



IDEAL

SPINNING MILLS LIMITED

32nd Annual Report 2020



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VISION

To deliver innovation and quality to our customers by following a progressive and on time approach and further the cause of a sustainable future by promoting an eco friendly approach in all our operations.

MISSION

To be a foremost Company receptive to the needs of our customers, acknowledge for consistently providing fine quality products and services by understanding the customers behaviours and preparing fully to meet the challenges of global market and to maximize profit by making best efforts in production planning, quality of products and making strategies.

COMPANY INFORMATION

CHAIRMAN:	MR. MUHAMMAD SAEED
CHIEF EXECUTIVE OFFICER:	MR. AMJAD SAEED
DIRECTORS:	MRS. RUBINA AMJAD MR. OMER SAEED MR. AHSAN SAEED MR. KHIZER SAEED MR. MUHAMMAD ASIF (INDEPENDENT) MR. MUHAMMAD AZHAR (INDEPENDENT)
AUDIT COMMITTEE:	
CHAIRMAN	MR. MUHAMMAD AZHAR
MEMBER	MR. MUHAMMAD SAEED
MEMBER	MR. AHSAN SAEED
H.R. & REMUNERATION COMMITTEE:	
CHAIRMAN	MR. MUHAMMAD AZHAR
MEMBER	MR. AHSAN SAEED
MEMBER	MRS. RUBINA AMJAD
NOMINATION COMMITTEE:	
CHAIRMAN	MR. OMER SAEED
MEMBER	MR. AHSAN SAEED
MEMBER	MR. KHIZER SAEED
RISK MANAGEMENT COMMITTEE:	
CHAIRMAN	MR. AHSAN SAEED
MEMBER	MR. OMER SAEED
MEMBER	MR. KHIZER SAEED
CHIEF FINANCIAL OFFICER:	MR. MUHAMMAD KASHIF ZAHUR
COMPANY SECRETARY:	MR. MUHAMMAD NADEEM
SHARE REGISTRAR:	F. D. Registrar Services (SMC-Pvt.) Limited 17 th Floor, Saima Trade Tower-A, I. I. Chundrigar Road Karachi.
AUDITORS:	M/S RIAZ AHMAD & COMPANY, CHARTERED ACCOUNTANTS
BANKERS:	BANK AL-FALAH LIMITED BANK AL-HABIB LTD HABIB METROPOLITAN BANK THE BANK OF PUNJAB HABIB BANK LIMITED
REGISTERED OFFICE :	ROOM NO 404 & 405, 4 TH FLOOR, BUSINESS CENTRE, MUMTAZ HASSAN ROAD, KARACHI. www.idealsm.com
FACTORY:	35-K.M SHEIKHUPURA ROAD, TEHSIL JARANWALA, DISTT. FAISALABAD.



IDEAL SPINNING MILLS LIMITED NOTICE OF 32ND ANNUAL GENERAL MEETING

Notice is hereby given that the 32nd Annual General Meeting of the Shareholders of IDEAL SPINNING MILLS LIMITED will be held at 404/5, Business Centre 4th Floor Mumtaz Hasan Road Near "SBP" Karachi on Monday, October 26, 2020 at 10:00 a.m. to transact the following business:-

1. To confirm Minutes of the Last Extra Ordinary General Meeting held on 30th May, 2020.
2. To receive, consider and adopt the audited accounts of the Company for the year ended on 30th June, 2020 together with the Directors' Report and Auditors' Report thereon.
3. To approve and declare final cash dividend of Rs. 1.30 per share i.e. @ 13.00 % as recommended by the Board of Directors for the year ended June 30, 2020.
4. To appoint Auditor for the year 2020-2021 and to fix their remuneration. The present auditors M/s. Riaz Ahmed & Co., Chartered Accountants, retire and being eligible have offered themselves for reappointment.
5. To transact any other business with the permission of the chair.

By order of the Board

MUHAMMAD NADEEM
Company Secretary

Karachi

Dated: September 30, 2020

NOTES:

1. In light of the threat by the evolving coronavirus (COVID-19) situation, the Securities & Exchange Commission of Pakistan vide Circular No. 5 dated March 17, 2020 has advised the Company to modify their usual planning for Annual General Meeting in order to protect the well-being of the shareholders.

The Shareholders who are interested to attend the AGM through Video Conference, are hereby requested to get themselves registered with the Company Secretary office by providing the following detail at the earliest but not later than 48 hours before the time of AGM (i.e. before 10 am on October 24, 2020) through Email: nadeem@idealsm.com

Shareholders are advised to mention Name, CNIC Number, Folio/CDC Account Number, cell number and email ID for identification.

Upon receipt of the above information from the interested shareholders, the Company will send the login credentials at their e-mail address. On the date of AGM, shareholders will be able to login and participate in the AGM proceedings through their smartphone / computer devices.

The login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after identification process and verification process.

In view of the above the Shareholders can also provide their comments/suggestions for the proposed agenda items of the AGM by using the aforesaid means.

2. The Share Transfer Books of the Company will remain closed from 19th October 2020 to 26th October 2020 (both days inclusive). Transfer received at the Share Registrar office M/s. F.D Registrar Services (SMC-Pvt) Ltd, 17th Floor Saima Trade Tower -A, LL Chandrigar Road Karachi 74000 at the close business on 16th October 2020 be treated in time.
3. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend the meeting and vote instead of him/her. The proxies in order to be effective must be received by the Company not less than 48 hours before the meeting. CDC Account holders will further have to follow the under mentioned guidelines as laid down in Circular No.1 dated January 26, 2000 issued by the Securities & 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 Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity card (CNIC) or original Passport at the time of attending the meeting.
- ii) In case of Corporate entity, the Board of Directors resolution of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of 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, address and CNIC Numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or 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.

Zakat Declaration Certificate

4. Members who desire for non-deduction of Zakat from their dividends may submit a declaration on non-judicial stamp paper duly signed as required under the law (if not submitted earlier).

Submission of CNIC Copy (MANDATORY)

5. Pursuant to the directives of the Securities & Exchange Commission of Pakistan, CNIC number is mandatory required to be Submitted and updated. Shareholders are therefore requested to submit copy of their valid CNIC (only Physical Shareholders) if not provided earlier to the M/s. F.D Registrar Services (SMC-Pvt) Ltd (The Share Registrar). The Corporate Entities are requested to provide their National Tax Number (NTN). Please quote Folio Number with the copy of CNIC/NTN details. In case of non-receipt of valid CNIC the Company would be unable to comply with SRO 831(I)/2012 dated July 5, 2012 of SECP read with SRO 19(I)/2014 dated January 10, 2014. Please note that no dividend will be payable unless CNIC number is updated with the Share Registrar, failure to provide the same would constrained the Company to withhold the payment of dividend warrants.

Payment of Cash Dividend Through Electronic Mode (Mandatory)

6. Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in Dividend Mandate Form available on Company's website i.e. <http://www.idealsm.com> and send it duly signed along with a copy of CNIC to the Registrar of the Company M/s. F.D Registrar Services (SMC Pvt) Ltd 17th Floor, Saima Trade Tower-A, LL Chandrigar Road, Karachi during working hours. Ph: 6092-21-32271905 Email: fdregistrar@yahoo.com in case of physical shares. In case shares are held in CDC then Dividend Mandate Form must be submitted directly to shareholder's broker participant/CDC account services. In case of non-submission of an IBAN, the Company will withhold the payment of dividends under Companies (Distribution of Dividends) Regulations, 2017.



Change of Address and Quote Folio No. in Correspondence

7. Members are also requested to notify any change in address immediately. The shareholders are further requested to quote their folio number in all correspondence with the Company and at the time of attending the Annual General Meeting.

Unclaimed Dividends And Shares (Important & Mandatory)

8. Shareholders of the Company are hereby informed that as per the record, there are some unclaimed/ uncollected / unpaid dividends and shares. Shareholders who could not collect their dividends/shares are advised to contact our Share Registrar M/s. F.D Registrar Services (SMC-Pvt) Ltd 17th Floor, Saima Trade Tower-A, J.I.Chundrigar Road, Karachi during working hours. Ph: 0092-21-32271905 Email: fdregistrars@yahoo.com to collect/enquire about their unclaimed dividend or shares, if any.

Circulation of Annual Financial Statements through Email

9. SECP through its Notification SRO 787(I)/2014 dated September 8, 2014, has allowed the circulation of Audited Financial Statements along with the Notice of Annual General Meeting to the shareholders of the Company through email. Therefore, shareholders who wish to receive the soft copy of Annual Report are requested to send their email address. The consent form for electronic transmission can be downloaded from the Company's website. The Company shall, however, continue to provide hard copy of the Audited Financial Statements to its shareholders, on request, free of cost, within seven days of receipt of such request.

Placement of Financial Accounts on Website

10. Pursuant to the notification of the SECP (SRO 634(I)/2014) dated: 10th July 2014 the financial statements of the Company have been placed on Company's website at www.idealism.com

Withholding Tax on Dividend

11. Government of Pakistan through Finance Act, 2019, has made certain amendments in withholding tax provision by substituting the definition of "Filers" with "Active Taxpayer List" (ATL), whereby the company is required to collect tax on dividend under Section 150 of the Income Tax Ordinance, 2001 from the person not appearing in the ATL at the rates specified in the Ordinance as increased by 100%. These tax rates are as under:

(a) For persons appearing in Active Taxpayer List 15.0% (b) For persons not appearing in Active Taxpayer List 30.0%

Shareholders who are filers, are advised to make sure that their names are entered into latest ATL provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as person not appearing in ATL and tax on their cash dividend will be deducted at the rate of 30% instead of 15%.

For Joint Shareholders

For shareholders holding their shares jointly as per the clarification issued by the Federal Board of Revenue, withholding tax will be determined separately as per status of their names appearing in the ATL for principal shareholder as well as joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar in writing as follows:

Folio / CDC Ac# No.	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC	Shareholding Proportion (No. of Shares)	Name and CNIC	Shareholding Proportion (No. of Shares)

- * The corporate shareholders having CDC accounts are required to have their National Tax Numbers (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or our Share Registrar M/s. F.D Registrar Services (SMC-Pvt) Ltd. The shareholders while sending NTN or NTN certificate, as the case may be, must quote company name and their respective folio numbers.

E-VOTING

12. Pursuant to SECP S.R.O. No. 43(I)/2016 dated January 22, 2016, members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of meeting to the Company on the appointment by the Intermediary as a Proxy.

For Video Conference:

13. Further to SECP Circular No.10 of 2014 dated 21st May, 2014 clause 1(b) "The Company may provide video conference facility to its members for attending the general meeting at places other than the town in which general meeting is taking place after considering the geographical dispersal of its members: Provided that if members, collectively holding 10% or more shareholding residing at a geographical location, provide their consent to participate in the meeting through video conference at least 10 days prior to date of meeting the company shall arrange video conference facility in that city subject to availability of such facility in that city". The company will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.


Consent form for Video Conference Facility

I/We, _____ of _____, being a member of the Ideal Spinning Mills Limited, holder of _____ Ordinary Share(s) as per Register CDC/ Folio no. _____ hereby opt for video conference facility at _____.

