ہوئے۔ اجلاس میں CFO، داخلی محاسب کے سربراہ اور خارجی محاسب نے بھی بوقتِ ضرورت شرکت کی۔

ڈائریکٹرز کا معاوضہ/مشاہرہ

ڈائریکٹرز کا معاوضہ طے کرنے کے لئے باضابطہ اور شفاف طریقِ عمل طے ہے اور کوئی بھی ڈائریکٹر اپنے معاوضہ کے تعین میں شامل نہیں ہوسکتا۔ معاوضہ کی حد کو مناسب سطح پر رکھا جاتا ہے تاکہ ڈائریکٹرز کو گرویدہ کرکے برقرار رکھا جاسکے تاہم اِس بات کا خیال رکھا جاتا ہے کہ یہ حد آزادی پر روک ٹوک نہ لگائے۔ ڈائریکٹرز اور سی ای او کے معاوضے سے متعلق معلومات کے لئے برائے مہربانی مالی حسابات کے نوٹ نمبر 30 کا مطالعہ کریں۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

ادارے کے ڈائریکٹرز اس بات کی تصدیق کرتے ہیں کہ ادارے نے سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی رول بک آف سٹاک ایکسچینج کی شق نمبر 5.20 میں درج ذیل کوڈ آف کارپوریٹ گورننس کے قواعد وضوابط کی پاسداری کی ہے اور لسٹنگ قواعد وضوابط کے بہترین طریقوں سے کوئی انحراف نہیں کیا۔ کارپوریٹ اور مالیاتی رپورٹنگ پر ہمارے بیان مندرجہ ذیل ہیں۔

1۔ ادارے کی انتظامیہ کی طرف سے تیار کردہ مالیاتی حسابات میں اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکوئٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کیا گیا ہے۔

2۔ ادارے کے کھاتہ جات بالکل صحیح طور پر اور کمپنیز ایکٹ 2017 کے مطابق بنائے گئے ہیں۔

3۔ 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۔

4۔ مالی گوشواروں کی تیاری میں بین الاقوامی اکاؤنٹنگ اور فنانشل رپورٹنگ سٹینڈرڈز جو کہ پاکستان میں لاگو ہوتے ہیں اُن کی پیروی کی گئی ہے۔ اور اُن سے انحراف نہیں کیا گیا۔

5۔ داخلی انضباط کے نظام کا ڈیزائن مستحکم ہے اور اس پر موثر طریقے سے عمل درآمد اور نگرانی کی جاتی ہے۔

6۔ ادارے کے مستقبل میں چلتے رہنے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔

7۔ پچھلے پانچ سال کی مالی جھلکیاں ملحق ہیں۔

کارپوریٹ سماجی ذمہ داری

آپ کا ادارہ معاشرے میں اپنی سماجی ذمہ داریوں کو سمجھتا ہے اور معاشرے کے غریب افراد اور اپنے مستحق ملازمین کو مالی معاونت فراہم کرنے کے ساتھ ساتھ رفاحی کاموں میں بھی حصہ لے رہا ہے۔ ادارہ قومی مالی خزانے میں بھی قابل قدر رقم بھیج رہا ہے، توانائی کی بچت اور ماحولیاتی تحفظ کے لئے حل پیش کررہا ہے، اعلیٰ درجے کی اشیاء اپنے معزز صارفین کو فراہم کررہا ہے اور انہیں بعد از فروخت تکنیکی خدمات پیش کررہا ہے۔

آپ کا ادارہ تسلسل کے ساتھ مشہور ہسپتالوں، خیراتی اداروں اور ایسے مختلف اداروں جو قدرتی آفات سے نمٹنے کے لئے قائم کئے گئے ہیں کو قابل قدر مالی امداد فراہم کررہا ہے جو کہ اسکے فلاحی امداد کے منصوبوں کا حصہ ہے۔