آئیڈیل اسپینگ ملز لمیٹڈ

اطلاع برائے 32 واں سالانہ اجلاس

مطلع کیا جاتا ہے کہ انسپنگ ٹرولہیڈ کے حصص یافتگان کا تیسواں (32) سالانہ اجلاس عام پیر 26 اکتوبر 2020 کو صبح 10 بجے 404/5 بزنس سینٹر چوٹی منزل، ممتاز حسن روڈ نزد "SBP" کراچی میں منعقد ہوگا۔
 انجام دی کیلئے منتظر کیا جائیگا۔

- ۱۔ آخری غیر معمولی اجلاس عام منعقدہ 30 مئی 2020ء کی کارروائی کی توثیق۔
۲۔ 30 جون 2020ء کو مکمل ہونے والے سال کیلئے کھینچی کے آؤٹ شدہ اکاؤنٹس معذورائیز اور آؤٹریز کی رپورٹس کی وصولی، غور و خوض اور منظوری۔
۳۔ 30 جون 2020ء کو مکمل ہونے والے سال کیلئے پروڈ آف ڈائریکٹرز کے سفارشات کے مطابق نقد منافع منقسمہ 1.30 روپے فی حصص (13 فیصد) شرح کی منظوری اور اعلان
۴۔ مالی سال 2020-21ء کیلئے آؤٹریز کی تقرری اور ان کے مشاہرے کا تعین۔ موجودہ آؤٹریز میسرور ریاض احمد اینڈ کمپنی۔ چارٹرڈ اکاؤنٹنٹس سکبڈش ہو گئے ہیں اور اہلیت کی بنیاد پر دوبارہ تقرری کیلئے اپنی خدمات پیش کی ہیں۔
۵۔ چیئرمین کی اجازت سے دیگر امور کی ادائیگی۔
- 
بحکم بورڈ
- کراچی 30 ستمبر 2020ء

بحکم بورڈ

محمد ندیم

کمپنی سیکریٹری

- ۱۔ گورنار ائرس (کوڈ۔ ۱9) کی موصولہ خبر کے خطرے میں روشنی میں سیکرٹری اینڈ ایگزیکٹو کمیشن آف پاکستان نے بذریعہ سرکلر نمبر ۱7 تاریخ ۱7 مارچ 2020 حصص یافتگان کی بھلائی اور تحفظ کے پیش نظر کمپنی کو اپنی سالانہ اجلاس عام سے متعلق منصوبہ بندی میں ترمیم کا مشورہ دیا ہے۔ شیئرز ہولڈرز جو سالانہ اجلاس عام (AGM) میں ویڈیو کانفرنس کے ذریعے شرکت کرنے کے خواہشمند ہیں ان سے درخواست ہے کہ کمپنی سیکریٹری کے آفس میں AGM کے انعقاد سے کم از کم 48 گھنٹے قبل یعنی (اکتوبر 24، 2020 صبح ۱۰ بجے سے پہلے) بذریعہ ای میل nadeem@idealsm.com پر مندرجہ ذیل تفصیلات فراہم کر کے اپنا اندراج کرائیں۔
- شیئرز ہولڈرز کو مشورہ دیا جاتا ہے کہ وہ شناخت کیلئے اپنا نام، شناختی کارڈ نمبر، فوٹیو ڈی ڈی کاؤنٹ نمبر، موبائل نمبر اور ویل ایڈریس کا ذکر کریں۔
- خواہشمند شیئرز ہولڈرز سے مذکورہ بالا تفصیلات کی وصولی کے بعد کمپنی لاگ ان تفصیلات ان کے ای میل ایڈریس پر ارسال کر دے گی۔ AGM کے دن شیئرز ہولڈرز بذریعہ اپنے اسارت فون اور کمپیوٹر آلات سے AGM کی کاروائی میں لاگ ان کر کے شرکت کر سکتے ہیں۔ لاگ ان سہولت اجلاس کے وقت سے 30 منٹ قبل کھول دی جائیگی تاکہ شناخت اور تصدیق کے عمل کے بعد شرکت کی اجلاس میں شرکت کو یقینی بنایا جاسکے۔
- مذکورہ بالا کی روشنی میں شیئرز ہولڈرز مذکورہ بالا ذرائع کا استعمال کر کے AGM کے مجوزہ ایجنڈا پیش کر سکیں گے۔ اسے تاثرات اور مشورے بھی پیش کر سکتے ہیں۔
- ۲۔ کمپنی کی حصص منٹلی کی کتاب 19 اکتوبر 2020، 26 اکتوبر 2020، (بشمول دونوں ایام) بندر میں گی شیئرز رجسٹر اریٹرز زائف۔ ڈی رجسٹر اریٹرز و سر (ایس ایم سی) پرائیوٹ) لمیٹڈ سٹریٹ ہوٹل منزل صائبر ٹیڈا دارا، آئی آئی چندر نگر روڈ کراچی میں 116 اکتوبر 2020ء کو کاروبار کے اختتام کا تکبہ معمول ہونے والی مفت اجلاس ایجنڈا پر تصدیق و توثیق کی جائے گی۔
- ۳۔ کمپنی کے ممبر اجلاس میں شرکت اور ووٹ ڈالنے کا حق رکھتا ہے اور وہ اپنی جگہ اجلاس میں شرکت اور ووٹ دینے کے لیے اپنے پاس کی مقرر کر سکتا/ کر سکتی ہے۔ پراکسی کی تقریر کی اطلاع کمپنی کو اجلاس سے کم از کم 48 گھنٹے قبل دینی ہوگی۔ سی۔ ڈی۔ سی۔ اکاؤنٹس رکھنے والوں کو سیکورٹیز اینڈ ایگزیکٹو کمیشن آف پاکستان سے جاری سرکلر نمبر ایٹا تاریخ جنوری 2000، 26 میں دی گئی ہدایتی پر عملدرآمد کرنا ہوگا۔
- اجلاس میں شرکت کیلئے:

- (I) انفرادی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور یا وہ شخص جسکی سکیورٹیز گروپ اکاؤنٹس میں ہوں اور انکی رجسٹریشن کی تفصیلات قواعد وضوابط کے تحت اپ لوڈ کی گئی ہوں، کو اپنے اصل کیپیٹل رائزڈ قومی شناختی کارڈ (سی-این-آئی) یا اصل پاسپورٹ کی ذریعہ اجلاس میں شرکت کے وقت اپنی شناخت کی توثیق کرنا ہوگی۔
- (II) کارپوریٹ ادارے کی صورت میں، انارنی کے لئے بورڈ آف ڈائریکٹران کی قرارداد کے مطابق ناظر شخص کے مخصوص دستخط (اگر یہ اس سے قبل فراہم نہیں کئے گئے) منیٹنگ کے وقت پیش کرنا ہو گئے۔
- پراکسی کی تقرری کیلئے:
- (I) انفرادی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور یا وہ شخص جسکی سکیورٹیز گروپ اکاؤنٹس میں ہوں اور انکی رجسٹریشن کی تفصیلات قواعد وضوابط کے تحت اپ لوڈ کی گئی ہوں پراکسی فارم مذکورہ ضروریات کے تحت جمع ہونے چاہئے۔
- (II) پراکسی فارم و دفارادی جانب سے گواہی کے ساتھ ہونا چاہئے، جسکے نام سے، پیم-اوری-این-آئی-سی نمبر فارم پر درج ہونے چاہئے۔
- (III) پراکسی فارم کے ساتھ سی-این-آئی-سی حد تک یا پیاں یا حق دار مالکان کا پاسپورٹ اور پراکسی پیش کرنا ہوگا۔
- (IV) پراکسی کو اپنے اصل سی-این-آئی-سی یا پاسپورٹ اجلاس کے وقت پیش کرنا ہوگا۔
- (V) کارپوریٹ ادارے کی صورت میں مکلفی کو پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹران کی قرارداد اور یا بورڈ آف انارنی بمع مخصوص دستخط جمع کرانے ہو گئے۔ (اگر یہ اس سے قبل فراہم نہیں کئے گئے)

زکوٰۃ اعلامہ سرٹیفیکیٹ

- ۳۔ وہمہران جو اپنے نتائج میں سے نوکڑے کی کوئی بے خواہشمند نہ ہوں انہیں قانون کے تحت مطلوبہ اعلان ایک نان جوڈیشل اسامپ پیپر جمع کرانا ہوگا۔ (اگر پہلے جمع نہیں کیا تو فوری جمع کراویں)
- ۴۔ سی این آئی کی سی کی کا پی پی جمع کرانا (لازمی)
- ۵۔ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایت کے مطابق سی این آئی کی نمبر لازمی ہے اور جمع کرانا اور اپ ڈیٹ کرنا ضروری ہے۔ حصص بانفغان سے درخواست ہے کہ اپنے سی این آئی کی (برائے صرف فزیکل شیئرز ہولڈرز) کی کا پی اگر پہلے فراہم نہیں کی گئی ہو، تو جو شیئرز ہولڈرز ایف۔ ڈی رجسٹر اور سمر (انس انس ایم سی پرائیویٹ) لمیٹڈ (شیئرز رجسٹر) کو پیش کریں۔ کارپوریٹ انشورینس کے پیشکش کنندگان (این نی این) فراہم کرنے کی درخواست کی جاتی ہے۔
- برائے مہربانی سی این آئی کی کا پی این آئی کی ان کی تفصیلات کے ساتھ فوئیو نمبر بھی درج کریں۔ کوئی کوٹاہی سی این آئی کی کی عدم وصولی کی صورت میں 19(ii)(2014) SECRO 831 (ii)(2012) تاریخ جولائی 2012-5 مع SRO 19(ii)(2014) تاریخ جنوری 2014-10 قہر میں نہ ہو سکے گی۔ برائے کرم واضح ہو کہ شیئرز رجسٹر اور سی این آئی کی کی عدم فراہمی کی صورت میں کمپنی ڈیوٹیڈ وائرس کی ادا دینی روک سکتی ہے۔
- نقد منافع منقسمہ بذریعہ الیکٹرونک طریقہ کار (لازمی)
- ۶۔ کمپنیز ایکٹ مجریہ 2017ء کی دفعہ 242 کے تحت لمیٹڈ کمپنی کیلئے لازمی ہے کہ وہ اپنے حصص بانفغان کو نقد منافع منقسمہ صرف بذریعہ الیکٹرونک طریقہ کار براہ راست ان کے متعلقہ بینک اکاؤنٹ میں ادا کرے۔ براہ راست متعلقہ بینک اکاؤنٹ میں منافع منقسمہ کی وصولی کے متعلق فزیکل شیئرز ہولڈرز سے درخواست ہے کہ کمپنی کی ویب سائٹ: <http://www.idealsm.com> پر دستیاب ڈیوٹیڈ وائرس میٹڈ بیٹ فارم پر کر کے دیکھنا اور سی این آئی کی کا پی کے ساتھ کمپنی کے رجسٹرڈ ایڈریسز ایف۔ ڈی رجسٹر اور سمر (انس انس ایم سی پرائیویٹ) لمیٹڈ کے دفتر اور سمر ہوئے منزل۔ صائر ٹریڈ ٹاور۔ آئی۔ آئی چندر ٹریڈ روڈ کراچی۔ فون نمبر 0092-21-332271905-21-0092 آئی سی ایل fdregisrtar@yahoo.com کو فکسری اوقات کار کے دوران پیش کریں۔ سی ڈی سی میں جس میں شیئرز کے حامل حصص بانفغان کو ڈیوٹیڈ وائرس میٹڈ بیٹ فارم براہ راست برکروٹریک / سی ڈی کی اکاؤنٹ سمر کو پیش کرنے ہوں گے۔
- آئی بی اے این جمع نہ کرانے کی صورت میں کمپنی کمپنیز (ڈسٹری بیوشن آف ڈیوٹیڈ وائرس) ریگولیشنز مجریہ 2017ء کے تحت منافع منقسمہ کی ادا دینی روک لے گی۔
- پی سی ٹی تبدیلی اور خط و کتابت میں فوئیو نمبر کا اندراج
- مہربان سے یہ بھی درخواست ہے کہ یہ میں کی تبدیلی سے فوری مطلع کریں۔ مزید برآں حصص بانفغان سے کمپنی کے ساتھ خط و کتابت میں اور سارا تاج اس عام میں شرکت کے موقع فوئیو نمبر درج کریں۔

غیر دعویٰ شدہ منافع محکمہ اور شیئرز (انکم اور لاوی)

[illegible]

ای میل کے ذریعے سالانہ مالی کھاتوں کی گردش (سرکولیشن)

[illegible][illegible][illegible]

(الف) غریبوں کے تمام بھوکے دلے فعال افراد کی گھرسٹ میں شامل ہیں 15.0% (ب) غریبوں کے تمام بھوکے دلے فعال افراد کی گھرسٹ میں شامل نہیں ہیں 30.0%

اپنے صمیم اداان کو کارکن ہیں ان پر ان میں سے کس حد تک فیصلہ کی گئی ہے کہ ان کی کھانا پکانے کے لیے سہولتیں فراہم کی جائیں گی؟

اسے فی مل میں شامل نہیں ہوں گے 15% کے برابر 30% کے برابر سے زیادہ

[illegible]

فولہ CDC کا ذمہ دہ	کل حصص	اصل حامل حصص		مشترکہ ملین حصص	
		ہم کیپیڈ اور ذوقی شایانہ کارڈ	تاجیہ حصص داری (حصص کی تعداد)	ہم کیپیڈ اور ذوقی شایانہ کارڈ	تاجیہ حصص داری (حصص کی تعداد)

● کارہمت شیخ ہولڈنگز مال CDC کاوش کیلئے ضروری ہے کہ وہ اپنے علاقہ خواتین کے پاس اپنے مکمل ٹیکس نمبر (NTN) اپ لوڈ کرے اور ہر نوے دن ایک شیئر ہولڈر اپنے NTN سرٹیفکیٹ کی ایک کاپی کھلی کر چاہے شیئر رجسٹرڈ ایسٹریٹ (SMC-PVT) لوڈ کر لے۔ شیئر ہولڈر (NTN) سرٹیفکیٹ (بھیجی گئی صورت ہو) پیش کر کے ڈارڈ کھلی کرے، مگر وہ اپنے علاقہ خواتین رجسٹر کرے۔

ای ویوٹک

۱۲۔ SECP نے آر جی آر 2016 (43) سہ 22، دی 2016 کی تعلیم میں ماہران کو ایک نیا آئینی کی حیثیت سے intermediary کے درجے تقرری پر کھل کے اعطاس کی تاریخ سے کم از کم 10 سال قبل تحریر اپنی رہا مادی دینے کے واسطے بذریعہ ای 2016 (43) سہ 22 کے ذریعہ دینے کا اعلان بھی استعمال کر سکتے ہیں۔

وہ بھوکا فرس گئے۔

۱۳۔ سیکرٹری، ایچ آر، سی پ اے، لاہور، 13 نومبر 2014ء (ق) 1027/2014 کے تحت نمبر 1 (ب) کے احکامات کی روشنی میں ان تمام ممبران کو اس طرح سے اجلاس عام منعقد ہونا ہے کہ وہ اپنی ان ممبران کی اطلاع نامی مکمل ڈیوٹی کو سمجھ کر رکھتے ہوئے واپس چلا آئیں اور کسی وجہ سے نہ آسکیں گے۔

وہ کہتا ہے کہ اگرچہ ان کے پاس

فعلی کھائی کے بعد جلد ہی یہ مطلق کار کا سامنا کرنا پڑا۔ وہ اپنے فرائض کی سہولت کے لیے شوشین بھسکی کا ٹکٹ چاہا۔ وہ جے ہوں ہو کر اس شوشین بھسکی کا ہونٹوں کی ہونٹوں کی سے ٹھونڈ ہو گئی۔

کئی سالوں میں اس عام کے اندازہ سے 25 ہزار میلے اور گاؤں کی کھیت کے مقام کے واسطے سے لاکھوں اور سو ہزار میٹر کے فرق (ایمرز) ہیں۔

وہ جو کانفرنس کیلئے گئے تھے

اس وقت ایک ممبر آئین میں ایک ملازم کے خصوصی حصص مطابق رجسٹرڈ قوانین میں مذکور ہے۔

بر حاصل کنند و باقی بماند.

CHAIRMAN'S REVIEW**FOR THE YEAR ENDED JUNE 30, 2020**

On behalf of the Board of Directors, I am pleased to present performance of the Company for the year ended June 30, 2020.

As one of the renowned organizations in textile industry, we continually look forward to innovate value added textile solutions. Aligned with this goal, your Company has expanded production capacity during the year. The management has plans for further CAPEX to further expand the production capacity by adding modern technology machinery.

In May 2020, the Board was re-elected for next three years with the addition of one new independent director "Mr. Muhammad Azhar".

The financial year under review faced severe pressure due to external business environment. First half of the year was impacted due to fiscal reforms and higher interest rates. Second half was affected by the outbreak of COVID-19 pandemic having wide spread effects on the overall world's economy. However, the Company's sound financial policies, outstanding products, pioneering technologies and efficient production processes were the key elements in managing the Company's stability.

By the Grace of Allah Almighty, despite above mentioned factors, operational performance of the Company was admirable during the year and achieved production targets with exceptional quality. In the year under review, Company has managed to increase exports of fabric and socks.

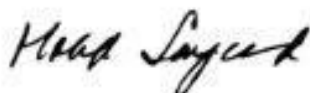
Financial performance of the Company was also very good. Company achieved gross profit of 14.06% as compared to 11.56% in the last financial year. Earnings per share increased to Rs. 10.78 from 5.96 per share as compared to the last financial year. After tax profit remained at Rs. 106.947 million with 11.69% increase in sales revenue.

By the grace of blessings of Almighty Allah, above stated factors give a promising outlook, therefore management of the Company foresees the profitability for the coming year if other factors remain positive.

The Board offers special thanks to its bankers and financial institutions for providing continued support. The Board also appreciates the dedicated services rendered by the employees and the management which is continually contributing positively towards the goals and objectives of the Company.

The Board would like to thank all stakeholders for their support and loyalty. Your faith in these challenging times has allowed us to perform and show positive results in a difficult business environment.

We continue to pray to Almighty Allah for the continued success of your Company and the benefit of all stakeholders, as well as for Pakistan in general.



Muhammad Saeed

Chairman

Faisalabad

September 30, 2020

چیمبرمین کا جائزہ

30 جون 2020 کے سال کے لئے

بورڈ آف ڈائریکٹرز کی جانب سے ، میں 30 جون 2020 کو ختم ہونے والے سال کے لئے کمپنی کی کارکردگی پیش کرنے پر خوش ہوں۔

ایکسٹنڈل انٹسٹری میں ایک مشہور تنظیم کی حیثیت سے ، ہم ویلیو ایڈڈ ٹیکنالوجی میں جنت کے خوابیں ہیں۔ ان مقصد سے منسلک ، آپ کی کمپنی نے سال کے دوران پیداواری صلاحیت میں توسیع کی ہے۔ انتظامیہ کا مزید منصوبہ ہے کہ جدید ٹیکنیکل مشینری شامل کر کے کپینکس کو مزید پیداواری صلاحیت کو بڑھایا جائے۔

مئی 2020 میں ، بورڈ کو ایک نئے آزاد ڈائریکٹر "مسٹر محمد امجد" کی شمولیت کے ساتھ لگے تین سالوں کے لئے دوبارہ منتخب کیا گیا۔

بیرونی کاروباری ماحول کی وجہ سے زیر نگرانی مالی سال کو شدید دباؤ کا سامنا کرنا پڑا۔ مالی اصلاحات اور شرح سود کی زیادہ شرح کی وجہ سے سال کے پہلے نصف حصے پر اثر پڑا۔ دوسرا ادھا حصہ COVID-19 واپسی بیماری کے پھیلتے سے متاثر ہوا تھا جس نے پوری دنیا کی معیشت پر وسیع پیمانے پر اثرات مرتب کیے تھے۔ تاہم ، کمپنی کے استحکام کو سنبھالنے میں کمپنی کی مستحکم مالی پالیسیاں ، بہترین مصنوعات ، اہم ٹکنالوجی اور موثر پیداواری عمل اہم عنصر تھے۔

اللہ تعالیٰ کے فضل سے ، مذکورہ بالا عوامل کے باوجود ، سال کے دوران کمپنی کی آپریشنل کارکردگی قابل ستائش رہی اور اس نے غیر معمولی معیار کے ساتھ پیداواری اہداف حاصل کیے۔ زیر نظر سال میں ، کمپنی نے کپڑے اور موزوں کی برآمدات میں اضافہ کیا ہے۔

کمپنی کی مالی کارکردگی بھی بہت اچھی رہی۔ گذشتہ مالی سال میں 11.56 فیصد کے مقابلے میں کمپنی نے مجموعی منافع 14.06 فیصد حاصل کیا۔ فی شیئر آمدنی پچھلے مالی سال کے مقابلے میں 5.96 روپے فی شیئر سے بڑھ کر 10.78 روپے فی شیئر ہو گئی۔ ٹیکس کے بعد منافع سیلز ریونیو میں 11.69 فیصد اضافے کے ساتھ 106.947 روپے میں رہا۔

اللہ تعالیٰ کے فضل و کرم سے ، مذکورہ بالا عوامل ایک وابستہ نظریہ پیش کرتے ہیں ، لہذا کمپنی کی انتظامیہ آئندہ سال کے لئے منافع کی پیش گوئی کرتی ہے اگر دوسرے عوامل مثبت رہیں۔

بورڈ مسلسل بینکاری فراہم کرنے پر اپنے بینکروں اور مالیاتی اداروں کا خصوصی شکریہ ادا کرتا ہے۔ بورڈ ملازمین اور انتظامیہ کے ذریعہ پیش کردہ سوشل خدمات کی بھی تعریف کرتا ہے جو کمپنی کے اہداف اور مقاصد کے لئے مستقل طور پر مثبت تعاون کر رہا ہے۔

بورڈ تمام اسٹیک ہولڈرز کی حمایت اور وفاداری پر ان کا شکریہ ادا کرنا چاہتا ہے۔ ان مشکل وقت پر آپ کے اعتماد نے ہمیں مشکل کاروباری ماحول میں انجام دینے اور مثبت نتائج دکھانے کی اجازت دی ہے۔

ہم آپ کی کمپنی کی مستقل کامیابی اور تمام اسٹیک ہولڈرز کے ساتھ ساتھ عام طور پر پاکستان کے لئے بھی اللہ تعالیٰ سے دعائیں مانگتے رہیں۔

Muhammad Sajid

محمد سعید

چیمبرمین

فیصل آباد

30 ستمبر 2020

DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors of Ideal Spinning Mills Limited feel pleasure to present 32nd Annual Report accompanied by the Audited Financial Statements of the company for the year ended June 30, 2020.

PRINCIPAL ACTIVITIES AND FINANCIAL PERFORMANCE:

The principal activity of the Company is manufacturing and sale of yarn, cloth and hosiery products. By the grace of Almighty ALLAH, the Company succeeded to achieve stability and targets despite severe economic conditions. The performance of the business in financial terms is as follows:

FINANCIAL RESULTS	2020	2019
	(RUPEES IN THOUSANDS)	
Revenue	3,923,725	3,512,935
Cost of Sales	<u>(3,371,776)</u>	<u>(3,106,728)</u>
Gross Profit	551,949	406,207
Distribution Cost	(87,586)	(59,642)
Administrative Expenses	(192,513)	(154,626)
Other Expenses	(12,473)	(5,588)
Other Income	11,389	30,040
Finance Cost	<u>(124,098)</u>	<u>(120,352)</u>
Profit before Taxation	146,668	96,039
Taxation	<u>(39,721)</u>	<u>(36,924)</u>
Profit after Taxation	<u>106,947</u>	<u>59,115</u>
Earnings Per Share - Basic and Diluted (Rupees)	<u>10.78</u>	<u>5.96</u>

By the blessings of Almighty Allah, your company achieved revenue growth of 11.69% and earned after tax profit of Rs.106.947 million as compared to profit of Rs. 59.115 million in last year.