آپ کا ادارہ اپنے ملازمین کو صحت مند، محفوظ اور کام سیکھنے کا ماحول فراہم کررہا ہے اور انھیں ملک اور بیرونِ ملک دونوں میں تربیتی نصاب، سیمینار، ورکشاپس اور کانفرنسز میں بھیج رہا ہے۔ ادارہ خصوصی افراد کو باقاعدگی سے مختلف شعبوں میں ملازمت کی پیشکش کررہا ہے۔ ادارہ نئے گریجوایٹس، پوسٹ گریجوایٹس اور انجنیئرز کو اپرنٹس شپ بھی پیش کرتا ہے تاکہ وہ اپنی پیشہ وارانہ اور تکنیکی صلاحیتوں کو بڑھا سکیں۔

آپ کے ادارے نے ماحول دوست گیس پر چلنے والا بجلی گھر نصب کیا ہے تاکہ بجلی کی پیداواری لاگت کو کم کیا جاسکے۔ بجلی کے ساتھ ساتھ یہ بھاپ بھی پیدا کرتا ہے جو کہ کمپنی کے پولیسٹر سٹیپل فائبر پلانٹ کی بھاپ کی تمام تر ضروریات کو پورا کرنے کے لئے کافی ہے جس سے توانائی میں بچت بھی ہورہی ہے۔

سال کے دوران آپ کے ادارے نے مختلف فرائض لیویز اور ٹیکسوں کی ادائیگی کے ذریعے خطیر رقم قومی مالی خزانے میں جمع کروائی ہے۔

تشکر

آپ کے ادارے کے ڈائریکٹرز اچھے نتائج حاصل ہونے پر گاہکوں، بینکوں، مالیاتی اداروں، ریگولیٹرز اور شیئر ہولڈرز کی حمایت کے لئے دل کی اتھاہ گہرائیوں سے مشکور ہیں۔ اور اُمید کرتے ہیں کہ یہ مدد وتعاون آئندہ مستقبل میں بھی جاری رہے گا۔

آپ کے ادارے کے ڈائریکٹرز اپنے ایگزیکٹوز، عملے اور کارکنان کی خدمات، وفاداری اور کاوشوں کی تعریف کرتے ہیں اور وہ توقع کرتے ہیں کہ وہ مستقبل میں بھی ان کو جاری رکھیں گے۔

منجانب اراکین

چیف ایگزیکٹو آفیسر

ڈائریکٹر

لاہور

14 ستمبر 2020

ڈائریکٹرز کا جائزہ

آپ کے ادارے کے ڈائریکٹرز انتہائی مسرت کے ساتھ 30 جون 2020 کو اختتام پذیر ہونے والے مالی سال کے مصدقہ (audited) مالیاتی نتائج اور محاسب کا جائزہ آپ کے سامنے پیش کرتے ہیں۔

مالیاتی نتائج

ادارے کی مالیاتی کارکردگی کا جائزہ لینے کے لئے اس سال اور اس سے متعلقہ پچھلے سال کے مالیاتی نتائج درج ذیل ہیں۔

	2020 روپے	2019 روپے
خام منافع	1,951,260,398	3,847,025,969
فروخت کرنے کے اخراجات	(309,969,821)	(343,674,679)
انتظامی اخراجات	(837,348,980)	(767,457,734)
دیگر آپریٹنگ اخراجات	(27,340,749)	(146,889,839)
مالیاتی لاگت	(1,658,074,910)	(612,097,258)
	(2,832,734,460)	(1,870,119,510)
	(881,474,062)	1,976,906,459
متفرق آمدن	30,658,697	67,563,225
قبل از ٹیکس (نقصان) / نفع	(850,815,365)	2,044,469,684
ٹیکس کا تخمینہ	(444,666,576)	(1,045977,175)
سال کا (نقصان) / نفع	(1,295,481,941)	998,492509
گریجوایٹی کے تخمینہ میں تبدیلی (ٹیکس کے بعد)	(2,693,583)	(15,439,924)
پچھلے سال تک کا غیر منقسم منافع	31,207,085,629	30,689,793,537
تقسیم کے لیے دستیاب نفع	29,908,910,105	31,672,846,122
فائنل نقد ڈیوڈینڈ @ 10%(2019: 15%)	(310,506,995)	(465,760,493)
اس سال تک کا غیر منقسم منافع	29,598,403,110	31,207,085,629
فی حصص آمدنی	(4.17)	3.22