Business Review:

The financial year under review faced severe pressure due to external business environment. First half of the year was impacted due to fiscal reforms and higher interest rates. Second half was affected by the outbreak of COVID-19 pandemic having wide spread

effects on the overall world's economy. However, the Company's sound financial policies, outstanding products, pioneering technologies and efficient production processes were the key elements in managing the Company's stability. Moreover, these factors are not likely to affect the Company's business in the foreseeable future as the Company has successfully coped with them.

Health Safety and Environment:

Company believes in and is fully committed to improve Health, Safety and Environment standards to achieve sustainable performance. Your Company was quick to implement the Standard Operating Procedures (SOPs) to combat COVID-19. The Company continued its operations during the pandemic with strict adherence to the SOPs.

Corporate Social Responsibility:

The Company admits its Corporate Social Responsibility (CSR) towards the society and believes in supporting the community. Therefore, the Company has made donation to Cancer Care Hospital and Research Center Foundation.

Internal Control System:

The Board of Directors understands their responsibility towards system of internal control and has implemented sound, efficient and effective controls and regularly monitors the same.

Thus, the Company maintains established control framework comprising clear structures, authority limits and accountabilities within the ambit of well understood policies and procedures.

BOARD COMPOSITION, REMUNERATION AND MEETINGS:

The Board was reconstituted in May 2020 with the addition of one new independent director Mr. Muhammad Azhar. Detail of the directors and meetings attended is as under:

Name of Directors	Designation	Attendance
Mr. Muhammad Saeed	Chairman (Non-Executive Director)	4
Mr. Amjad Saeed	Chief Executive Officer	4
Mr. Omer Saeed	Executive Director	4
Mrs. Rubina Amjad (Female)	Non-Executive Director	4
Mr. Ahsan Saeed	Non-Executive Director	4
Mr. Khizer Saeed	Non-Executive Director	4
Mr. Muhammad Asif	Independent Director	4
Mr. Muhammad Azhar	Independent Director	-

Composition of the Board is given below:

Category	Male	Female	Total
Executive Director	2	-	2
Non-Executive Director	3	1	4
Independent Director	2	-	2
Total	7	1	8

The company has a formal policy and transparent procedures for remuneration of its Directors in accordance with the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019.

The remuneration, including the Directors fee for attending the board meetings paid to the Directors and Chief Executive Officer is disclosed in Note 33 of the financial statements.

CHAIRMAN'S REVIEW

The Directors hereby endorse the Chairman's review report on performance of the company.

OUTSTANDING STATUTORY PAYMENTS:

All outstanding payments are nominal and of routine nature.

RETIREMENT BENEFITS FUNDS:

The Company operates un-funded gratuity scheme for its employees as reflected in the financial statements.

AUDITORS:

The present auditors M/S RIAZ AHMAD & CO. Chartered Accountants, being eligible offered themselves for re-appointment for the year 2020-2021.

PATERN OF SHAREHOLDING:

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

RELATED PARTY TRANSACTIONS:

All transactions with related parties are carried out at arm's length. The prices are determined in accordance with comparable un-controlled price method. The company has complied with best practices on transfer pricing as contained in listing regulations of Stock Exchanges of Pakistan (PSX).

BOARD COMMITTEES:

The Board in compliance with the Code of Corporate Governance has established following committees and their composition is as under:

A. Audit Committee:

Name	Designation
Mr. Muhammad Azhar	Chairman
Mr. Muhammad Saeed	Member
Mr. Ahsan Saeed	Member

B. Human Resource And Remuneration Committee:

Name	Designation
Mr. Muhammad Azhar	Chairman
Mr. Ahsan Saeed	Member
Mrs. Rubina Amjad	Member

C. Nomination Committee:

Name	Designation
Mr. Omer Saeed	Chairman
Mr. Ahsan Saeed	Member
Mr. Khizer Saeed	Member

D. Risk Management Committee:

Name	Designation
Mr. Ahsan Saeed	Chairman
Mr. Omer Saeed	Member
Mr. Khizer Saeed	Member

APPROPRIATIONS:

The Board of Directors recommended final cash dividend of Rs. 1.30 per share (i.e. 13%) for its shareholders proposed by Mr. Muhammad Asif (independent Director) and seconded by other directors present in the meeting.

CORPORATE GOVERNANCE:

The Board recognizes that well defined corporate governance processes are vital to enhancing accountability. We are committed to ensuring high standards of corporate governance to maintain stakeholder value. The Board has been diligent and has contributed effectively in guiding the Company in all its strategic affairs. The Company keeps close co-ordination with the Securities and Exchange Commission of Pakistan and the Pakistan Stock Exchange and complies with the Code of Good Corporate Governance in the letter and spirit. The statement of compliance of best practices of Corporate Governance is annexed.

CORPORATE AND FINANCIAL REPORTING FRAME WORK

In compliance with listing regulations of Pakistan Stock Exchange and as required under the Companies ACT, 2017; your directors are pleased to state as under:

1. The financial statements prepared by the management of your company present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
2. Proper books of accounts of the company have been maintained.
3. Appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements. The system of internal control is sound in design and has been effectively implemented and monitored.
5. There is no doubt upon the company's ability to continue as a going concern.
6. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
7. Key operating and financial data of last six years in summarized form is annexed.

ACKNOWLEDGEMENT

The Board places on record its appreciation for loyalty and devotion to work, by staff and workers for the company. The relationship between management and workers remained very cordial and we hope that these will further improve in the years to come.

On Behalf of the Board



Amjad Saeed

Chief Executive Officer

September 30, 2020.



Omer Saeed

Director

شینر ہولڈرز کے لئے بورڈ آف ڈائریکٹرز کی رپورٹ

انڈیپنڈنٹ ایپنٹڈ ملز لمیٹڈ کے ڈائریکٹرز 30 جون 2020 کو ختم ہونے والے سال کے لئے کمپنی کی اثاثہ شدہ مالی گوشواروں کے ساتھ 32 ویں سالانہ رپورٹ پیش کرنے پر خوشی محسوس کرتے ہیں۔

بنیادی سرگرمیاں اور مالی کارکردگی:

کمپنی کی اصل سرگرمی دھانگا ، کپڑے اور پوزری مصنوعات کی تیاری اور فروخت ہے۔ اللہ تعالیٰ کے فضل و کرم سے ، کمپنی شدید معاشی حالات کے باوجود استحکام اور اہداف حاصل کرنے میں کامیاب ہو گئی۔ مالی لحاظ سے کاروبار کی کارکردگی درج ذیل ہے۔

مالی نتائج:	2019	2020
	رقم ہزاروں میں	
ریونیو	3,512,935	3,923,725
کاسٹ آف سیل	(3,106,728)	(3,371,776)
مجموعی منافع	406,207	551,949
ڈسٹریبیوٹن اخراجات	(59,642)	(87,586)
انتظامی اخراجات	(154,626)	(192,513)
متفرق اخراجات	(5,588)	(12,473)
دیگر آمدن	30,040	11,389
فنانسل اخراجات	(120,352)	(124,098)
ٹیکس کے بغیر منافع	96,039	146,668
ٹیکس	(36,924)	(39,721)
ٹیکس کے بعد خالص منافع	59,115	106,947
فی شیئر آمدنی- بنیادی	5.96	10.78

اللہ تعالیٰ کے فضل و کرم سے ، آپ کی کمپنی نے آمدنی میں 11.69% اضافہ کیا اور 106.947 ملین روپے منافع ٹیکس کے بعد حاصل ہوا ، جبکہ اس منافع کے مقابلے میں گزشتہ سال میں منافع 59.115 ملین رہا۔

کاروباری جائزہ:

بیرونی کاروباری ماحول کی وجہ سے زیر جائزہ مالی سال کو شدید دباؤ کا سامنا کرنا پڑا۔ مالی اصلاحات اور شرح سود کی اضافی شرح کی وجہ سے سال کے پہلے نصف حصے پر اثر پڑا۔ دوسرا ادھا حصہ COVID-19 وبائی بیماری کے پھیلنے سے متاثر ہوا جس نے پوری دنیا کی معیشت پر وسیع پیمانے پر اثرات مرتب کیے۔ تاہم، کمپنی کی مستحکم مالی پالیسیاں، بہترین مصنوعات، اہم ٹیکنالوجی اور موثر پیداواری عمل کمپنی کے استحکام کو سنبھالنے میں کلیدی عنصر تھے۔ مزید یہ کہ ان عوامل کا مستقبل میں کمپنی کے کاروبار کو متاثر کرنے کا امکان نہیں ہے کیونکہ کمپنی نے کامیابی کے ساتھ ان کا مقابلہ کیا ہے۔

صحت کی حفاظت اور ماحولیات:

پائیدار کارکردگی کو حاصل کرنے کے لیے کمپنی صحت، حفاظت اور ماحولیاتی معیار کو بہتر بنانے میں یقین رکھتی ہے اور پوری طرح پر عزم ہے۔ آپ کی کمپنی نے COVID-19 کا مقابلہ کرنے کے لئے معیاری آپریٹنگ طریقہ کار (SOPs) کو نافذ کرنے میں تیزی لائی۔ ایس او پیز (SOPs) پر سختی سے عمل پیرا ہونے کے ساتھ کمپنی نے وبائی امراض کے دوران اپنی کاروائیاں جاری رکھیں۔

کارپوریٹ سماجی ذمہ داری:

کمپنی معاشرے کی طرف اپنی کارپوریٹ سماجی ذمہ داری (CSR) کو تسلیم کرتی ہے اور معاشرے کی حمایت پر یقین رکھتی ہے۔ لہذا، کمپنی نے گینسر گینر ہسپتال اور ریسرچ سنٹر فاؤنڈیشن کو عطیہ کیا ہے۔

اندرونی کنٹرول سسٹم:

بورڈ آف ڈائریکٹر اندرونی کنٹرول کے نظام کے بارے میں اپنی ذمہ داری کو سمجھتا ہے اور اس نے درست اور موثر کنٹرول نافذ کیا ہے اور باقاعدگی سے اسی کی نگرانی کرتا ہے۔

اس طرح، کمپنی اچھی طرح سے سمجھی جانے والی پالیسیوں اور طریقہ کار کے دائرے میں واضح ڈھانچے، اتھارٹی کی حدود اور جوابدہیوں پر مشتمل قائم کنٹرول فریم ورک کو برقرار رکھتی ہے۔

بورڈ کی تشکیل معاوضہ اور اجلاس:

بورڈ کی تشکیل نو مئی 2020 میں ایک نئے آزاد ڈائریکٹر مسٹر محمد اظہر کے ساتھ کی گئی تھی۔ ڈائریکٹرز اور ان کی اجلاس میں حاضری کی تفصیل مندرجہ ذیل ہے:

نام	عہدہ	حاضری
مسٹر محمد سعید	چیرمین (نان ایگزیکٹو ڈائریکٹر)	4
مسٹر امجد سعید	چیف ایگزیکٹو افسر	4
مسٹر عمر سعید	ایگزیکٹو ڈائریکٹر	4
مسز روبینہ امجد (خاتون)	نان ایگزیکٹو ڈائریکٹر	4
مسٹر احسن سعید	نان ایگزیکٹو ڈائریکٹر	4
مسٹر خضر سعید	نان ایگزیکٹو ڈائریکٹر	4
مسٹر محمد آصف	آزاد ڈائریکٹر	4
مسٹر محمد اظہر	آزاد ڈائریکٹر	-

بورڈ کی تشکیل ذیل میں دی گئی ہے۔

عہدہ	مرد	خاتون	کل
ایگزیکٹو ڈائریکٹر	2	-	2
نائب ایگزیکٹو ڈائریکٹر	3	1	4
آزاد ڈائریکٹر	2	-	2
کل	7	1	8

کمپنی نے کمپنیز ایکٹ، 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن، 2019 کے مطابق اپنے ڈائریکٹرز کے معاوضے کے لئے بقاعدہ پالیسی اور شفاف طریقہ کار رکھا ہے۔ ڈائریکٹرز اور چیف ایگزیکٹو آفیسر کو دیے جانے والے معاوضے بشمول بورڈ ممبرانوں میں شرکت کے لئے معاوضے کی تفصیل مالی گوشواروں کے نوٹ 33 میں انکشاف کیا گیا ہے۔