تجویز کردہ ڈیوڈینڈ

بورڈ نے 30 جون 2020 کو ختم ہونے والے سال کے لئے نقصان کی وجہ سے ڈیوڈینڈ تجویز نہیں کیا۔

منافع کی تجویز کردہ تقسیم

	2020 روپے	2019 روپے
فائنل نقد ڈیوڈینڈ 0% (2019: 10%)	-	310,506,995

چیئرمین کا جائزہ

آپ کے ادارے کے ڈائریکٹرز 30 جون 2020 کو ختم ہونے والے سال کے لئے ادارے کی کارکردگی پر چیئرمین کے جائزہ کی توثیق کرتے ہیں۔

محاسب

خارجی محاسب ڈیلائیٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس نے ریٹائر ہونے کے بعد خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔ آڈٹ کمیٹی نے ڈیلائیٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس کو 30 جون 2021 کو ختم ہونے والے مالی سال کیلئے دوبارہ بطور خارجی محاسب تجویز کیا۔

شیئر ہولڈنگ پیٹرن

30 جون 2020 پر شیئر ہولڈنگ پیٹرن ملحق ہے۔

چیئرمین کا جائزہ

میں انتہائی مسرت کے ساتھ ۳۰ جون ۲۰۲۰ء کو اختتام پذیر ہونے والے سال میں آپ کے ادارے اور اس کے بورڈ کی کارکردگی کے ساتھ ساتھ ادارے کے مقاصد کے حصول کیلئے بورڈ کے کردار کی افادیت پر جائزہ پیش کرتا ہوں۔

صنعتی جائزہ

زیرِ نظر مالی سال کی پہلی ششماہی کے دوران مقامی صنعت کو بلند شرح افراطِ زر کے ساتھ ساتھ اس سے منسلک تخفیفی معاشی پالیسیوں جیسے بڑے چیلنج کا سامنا کرنا پڑا جسکی ماضی قریب میں کوئی مثال نہیں ملتی۔ موجودہ مالی سال کی دوسری ششماہی میں COVID-19 کے پھیلنے کی وجہ سے صورتحال مزید بگڑ گئی جسکی وجہ سے عالمی اور اسکے ساتھ ساتھ مقامی معیشت بھی بدحالی کا شکار ہوگئی اور اسکے نتیجے میں عالمی سطح پر معیشت کے بنیادی محرکات میں غیر معمولی تبدیلی دیکھنے میں آئی۔ اس پیش رفت نے خام تیل کی منڈی کو سب سے زیادہ متاثر کیا اور اسکی طلب میں شدید کمی دیکھی گئی جسکی وجہ سے منڈی میں رسد کی بہت زیادہ بہتات ہوگئی۔

منڈی کی سرگرمیاں

زیرِ نظر سال میں آپ کے ادارے کے پولیسٹر کے کارخانے نے 210,021 ٹن پولیسٹر سٹیپل فائبر فروخت کیا جبکہ پچھلے متعلقہ سال میں 291,825 ٹن پولیسٹر سٹیپل فائبر فروخت کیا تھا۔

آپ کے ادارے کے دھاگے کے کارخانوں نے دورانِ سال 24,533 ٹن مختلف اقسام کا آمیزشی دھاگہ فروخت کیا جبکہ پچھلے سال 33,528 ٹن دھاگہ فروخت کیا تھا۔

پیداواری سرگرمیاں

آپ کے ادارے کے پولیسٹر کے کارخانے نے اس سال 217,983 ٹن پولیسٹر سٹیپل فائبر بنایا جبکہ پچھلے سال 313,880 ٹن پولیسٹر سٹیپل فائبر بنایا تھا۔ اس پیداوار میں سے 17,391 ٹن پولیسٹر سٹیپل فائبر دوران سال آپ کے ادارے کے دھاگے کے اپنے کارخانوں میں آمیزشی دھاگہ بنانے میں استعمال ہوا جبکہ پچھلے متعلقہ سال میں 21,907 ٹن استعمال ہوا تھا۔