چینرمین کا جائزہ:

ڈائریکٹرز کمپنی کی کارکردگی سے متعلق چینرمین کی نظر ثانی رپورٹ کی توثیق کرتے ہیں۔

آؤٹ اسٹینڈنگ اسٹیٹیوری ادائیگیاں:

تمام بقایا ادائیگیاں معمولی اور معمول کی نوعیت کی ہیں۔

ریٹائرمنٹ بینفٹ فنڈز:

کمپنی اپنے ملازمین کے لئے ان فنڈز گریجویٹی اسکیم چلا رہی ہے جیسا کہ فنانشل سٹیٹمنٹس میں ظاہر ہے۔

آڈیٹرز:

موجودہ آڈیٹرز میسرز ریاض احمد ایٹو کمپنی چارٹرڈ اکاؤنٹنٹس، اہل بولے کی حیثیت سے سال 2020-2021 کے لئے دوبارہ تفری کے لئے خود کو پیش کرتے ہیں۔

شیئر ہولڈنگ کی ترتیب:

شیئر ہولڈنگ کی ترتیب بمطابق 30 جون 2020 لف ہے۔

متعلقہ پارٹی کی ٹرانزیکشنز:

متعلقہ پارٹی سے ٹرانزیکشنز میں قیمتوں کا تعین قابل تقابل ان کنٹرولڈ پراس طریقہ کار کے تحت کیا گیا۔ کمپنی نے اسٹاک ایکس چینج آف پاکستان (پی ایس ایکس) کے لسٹنگ ضوابط کی فہرست میں شامل ٹرانسفر پرائسنگ کے بہترین طریقوں کی تعمیل کی ہے۔

بورڈ کمیٹیز:

کوڈ آف کارپوریٹ گورننس کی تعمیل میں بورڈ نے مندرجہ ذیل کمیٹیاں تشکیل دی ہیں اور ان کی تشکیل مندرجہ ذیل ہے:

1. آڈٹ کمیٹی:

نام	عہدہ
مسٹر محمد اظہر	چیئرمین
مسٹر محمد سعید	ممبر
مسٹر احسن سعید	ممبر

2. افرادی وسائل اور معاوضہ کمیٹی:

نام	عہدہ
مسٹر محمد اظہر	چیئرمین
مسٹر احسن سعید	ممبر
مسز روبینہ امجد	ممبر

3. نامزدگی کمیٹی:

نام	عہدہ
مسٹر عمر سعید	چیئرمین
مسٹر احسن سعید	ممبر
مسٹر خضر سعید	ممبر

4. رسک مینجمنٹ کمیٹی:

نام	عہدہ
مسٹر احسن سعید	چیئرمین
مسٹر عمر سعید	ممبر
مسٹر خضر سعید	ممبر

منافع کی تقسیم:

بورڈ آف ڈائریکٹرز نے اپنے شیئر ہولڈرز کے لئے جنسی نقد منافع 1.30 روپے فی شیئر (یعنی 13%) تجویز کیا جو کہ مسٹر محمد آصف (ازاد ڈائریکٹر) نے تجویز کیا اور اجلاس میں موجود دیگر ڈائریکٹرز کی طرف سے اس کی حمایت کی گئی ہے۔

کارپوریٹ گورننس:

بورڈ تسلیم کرتا ہے کہ کارپوریٹ گورننس کے بہتر عوامل احتساب کو بڑھانے کے لئے بہت ضروری ہے۔ ہم اسٹیک ہولڈر ویلیو کو برقرار رکھنے کے لئے کارپوریٹ گورننس کے اعلیٰ معیار کو یقینی بنانے کے لئے ہر عزم ہیں۔ بورڈ مستعد رہا ہے اور اس نے اپنے تمام اسٹریٹجک امور میں کمپنی کی رہنمائی کرنے میں موثر کردار ادا کیا ہے۔ کمپنی

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج کے ساتھ قریبی رابطہ رکھنی ہے اور خط اور روح کے مطابق اچھے کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل کرتی ہے۔ کارپوریٹ گورننس کے بہترین طریقوں کی تعمیل کے بیان کو لف کیا گیا ہے۔

کارپوریٹ اور فائنانشل رپورٹنگ فریم ورک:

پاکستان اسٹاک ایکسچینج کے لسٹنگ ضوابط کی تعمیل اور کمپنیز ایکٹ، 2017 کے تحت ضرورت کے مطابق آپ کے ڈائریکٹرز مندرجہ ذیل بیان کرنے پر خوش ہیں:

1. آپ کی کمپنی کے انتظامیہ کے ذریعہ تیار کردہ مالی گوشوارے اس کے امور کی منصفانہ حیثیت، اس کی کارروائیوں، نقد بہاؤ اور ایکویٹی میں بدلاؤ کا نتیجہ پیش کرتے ہیں۔
2. کمپنی کے اکاؤنٹس کی مناسب کتابیں برقرار رکھی گئی ہیں۔
3. مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو کی گئیں اور اکاؤنٹنگ کے تخمینے معقول اور محتاط فیصلے پر مبنی ہیں۔
4. بین الاقوامی اکاؤنٹنگ معیارات، جیسا کہ پاکستان میں قابل اطلاق ہیں، مالی گوشواروں کی تیاری میں ان پر عمل کیا گیا ہے۔ اندرونی کنٹرول کا نظام ڈیزائن میں مستحکم ہے اور اسے موثر انداز میں نافذ اور نگرانی کی جا رہی ہے۔
5. کمپنی کی جاری رہنے کی حیثیت سے اس کی صلاحیت پر کوئی شک نہیں ہے۔
6. کارپوریٹ گورننس کے بہترین طریقوں سے کوئی انحراف نہیں ہے، جیسا کہ لسٹنگ کے ضوابط میں تفصیل ہے۔
7. گذشتہ چھ سالوں کے اہم آپریشن اور مالی اعداد و شمار خلاصہ کی شکل میں لف ہیں۔

اعتراف:

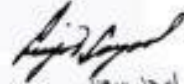
بورڈ کمپنی کے عملے اور کارکنوں کے کام کرنے کی لگن اور وفاداری کو سراہتا ہے۔ انتظامیہ اور کارکنوں کے مابین تعلقات انتہائی خوشگوار رہے اور ہم امید کرتے ہیں کہ آنے والے سالوں میں ان میں مزید بہتری آئے گی۔

بورڈ آف ڈائریکٹرز کی جانب سے



امجد سعید

ڈائریکٹر



امجد سعید

چیف ایگزیکٹو افسر

30 ستمبر 2020

**Statement of Compliance
With Listed Companies (Code of Corporate Governance) Regulations, 2019**

**IDEAL SPINNING MILLS LIMITED
FOR THE YEAR ENDED JUNE 30, 2020**

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

1. The total number of directors is eight as per the following,-
 - a. Male: Seven
 - b. Female: One
2. The composition of the board is as follows:

Category	Name
a. Independent Directors	Mr. Muhammad Azhar Mr. Muhammad Asif
b. Non-executive directors	Mr. Muhammad Saeed Mr. Ahsan Saeed Mr. Khizer Saeed
c. Executive directors	Mr. Amjad Saeed Mr. Omer Saeed
d. Female Directors	Mrs. Rubina Amjad

Board of Directors is of the view that considering the volume of business, independent directors should not be more than two as required by these regulations. Hence, the fraction of independent directors has not been rounded up.

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 Companies Act 2017 "the Act" and these Regulations;

1. 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 requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
2. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations ;
3. The Board has already arranged Directors' Training program for the following:

Name	Category
Mr. Omer Saeed	Executive Director
Mrs. Rubina Amjad	Non-Executive Director
Mr. Ahsan Saeed	Non-Executive Director
Mr. Khizer Saeed	Non-Executive Director

Moreover, our following two directors meet the exemption criteria of minimum 14 year education and 15 years of experience on the boards of listed companies, hence exempt from Directors' Training Program:

Mr. Muhammad Saeed	Non-Executive Director
Mr. Amjad Saeed	Executive Director

4. The Board has approved appointment of chief financial officer, company secretary, head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
5. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
6. The Board has formed committees comprising of members given below:-

a. Audit Committee

Mr. Muhammad Azhar	Chairman
Mr. Muhammad Saeed	Member
Mr. Ahsan Saeed	Member

b. HR and Remuneration Committee

Mr. Muhammad Azhar	Chairman
Mr. Ahsan Saeed	Member
Mrs. Rubina Amjad	Member

c. Nomination Committee

Mr. Omer Saeed	Chairman
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Mr. Khizer Saeed

Member

a. Risk Management Committee

Mr. Ahsan Saeed

Chairman

Mr. Omer Saeed

Member

Mr. Khizer Saeed

Member

1. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
2. The frequency of meetings of the aforesaid committees during the financial year ended June 30, 2020, were as per following;
 - a. Audit Committee: Quarterly
 - b. HR and Remuneration Committee: Annually
 - c. Nomination Committee: Annually
 - d. Risk Management Committee: Annually
3. The Board has set up an effective internal audit function who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company;
4. 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;
5. 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;
6. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



Signatures

MUHAMMAD SAEED

CHAIRMAN

SEPTEMBER 30, 2020.

**KEY OPERATING & FINANCIAL DATA
FOR LAST SIX YEARS**

PARTICULARS	2020	2019	2018	2017	2016	2015
	(Rupees in Millions)					
<u>FINANCIAL POSITION</u>						
Paid up capital	99,200	99,200	99,200	99,200	99,200	99,200
Fixed assets at cost / revalued amount	1,997.710	1,941.467	1,970.104	1,725.353	1,487.173	1293.651
Fixed assets (Lease) at cost	-	-	-	-	-	-
Accumulated depreciation	946.906	852.366	882.118	810.784	787.983	727.884
Current assets	1,052.82	965.143	707.269	567.733	516.494	445.661
Current liabilities	1,099.530	1,152.62	888.029	710.435	579.177	459.719
<u>INCOME</u>						
Sales	3,923.725	3,512.935	2,718.918	2,202.691	2,378.758	2,368.401
Other income	11.389	30.040	6.421	3.654	1.416	0.724
Pre tax Profit/(loss)	146.668	96.039	24.182	(114.562)	(110.704)	(49.237)
Taxation	(39.721)	(36.924)	(18.963)	(2.776)	44.876	14.150
<u>STATISTICS AND RATIOS</u>						
Pre tax profit/(loss) to sales %	3.74	2.734	0.89	(5.200)	(4.650)	(2.08)
Pre tax profit/(loss) to capital %	147.85	96.81	24.37	(115.486)	(111.590)	(49.63)
Current ratio	1:9575	1:84	1:80	1:80	1:89	1:97
Paid up value per share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
Earnings after tax per share (Rs.)	10.78	5.96	0.53	(11.828)	(6.640)	(3.54)
Cash dividend %	13	12	7.50	-	-	-
Break up value per share (Rs.)	69.58	55.36	50.92	40.950	30.780	27.27

INDEPENDENT AUDITOR'S REVIEW REPORT**To the members of Ideal Spinning Mills Limited****Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019**

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

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

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

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

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

**RIAZ AHMAD & COMPANY****Chartered Accountants****Faisalabad****Date: September 30, 2020.**

INDEPENDENT AUDITOR'S REPORT**To the members of Ideal Spinning Mills Limited****Report on the Audit of the Financial Statements****Opinion**

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

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

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1	<p>Capital expenditure</p> <p>The Company is investing significant amounts in its operations and there are a number of areas where management judgment impacts the carrying value of property, plant and equipment and its respective depreciation profile. These include among others, the decision to capitalize or expense costs; and review of useful life of the assets including the impact of changes in the Company's strategy.</p> <p>We focused on this area since the amounts have a significant impact on the financial position of the Company and there is significant management judgment required that has significant impact on the reporting of the financial position for the Company. Therefore, considered as one of the key audit matters.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Property, Plant, Equipment and Deprecation (Note 2.2 to the financial statements). - Property, Plant and Equipment (Note 12 to the financial statements). 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Assessed, on a sample basis, costs capitalized during the year by comparing with the relevant underlying documentation, which included purchase invoices and other related documents; • Assessed whether the costs capitalized met the relevant criteria for capitalization as per the applicable financial reporting framework; • Evaluated management's estimation of economic useful lives and residual values by considering our knowledge of the business and practices adopted in the relevant industry; • Assessed whether the disclosures are made in accordance with the applicable financial reporting framework; <p>Our procedures over existence and valuation of inventory included, but were not limited to:</p> <ul style="list-style-type: none"> • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management.
2	<p>Inventory existence and valuation</p> <p>Inventories as at 30 June 2020 amounting to Rupees 640.979 million, break up of which is as follow:</p>	

Sr. No.	Key audit matters	How the matter was addressed in our audit
	<ul style="list-style-type: none"> - Stores, spare parts and loose tools of Rupees 47.724 million - Stock-in-trade of Rupees 593.255 million <p>Inventories are stated at lower of cost and net realizable value.</p> <p>We identified existence and valuation of inventories as a key audit matter due to their size, representing 30.32% of the total assets of the Company as at 30 June 2020, and the judgment involved in valuation.</p> <p>For further information on inventories, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Inventories (Note 2.7 to the financial statements). - Stores, spare parts and loose tools (Note 16) and Stock-in-trade (Note 17) to the financial statements. 	<ul style="list-style-type: none"> • For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any. • In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents. • We also made inquiries from management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required. • We also assessed the adequacy of the disclosures made in respect of the accounting policies and related notes to the financial statements.
3	<p>Revenue recognition</p> <p>The Company recognized revenue of Rupees 3,923.725 million for the year ended 30 June 2020.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue;

Sr. No.	subject to misstatement to meet expectations or targets.	How the matter was addressed in our audit
	<p>For further information on revenue recognition, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Revenue from contracts with customers (Note 2.20 to the financial statements). <p>Revenue (Note 23 to the financial statements).</p>	<ul style="list-style-type: none"> • We compared a sample of revenue transactions recorded around the year- end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period; • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'; • We compared the detail of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation. • We also considered the appropriateness of disclosures in the financial statements.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

- a) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- b) Zakat deductible at source under the Zakat and Usher 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 Mubashar Mehmood.

Riaz Ahmad & Co.

RIAZ AHMAD & COMPANY
Chartered Accountants
Faisalabad
Date: September 30, 2020.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

NOTE	2020 (RUPEES IN THOUSAND)	2019 (RUPEES IN THOUSAND)	NOTE	2020 (RUPEES IN THOUSAND)	2019 (RUPEES IN THOUSAND)
EQUITY AND LIABILITIES					
SHARE CAPITAL AND RESERVES					
Authorized share capital					
20 000 000 (2019: 20 000 000) ordinary shares of Rupees 10 each	200,000	200,000	ASSETS		
Issued, subscribed and paid up share capital					
9 920 000 (2019: 9 920 000) ordinary shares of Rupees 10 each fully paid in cash	99,200	99,200	NON-CURRENT ASSETS		
Sponsors' loans	241,800	241,800	Property, plant and equipment	12	1,054,426
Capital reserves			Intangible asset	13	5,236
Equity portion of shareholders' loans	159,358	121,209	Long term loans	14	87
Surplus on revaluation of freehold land	100,577	100,577	Long term deposits and prepayments	15	1,796
Revenue reserve					
Unappropriated profit / (accumulated loss)	89,354	(13,581)			
Total equity	690,289	549,205		1,061,545	1,097,542
LIABILITIES					
NON-CURRENT LIABILITIES					
Long term financing	229,682	275,672	16	47,724	52,030
Deferred income tax liability	-	5,375	17	593,255	429,445
Deferred liabilities	94,859	79,809	18	160,284	178,966
CURRENT LIABILITIES					
Trade and other payables	324,541	360,856	19	121,349	95,707
Unclaimed dividend	365,950	283,738	20	178	665
Accrued mark-up	1,264	690	21	85,689	170,296
Short term borrowings	16,676	26,058	22	44,336	38,014
Current portion of long term financing	574,512	709,312			
Provision for taxation	93,743	97,726			
	47,385	35,100			
TOTAL LIABILITIES	1,099,530	1,152,624		1,052,815	965,143
CONTINGENCIES AND COMMITMENTS	1,424,071	1,513,480			
TOTAL EQUITY AND LIABILITIES	2,114,360	2,062,685		2,114,360	2,062,685

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


AMJAD SAEED
CHIEF EXECUTIVE OFFICER


OMER SAEED
DIRECTOR


MUHAMMAD KASHIF ZAHOOOR
CHIEF FINANCIAL OFFICER
(ACTING)

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

	NOTE	2020 (RUPEES IN THOUSAND)	2019 (RUPEES IN THOUSAND)
REVENUE	23	3,923,725	3,512,935
COST OF SALES	24	(3,371,776)	(3,106,728)
GROSS PROFIT		<u>551,949</u>	<u>406,207</u>
DISTRIBUTION COST	25	(87,586)	(59,642)
ADMINISTRATIVE EXPENSES	26	(192,513)	(154,626)
OTHER EXPENSES	27	(12,473)	(5,588)
OTHER INCOME	28	11,389	30,040
FINANCE COST	29	(124,098)	(120,352)
PROFIT BEFORE TAXATION		<u>146,668</u>	<u>96,039</u>
TAXATION	30	(39,721)	(36,924)
PROFIT AFTER TAXATION		<u>106,947</u>	<u>59,115</u>
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	31	<u>10.78</u>	<u>5.96</u>

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


AMJAD SAEED
CHIEF EXECUTIVE OFFICER


OMER SAEED
DIRECTOR


MUHAMMAD KASHIF ZAHOOR
CHIEF FINANCIAL OFFICER
(ACTING)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	(RUPEES IN THOUSAND)	
PROFIT AFTER TAXATION	106,947	59,115
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of staff retirement gratuity	10,181	1,133
Deferred income tax related to remeasurements	(2,289)	(272)
	7,892	861
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year - net of deferred income tax	7,892	861
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	114,839	59,976

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


AMJAD SAEED
CHIEF EXECUTIVE OFFICER


OMER SAEED
DIRECTOR


MUHAMMAD KASHIF ZAHOOR
CHIEF FINANCIAL OFFICER
(ACTING)

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

	ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL	SPONSORS' LOANS	CAPITAL RESERVES			RESERVES		TOTAL	TOTAL EQUITY
			Equity portion of shareholders' loan	Surplus on revaluation of freehold land	Sub total	REVENUE RESERVE (Accumulated loss) / unappropriated profit			
RUPEES IN THOUSAND									
Balance as at 01 July 2018	99,200	241,800	121,209	100,577	221,786	(72,314)	149,472	490,472	
Transaction with owners - Final cash dividend for the year ended 30 June 2018 at the rate of Rupee 0.75 per	-	-	-	-	-	(1,243)	(1,243)	(1,243)	
Profit after taxation for the year	-	-	-	-	-	59,115	59,115	59,115	
Other comprehensive income for the year	-	-	-	-	-	861	861	861	
Total comprehensive income for the year	-	-	-	-	-	59,976	59,976	59,976	
Balance as at 30 June 2019	99,200	241,800	121,209	100,577	221,786	(13,581)	208,205	549,205	
Transaction with owners - Final cash dividend for the year ended 30 June 2019 at the rate of Rupees 1.20	-	-	-	-	-	(11,904)	(11,904)	(11,904)	
Profit after taxation for the year	-	-	-	-	-	106,947	106,947	106,947	
Other comprehensive income for the year	-	-	-	-	-	7,892	7,892	7,892	
Total comprehensive income for the year	-	-	-	-	-	114,839	114,839	114,839	
Equity portion of shareholder's loan	-	-	38,149	-	38,149	-	38,149	38,149	
Balance as at 30 June 2020	99,200	241,800	159,358	100,577	259,935	89,354	349,289	690,289	

Balance as at 01 July 2018

Transaction with owners - Final cash dividend for the year ended 30 June 2018 at the rate of Rupee 0.75 per

Profit after taxation for the year

Other comprehensive income for the year

Total comprehensive income for the year

Balance as at 30 June 2019

Transaction with owners - Final cash dividend for the year ended 30 June 2019 at the rate of Rupees 1.20

Profit after taxation for the year

Other comprehensive income for the year

Total comprehensive income for the year

Equity portion of shareholder's loan

Balance as at 30 June 2020

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


AMJAD SAEED
CHIEF EXECUTIVE OFFICER


OMER SAEED
DIRECTOR


MUHAMMAD KASHIF ZAHOOR
CHIEF FINANCIAL OFFICER
(ACTING)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 (RUPEES IN THOUSAND)	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	408,852	142,357
Finance cost paid		(107,624)	(87,161)
Net exchange gain received		17,484	27,136
Income tax paid		(54,450)	(29,185)
Staff retirement gratuity paid		(13,802)	(7,886)
Net decrease / (increase) in long term loans		88	(78)
Workers' profit participation fund paid		(5,680)	(1,371)
Net decrease / (increase) in long term deposits and prepayments		120	(94)
Net cash generated from operating activities		244,988	43,718
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment and intangible asset		(59,507)	(119,515)
Proceeds from disposal of property, plant and equipment		30	21,999
Net cash used in investing activities		(59,477)	(97,516)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(85,778)	(197,419)
Long term financing obtained		52,719	-
Dividend paid		(11,330)	(1,017)
Short term borrowings - net		(134,800)	283,865
Net cash (used in) / from financing activities		(179,189)	85,429
NET INCREASE IN CASH AND CASH EQUIVALENTS		6,322	31,631
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		38,014	6,383
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 22)		44,336	38,014

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


AMJAD SAEED
CHIEF EXECUTIVE OFFICER


OMER SAEED
DIRECTOR


MUHAMMAD KASHIF ZAHOOR
CHIEF FINANCIAL OFFICER
(ACTING)

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

1. THE COMPANY AND ITS OPERATIONS

Ideal Spinning Mills Limited (the Company) is a public limited company incorporated in Pakistan on 08 June 1989 under the Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of yarn, cloth and hosiery products. The Company's registered office is situated at Room No. 404-405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi.

Geographical location and addresses of all business units of the Company, except for the registered office given above are as

Offices and manufacturing units	Address
Head Office	1088, Jail Road, Faisalabad
Spinning and Weaving Units	32-KM Shekhupura Road, Tehsil Jaranwala, District Faisalabad
Socks Unit	Bawa Chak Seim Nala, Nalka Kohala, Sangodha Road, Faisalabad
Socks Unit	22-KM Ferozepur Road, Gajumata Rohi Nala, Marium Park, Lahore
Socks Unit	5-KM Canal Road, Shorkot City
Regional Office	506-D, 5th Floor, City Tower, 6-K, Main Boulevard, Gulberg-II, Lahore

1.1 Impact of COVID-19 on these financial statements

The pandemic of COVID-19 which rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. From 24 March 2020, Government of Punjab announced a temporary lockdown as a measure to reduce the spread of COVID-19. Complying with the lockdown, the Company temporarily suspended its operations from 26 March 2020 to 10 April 2020. However, subsequent to the year ended 30 June 2020, due to significant reduction in outbreak, demand for Company's goods is fastly reverting back to normal levels. Moreover, the Company has availed Rupees 52.719 million from Habib Bank Limited as given in Note 5.1.1. The management also assessed the accounting implications of COVID-19 related to expected credit losses, impairments, net realizable value of inventories, provisions and other significant areas. However, according to management's assessment there is no other significant accounting impact of the effects of COVID-19 in these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

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

b) Accounting convention

These financial statements have been prepared under the historical cost convention, except as otherwise stated in the respective accounting policies.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairments

The estimate for revalued amount of freehold land is based on valuation performed by external professional valuer. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment along with intangible asset with a corresponding effect on the depreciation charge and impairment.