آپ کے ادارے کے دھاگے کے کارخانوں میں 26,583 ٹن مختلف اقسام کا آمیزشی دھاگہ بنا جبکہ پچھلے سال 31,646 ٹن دھاگہ بنا تھا۔

مالیاتی کارکردگی

آپ کے ادارے نے زیرِ نظر سال میں 47,078 ملین روپے کی خالص فروخت کی جبکہ پچھلے متعلقہ سال یہ خالص فروخت 66,238 ملین روپے رہی تھی۔ دورانِ سال آپ کے ادارے نے 1,951 ملین روپے خام نفع کمایا جبکہ پچھلے سال 3,847 ملین روپے خام نفع کمایا تھا۔

آپ کے ادارے کو زیرِ نظر سال میں 851 ملین روپے قبل از ٹیکس خسارہ ہوا جبکہ پچھلے سال 2,044 ملین روپے قبل از ٹیکس نفع ہوا تھا۔ اس سال بعد از ٹیکس خسارہ 1,295 ملین روپے رہا جبکہ پچھلے سال 998 ملین روپے بعد از ٹیکس نفع ہوا تھا۔ یہ خسارہ کرونا وائرس کی وباء کے پھیلنے اور کارخانوں کے بند ہونے کی وجہ سے ہوا۔

دھاگے کی پیداواری صلاحیت میں اضافہ

موجودہ مالی سال میں آپ کے ادارے نے دھاگے کے کارخانہ نمبر ۴ کی معاشی سرگرمیوں کا کامیابی سے آغاز کرکے ایک اور سنگ میل عبور کرلیا ہے۔

یہ منصوبہ جدید فنی طرز کے حامل 100,320 سپنڈلز کے ساتھ 32,500 ٹن آمیزشی دھاگے کی سالانہ پیداواری صلاحیت کے کارخانے پر مشتمل ہے۔

اس منصوبے کے لئے مشینری دُنیا کے معتبر ترین مشینری فراہم کرنے والے اداروں Truetzschler اور Saurer Spinning Solutions جرمنی اور Luwa Air Engineering سوئٹزرلینڈ نے فراہم کی تھی۔

جدت وتبدیلی

بجلی بنانے کا کارخانہ

زیرِ نظر سال کے دوران آپ کے ادارے نے Niigata کے چھ بجلی پیدا کرنے والے انجنوں کے لئے خودکار کنٹرول اور نگرانی کے نظام کو تبدیل کرنے کے جدید فنی طرز کے حامل ایک اور منصوبے کو کامیابی کے ساتھ مکمل کیا ہے۔

یہ نظام Niigata Power Systems جاپان، جو کہ اِن بجلی پیدا کرنے والے انجنوں کا فراہم کنندہ بھی ہے، کی طرف سے فراہم کیا گیا ہے۔

اس منصوبے پر عملدرآمد کی وجہ سے آپ کے ادارے کی کارگروگی اور پیداواری صلاحیت میں مزید بہتری آئی ہے۔

پولیسٹر کا کارخانہ نمبر ۲

آپ کے ادارے کی انتظامیہ نے پولیسٹر کے کارخانہ نمبر ۲ کو جدید ترین ٹیکنالوجی کے ذریعے چلانے کی غرض سے اس کارخانہ کو نئے ڈیجیٹل کنٹرول سسٹم کو تبدیل کرنے کا فیصلہ کیا ہے۔ اس فیصلے کے مطابق پولیمر، سپننگ اور ڈرا لائنوں کے ڈیجیٹل کنٹرول سسٹم تبدیل ہوں گے۔ لہذا پولیسٹر کے موجودہ کارخانوں کی ٹیکنالوجی فراہم کرنے والے ادارے Technip Zimmer جرمنی کے ساتھ تکنیکی خدمات، مشینری اور نگرانی فراہم کرنے کے لئے معاہدہ طے پا گیا ہے۔