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

Income tax

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, based on the Company's experience of actual credit loss in past years.

Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Staff retirement gratuity

Certain actuarial assumptions have been adopted as disclosed in Note 7.1.4 to the financial statements for determination of present value of staff retirement gratuity. Any change in these assumptions in future years might affect the current and remeasurement gains and losses in those years.

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

Following standard, interpretation and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2019:

- IFRS 16 'Leases'
- Amendments to IFRS 09 'Financial Instruments'
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement
- Annual Improvements to IFRSs: 2015 - 2017 Cycle

The amendments and interpretation listed above do not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods. However the implications of IFRS 16 are given hereunder:

IFRS 16 'Leases' has replaced the 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 provided a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. A lessee recognizes a right of use asset representing the right of use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to IAS 17. The Company has only short-term operating leases, hence, the adoption of IFRS 16 does not have any impact on the amounts recognized in prior period and is not expected to significantly affect the current or future periods.

e) Standard and amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are other standard and amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2019 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Amendments to published approved accounting standards that are not yet effective but relevant to the

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2020 or later periods:

Interest Rate Benchmark Reform which amended IFRS 7 'Financial Instruments: Disclosures', IFRS 9 'Financial Instruments' and IAS 39 'Financial Instruments: Recognition and Measurement', is applicable for annual financial periods beginning on or after 01 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published report setting out its recommended reforms of some major interest rate benchmarks such as Interbank Offer Rates (IBORs). Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rates benchmarks reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential impacts of the uncertainty caused by the reform. A company shall apply these exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

Amendments to IFRS 16 'Leases' (effective for annual period beginning on or after 01 June 2020). Under previous requirements of IFRS 16, lessee assess whether rent concessions are leased modifications, if so, apply the specific guidance on accounting for lease modification. This generally involves remeasuring these lease liabilities using the revised lease payments and revised discount rates. In light of the effects of the COVID-19 pandemic and the fact that many lessees are applying the standard for the first time in their financial statements, the IASB has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are leased modifications, and instead are permitted to account for as if these were not leased modifications. Rent concessions are eligible for the practical expedient if these occur as a direct consequence of the COVID-19 pandemic and if following criteria are met:

- the change in lease payments result in revised consideration for the lease that is substantially same as, or less than, the considerations for the lease immediately preceding the change; any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

- there is no substantive change to the other terms and conditions of the lease.

The above amendments are not likely to affect the financial statements of the Company.

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRSs. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRSs.

Amendments to IAS 1 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2022). These amendments have been added to further clarify when a liability is classified as current. These amendments also changes the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply these amendments retrospectively in accordance with IAS 8. The amendments are not likely to affect the financial statements of the Company.

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' (effective for annual periods beginning on or after 01 January 2022). These amendments clarify what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are not likely to affect the financial statements of the Company.

Amendments to IAS 16 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2022). These amendments clarify that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognized in profit or loss in accordance with applicable standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply these amendments retrospectively, but only to items of property, plant and equipment which are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are not likely to affect the financial statements of the Company.

On 14 May 2020, IASB issued Annual Improvements to IFRSs: 2018 - 2020 Cycle, incorporating amendments to three IFRSs more specifically in IFRS 9 'Financial Instruments' and IFRS 16 'Leases', relevant to the Company. The amendments are effective for annual periods beginning on or after 01 January 2022. The amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 29 March 2018, the IASB has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits-this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the

primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, de-recognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRSs. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 01 January 2020 for preparers that develop an accounting policy based on the Framework.

g) Standards and amendments to published approved accounting standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2020 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Property, plant, equipment and depreciation

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss, while capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use. Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to the construction / erection period of qualifying assets and other directly attributable cost of bringing the assets to working condition.

Increases in the carrying amounts arising on revaluation of freehold land are recognized in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss.

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Major renewals and improvements, if any, are capitalized in accordance with IAS 16 and are depreciated in a manner which represents the consumption pattern. All other repair and maintenance costs are charged to the statement of profit or loss during the period in which they are incurred.

Depreciation

Depreciation on property, plant and equipment is charged to the statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 12.1. The Company charges the depreciation on additions from the month when the asset is available for use and on deletions up to the month preceding the month of disposal. The assets' residual values, useful lives and depreciation methods are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is de-

2.3 Intangible asset

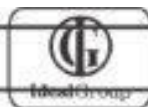
Computer software acquired by the Company is stated at cost less accumulated amortization. Software's costs are only capitalized when it is probable that future economic benefits attributable to the software will flow to the Company and the same is amortized applying the straight line method at the rate stated in Note 13 to these financial statements.

2.4 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which asset's carrying amount exceeds its recoverable amount. 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. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

2.5 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.



2.6 Borrowing cost

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

2.7 Inventories

Inventories, except for stock in transit and waste stock, are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spare parts and loose tools

Usable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. In transit stores, spare parts and loose tools are valued at invoice amount plus other charges paid thereon.

Stock-in-trade

Cost of raw materials, work-in-process and finished goods is determined as follows:

(i) For raw materials:	Weighted average cost.
(ii) For work-in-process and finished goods:	Average manufacturing cost including a portion of production overheads.

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock is valued at net realizable value.

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

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.9 Staff retirement benefit

The Company operates defined benefit plan - unfunded gratuity scheme for its permanent employees, who have completed the minimum qualifying period of service as defined under the scheme. The liabilities relating to defined benefit plan are determined through actuarial valuation using the Projected Unit Credit Method. Latest actuarial valuation has been carried on 30 June 2020. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long term nature of the benefit, such estimates are subject to certain uncertainties. Significant assumptions used to carry out the actuarial valuation have been disclosed in Note 7.1.4 to these financial statements.

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

2.10 Provisions

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

2.11 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.12 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which it is declared and other appropriations are recognized in the period in which these are approved by the Board of

2.13 Financial Instruments**i) Recognition, classification and measurement of financial instruments****Financial assets****a) Recognition**

The Company initially recognizes financial assets on the date when they are originated.

b) Classification

The Company classifies its financial assets at amortized cost. A financial asset is measured at amortized cost if both of following conditions are met:

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

c) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset. Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments at amortized cost. Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on de-recognition is recognized directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses.

Financial liabilities

Financial liabilities are classified and measured at amortized cost or at Fair Value Through Profit or Loss (FVTPL). A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

ii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts and other receivables, the Company applies the simplified approach to recognize expected lifetime losses from initial recognition of the receivables.

iii) De-recognition**Financial assets**

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. On de-recognition of a financial asset, in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in the statement of profit or loss.

Financial liabilities

The Company de-recognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as de-recognition of the original liability and the recognition of a new liability, and the difference in respective carrying amount is recognized in the statement of profit or loss.

iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when there is a legally enforceable right to offset the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.14 Borrowings

Financing and borrowings are initially recognized at fair value of the consideration received, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method.

2.15 Government grants

Grants from the Government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2.16 Trade and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts overdue by 365 days.

The Company has applied the simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

2.17 Derivative financial instruments

Derivatives are initially recognized at fair value. Any directly attributable transaction costs are recognized in the statement of profit or loss as incurred. They are subsequently remeasured at fair value on regular basis and at each reporting date as a minimum, with all their gains and losses, realized and unrealized, recognized in the statement of profit or loss.

2.18 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method.

2.19 Functional and presentation currency along with foreign currency transactions and translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction.

2.20 Revenue from contracts with customers

i) Revenue recognition

Sale of goods

Revenue from the sale of goods is recognized at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

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

Interest

Return on bank deposits is accounted for on accrual basis.

Other revenue

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

ii) Contract assets

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

iii) Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

iv) Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

2.21 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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

The Company has three reportable business segments: Spinning (Producing different quality of yarn using natural and artificial fibres), Weaving (Producing different quality of greige fabric using yarn) and Socks (Manufacturing socks from yarn, elastic and other ancillary materials).

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

2.22 Earnings per share

The Company presents Earnings Per Share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

2.23 Contingent assets

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

2.24 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

3. SPONSORS' LOANS

These loans are interest free and payable at the discretion of the Company.

4. EQUITY PORTION OF SHAREHOLDERS' LOANS

	2020 (RUPEES IN THOUSAND)	2019
Balance as at 01 July	121,209	121,209
Gain on recognition of shareholders' loans at fair value (Note 5.2)	38,149	-
Balance as at 30 June	159,358	121,209

5. LONG TERM FINANCING

Secured

From banking companies (Note 5.1)	158,009	195,052
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Unsecured

From sponsor directors / shareholders (Note 5.2)	165,416	178,346
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Less: Current portion shown under current liabilities	93,743	97,726
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	229,682	275,672
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5.1 From banking companies

LENDER	2020	2019	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
(RUPEES IN THOUSAND)							
Habib Bank Limited - Loan under SBP Refinance Scheme (Note 5.1.1)	48,735	-	SBP rate + 3%	Eight equal quarterly installments commencing on 01 January 2021 and ending on 01 October 2022.	-	Quarterly	Ranking charge of Rupees 267 million to be upgraded to joint pari passu charge within 45 days from the date of first draw down against demand finance facility, over fixed assets of the Company along with personal guarantee of all directors of the Company.
The Bank of Punjab	83,634	131,425	3 Month KIBOR + 2%	Sixteen equal quarterly installments commenced on 31 March 2018 and ending on 31 December 2021.	Quarterly	Quarterly	First joint pari passu charge for Rupees 267 million on all present and future current assets of the Company along with the personal guarantee of the Chief Executive Officer of the Company.
Bank Alfalah Limited	-	23,752	3 Month KIBOR + 2%	Last instalment has been repaid on 28 March 2020.	Quarterly	Quarterly	
Bank Alfalah Limited	8,490	14,150	3 Month KIBOR + 2%	Twenty equal quarterly installments commenced on 28 February 2017 and ending on 28 November 2021.	Quarterly	Quarterly	First joint pari passu charge over fixed assets of the Company for Rupees 268 million with the personal guarantee of Chief Executive Officer and one Director of the Company.
Bank Alfalah Limited	17,150	25,725	3 Month KIBOR + 2%	Twenty equal quarterly installments commenced on 19 August 2017 and ending on 18 May 2022.	Quarterly	Quarterly	
	158,000	195,052					

5.1.1 This term finance facility aggregating to Rupees 52,719 million is obtained by the Company under SBP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. This loan is recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rate of 9.26% per annum. As per the covenants given in facility letter of this finance, any kind of loan obtained from directors / sponsors shall not be repaid before complete repayment of this facility.

	2020 (RUPEES IN THOUSAND)	2019
5.2 From sponsor directors / shareholders		
Opening balance	178,346	253,114
Add: Fair value adjustment (Note 29)	25,219	20,232
	203,565	273,346
Less:		
Gain on recognition of shareholder's loan at fair value (Note 4)	38,149	-
Repaid during the year	-	95,000
	38,149	95,000
Closing balance	165,416	178,346

5.2.1 This represents unsecured interest free loan obtained from a sponsor director / shareholder of the Company. This loan of Rupees 203.565 million which was repayable in one bullet installment on 30 June 2021 has been rescheduled and will be repaid in one bullet installment on 31 October 2022. A portion of this loan along with the sponsors' loan shown in Note 3 are subordinated to bank borrowings amounting to Rupees 306.616 million. Fair value of this loan was estimated at the present value of future cash flows discounted at effective rate at 8.14% to 9.26% (2019: 8.14%) per annum.