مشینری کی درآمد کے لئے لیٹرز آف کریڈٹ کھول دیے گئے ہیں اور ترسیلات موجودہ شمسی سال کی تیسری سہ ماہی میں آچکی ہیں۔

پیشہ وارانہ طرزِ عمل اور انسانی وسائل

آپ کے ادارے کا ماننا ہے کہ اِس خلل انگیز تبدیلیوں کے دور میں مستقل سیکھنے اور بار بار سیکھنے کا عمل اداروں کے لئے مطلقاً لازمی ہے۔ لہذا، انسانی وسائل ہمیشہ آپ کے ادارے کی تمام تنظیمی پالیسیوں اور حکمتِ عملی میں بُنیادی حیثیت کے حامل تصور کیے جاتے ہیں۔

اس فلسفے کو ذہن میں رکھتے ہوئے آپ کے ادارے کی انتظامیہ متعدد اندرونی اور بیرونی تربیتی اقدامات کو بروئے کار لاتے ہوئے اپنے انسانی وسائل کی سیکھنے، تخلیقی اور پیداواری صلاحیتوں کو بڑھانے کے لئے انتھک کوششیں جاری رکھے ہوئے ہے۔

زیرِ نظر سال کے دوران آپ کے ادارے نے اپنے متعدد ملازمین کے لئے مختلف موضوعات، جن میں بُنیادی طور پر Oracle ERP اپلی کیشنز، منصوبہ سازی، افرادی قوت کا نظم ونسق اور کاروباری قوانین شامل ہیں، سے متعلق بڑی تعداد میں تربیتی سرگرمیوں کا انتظام بھی کیا ہے۔

مستقبل پر نقطہ نظر

کاروباری بندش کی پابندیوں میں نرمی کے بعد مقامی صنعت کی معاشی سرگرمیاں بحال ہونا شروع ہوگئی ہیں۔ تاہم COVID-19 کی وجہ سے پیدا ہونے والی غیر یقینی معاشی صورت حال، عالمی اور اِس کے ساتھ ساتھ مقامی معاشی سرگرمیوں کو اس وباء سے پہلے کی سطح تک لے جانے میں رُکاوٹ بن رہی ہے۔ مقامی سطح پر روپے کی قدر میں کمی اور خام تیل کی عالمی قیمتوں میں اضافے سے شرحِ افراطِ زر میں اضافہ ہونے کی توقع ہے جس سے معاشی مستقبل غیر مستحکم ہونے کا خطرہ لاحق ہے۔ مزید برآں، اس خطے کے فراہم کنندگان کی طرف سے پولیسٹر سٹیپل فائبر کی غیر معمولی تعداد میں ڈمپنگ نے مقامی پولیسٹر سٹیپل فائبر بنانے کی صنعت کے پیداواری حجم کو محدود کردیا ہے۔

اِن تمام عوامل کو مدِنظر رکھتے ہوئے آپ کے ادارے کی انتظامیہ کو مستقبل قریب میں مقامی صنعت کی معاشی سرگرمیوں میں بتدریج بحالی کی وجہ سے کاروباری اور معاشی نتائج میں بہتری کی توقع ہے۔

اظہارِ تشکر

میں ادارے کے بورڈ آف ڈائریکٹرز، حصہ داران، بینکرز، مالی اداروں، اپنے قیمتی صارفین اور فراہم کنندگان کا اِن کی معاونت پر مشکور ہوں۔ میں اپنے ادارے کے ایگزیکٹوز اور دوسرے ملازمین کی انتہائی محنت ولگن پر اُنکا بھی کا مشکور ہوں اور اُن کے اسی تعاون کا مستقبل میں خواہاں ہوں۔

شیخ مختار احمد
چیئرمین

لاہور
۱۴ ستمبر ۲۰۲۰ء

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