6. DEFERRED INCOME TAX LIABILITY

Taxable temporary difference

Difference in tax and accounting bases of operating fixed assets	99,176	107,035
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Deductible temporary differences

Staff retirement gratuity	(20,427)	(19,189)
Unused tax losses	(85,082)	(78,825)
Allowance for expected credit losses	(4,057)	(3,646)
	(109,566)	(101,660)
Deferred income tax (asset) / liability	(10,390)	5,375
Unrecognized deferred income tax asset (Note 6.1)	10,390	-
	-	5,375

6.1 Deferred income tax asset has not been recognized in these financial statements due to uncertainty in availability of sufficient future taxable profits as these temporary differences are not likely to reverse in the foreseeable future.

7. DEFERRED LIABILITIES

Staff retirement gratuity (Note 7.1)	90,875	79,809
Deferred income - Government grant (Note 7.2)	3,984	-
	94,859	79,809

7.1 Staff retirement gratuity

Opening balance	79,809	62,187
Provision for the year (Note 7.1.2)	35,049	26,641
Retirement benefit paid	(13,802)	(7,886)
Remeasurements (Note 7.1.3)	(10,181)	(1,133)
Closing balance	90,875	79,809

7.1.1 Changes in present value of defined benefit obligation

Present value of defined benefit obligation	79,809	62,187
Current service cost	24,660	21,399
Interest cost	10,389	5,242
Retirement benefit paid	(13,802)	(7,886)
Remeasurements:		
Actuarial (gain) / loss from changes in financial assumptions	(1,761)	1,406
Experience adjustments	(8,420)	(2,539)
	90,875	79,809

	2020 (RUPEES IN THOUSAND)	2019
7.1.2 Provision for the year		
Current service cost	24,660	21,399
Interest cost	10,389	5,242
	<u>35,049</u>	<u>26,641</u>
7.1.3 Remeasurements		
Actuarial (gain) / loss from changes in financial assumptions	(1,761)	1,406
Experience adjustments	(8,420)	(2,539)
	<u>(10,181)</u>	<u>(1,133)</u>
7.1.4 Principal actuarial assumptions used	2020	2019
Discount rate used for interest cost in profit or loss charge (per annum)	14.25%	9.00%
Discount rate used for year end obligation (per annum)	8.50%	14.25%
Expected rate of salary increase (per annum)	7.50%	13.25%
Average duration of the defined benefit obligation	6	6
Mortality rates	SLIC 2001-05 set back 1 year	SLIC 2001-05 set back 1 year
Withdrawal rate	Age based	Age based
Retirement assumption	Age 60	Age 60

7.1.5 The estimated expenses to be charged to the statement of profit or loss for the year ending on 30 June 2021 is Rupees 34,556 million.

7.1.6 Expected benefit payments for the future years:

One year	1-2 years	2-4 years	Over 4 years
-----RUPEES IN THOUSAND-----			
18,869	18,485	33,522	643,268

7.1.7 Sensitivity analysis on defined benefit obligation:

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

	2020	2019
Discount rate	1.00%	1.00%
Increase in assumption (Rupees in thousand)	(5,476)	(4,544)
Decrease in assumption (Rupees in thousand)	6,222	5,132
Future salary increase	1.00%	1.00%
Increase in assumption (Rupees in thousand)	6,488	5,360
Decrease in assumption (Rupees in thousand)	(5,821)	(4,835)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognized within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year except for certain changes as given in Note 7.1.4.

7.1.8 Risk associated with the scheme

a) Final salary risk (linked to inflation risk)

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

b) Demographic risks

Mortality risk

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal risk

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

	2020 (RUPEES IN THOUSAND)	2019
7.2 Deferred income - Government grant		
Recognized during the year	3,991	-
Amortized during the year (Note 28)	(7)	-
Closing balance	3,984	-

7.2.1 The State Bank of Pakistan (SBP), through its Circular No. 06 of 2020 dated 10 April 2020 has introduced a temporary Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns (the Refinance Scheme). The Refinance Scheme is funded by SBP. Borrowers can obtain loans from the Banks and ease their cash flow constraints to avoid layoffs. One of the key feature of the Refinance Scheme is that borrowers can obtain loan at mark-up rates that are below normal lending rates. As per International Accounting Standard (IAS) 20 'Accounting for Government Grants and Disclosure of Government Assistance' the benefit of a Government loan at a below-market rate of interest is treated as a Government Grant. The Company has obtained this loan as disclosed in Note 5.1.1 to the financial statements. In accordance with IFRS 9 'Financial Instruments', loan obtained under the Refinance Scheme was initially recognized at its fair value which is the present value of loan proceeds received, discounted using prevailing market rates of interest for a similar instrument. Hence, the benefit of the below-market rate of interest has been measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. This benefit is accounted for and presented as deferred grant in accordance with IAS 20. The grant is being amortized in the statement of profit or loss, in line with the recognition of interest expense the grant is compensating.

8. TRADE AND OTHER PAYABLES

Creditors (Note 8.1)	169,390	161,663
Accrued liabilities	135,138	95,892
Advances from customers	28,567	19,924
Income tax deducted at source	2,048	136
Sales tax payable	14,048	1,063
Fair value of forward exchange contracts	8,996	-
Workers' profit participation fund (Note 8.2)	7,763	5,060
	<u>365,950</u>	<u>283,738</u>
8.1 These include amounts due to following related parties:		
Blue Moon Filling Station	16,871	13,206
Ideal Socks	2,949	3,014
	<u>19,820</u>	<u>16,220</u>
8.2 Workers' profit participation fund		
Opening balance	5,060	1,273
Interest for the year (Note 29)	630	98
Provision for the year (Note 27)	7,753	5,060
	<u>13,443</u>	<u>6,431</u>
Less: Payments during the year	5,680	1,371
Balance as on 30 June	<u>7,763</u>	<u>5,060</u>

8.2.1 Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.

	2020 (RUPEES IN THOUSAND)	2019
9. ACCRUED MARK-UP		
Long term financing	2,835	6,618
Short term borrowings	13,841	19,440
	<u>16,676</u>	<u>26,058</u>
10. SHORT TERM BORROWINGS		
From banking companies - secured		
Cash finances (Note 10.1 and 10.4)	63,388	176,969
Running finances (Note 10.2 and 10.4)	15,400	87,810
Other short term finances (Note 10.3 and 10.4)	260,519	202,446
	339,307	467,225
Others - unsecured		
Other related parties (Note 10.5)	225,138	205,025
Temporary book overdrawn	10,067	37,062
	235,205	242,087
	<u>574,512</u>	<u>709,312</u>
10.1	These form part of total credit facility of Rupees 695 million (2019: Rupees 550 million). Rates of mark-up range from 8.90% to 17.11% (2019: 8.93% to 14.90%) per annum during the year on balances outstanding.	
10.2	These form part of total credit facility of Rupees 170 million (2019: Rupees 210 million). Rates of mark-up range from 10.33% to 15.86% (2019: 8.43% to 14.90%) per annum during the year on balances outstanding.	
10.3	These form part of total credit facility of Rupees 592 million (2019: Rupees 420 million). Rates of mark-up range from 9.89% to 16.83% (2019: 8.86% to 15.12%) per annum during the year on balances outstanding.	
10.4	These finances are secured against joint pari passu charge over fixed and current assets, pledge of stocks and lien on import / export documents. These are further secured by the personal guarantee of the directors of the Company.	
10.5	These represent interest free loans from Chief Executive Officer, Directors and Sponsor of the Company which are repayable on demand, subject to the condition mentioned in Note 5.1.1.	
11. CONTINGENCIES AND COMMITMENTS		
a) Contingencies		
i)	Guarantees of Rupees 29.511 million (2019: Rupees 26.839 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited (SNGPL) against gas connections and to Faisalabad Electric Supply Company Limited against electricity connection.	
ii)	The Company is contingently liable for Rupees 2.812 million (2019: Rupees 2.812 million) on account of Sindh infrastructure cess not acknowledged in view of pending appeal before appellate authorities since 07 July 2014. The related provision is not made in these financial statements in view of expected favourable outcome of the appeal, on the advice of legal counsel.	
iii)	An appeal was filed in Lahore High Court, Lahore on 09 April 2018 against cost of supply of Re-Gasified Liquefied Natural Gas (RLNG) by SNGPL amounting to Rupees 4.953 million (2019: Rupees 4.953 million). This appeal was allowed by Lahore High Court, Lahore on 13 December 2019 by asking Oil and Gas Regulatory Authority (OGRA) to conduct a public hearing to determine the level of cost of supply of RLNG. Keeping in view the opinion of the legal counsel of the Company, the related provision is not made in these financial statements as there are strong grounds that the decision of the proposed public hearing of OGRA will be decided in favour of the Company.	

iv) The Company filed an appeal on 23 July 2019 before Commissioner Inland Revenue (Appeals) against the sales tax order in original No.33/2009 dated 15 May 2019 made by the Assistant Commissioner Inland Revenue to pay further tax amounting to Rupees 9.211 million along with the default surcharge under section 3 (1A) of the Sales Tax Act, 1990 on supplies made to unregistered persons during the period from 01 July 2017 to 30 June 2018. This appeal was rejected on 29 October 2019. Against this decision, the Company filed an appeal on 07 December 2019 before Appellate Tribunal Inland Revenue which is pending for decision. The management is hopeful of positive outcome of the appeal and therefore no provision has been made in these financial statements, on the advice of legal counsel.

v) The Company received show cause notice from Assistant Commissioner Inland Revenue dated 16 December 2019 for further tax not paid amounting to Rupees 11.957 million (2019: Rupees Nil) on sale to unregistered persons from 01 July 2018 to 30 June 2019 along with default surcharge and penalty under section 34(1) and section 33 of Sales Tax Act, 1990 respectively. Against the order, an appeal has been filed by the Company on 06 May 2020 before Commissioner Inland Revenue (Appeals) which is pending for decision. No provision has been made in these financial statements as the management is hopeful for positive outcome, on the advice of the legal counsel.

vi) The Company has challenged, before Lahore High Court, Lahore, the provisions of SRO 491(1)/2016 dated 30 June 2016 issued under section 8(1)(b) of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 1125(1)/2011 dated 31 December 2011, claim of input sales tax in respect of packing material has been disallowed. The Company filed a Writ Petition No. 96551/2017 dated 03 November 2017 before the Lahore High Court, Lahore. Consequently, the Company has accounted for input sales tax amounting to Rupees 4.791 million (2019: Rupees 4.791 million) paid on such items as receivable balance. The Lahore High Court, Lahore through its order dated 25 June 2019 has dismissed the petition filed by the Company. Being aggrieved by the order, an Intra Court Appeal (ICA) No. 1247 of 2020 dated 14 January 2020 has been filed by the Company in Lahore High Court, Lahore. The Company is confident of positive outcome of the appeal, on the advice of legal counsel.

b) Commitments

- i) Commitments for capital expenditure are of Rupees 3.245 million (2019: Rupees 2.344 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 33.559 million (2019: Rupees 17.467 million).
- iii) Outstanding foreign currency forward contracts are of Rupees 152.329 million (2019: Rupees Nil)

	2020	2019
	(RUPEES IN THOUSAND)	
12. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 12.1)	1,050,804	1,089,101
Capital work-in-progress (Note 12.2)	3,622	6,350
	<u>1,054,426</u>	<u>1,095,451</u>

12.1 OPERATING FIXED ASSETS

At 30 June 2018

Cost / revised amount
Accumulated depreciation
Net book value

Year ended 30 June 2019

Operating net book value
Additions
Disposals

Cost
Accumulated depreciation

Depreciation charge
Closing net book value

At 30 June 2019

Cost / revised amount
Accumulated depreciation
Net book value

Year ended 30 June 2020

Operating net book value
Additions
Disposals

Cost
Accumulated depreciation

Depreciation charge
Closing net book value

At 30 June 2020

Cost / revised amount
Accumulated depreciation
Net book value

Annual rate of depreciation (%)

12.1.1 Freehold land of the Company was revalued as at 08 December 2017 by Hamid Mubtahir and Company (Private) Limited, an independent valuer using market value method. Previously the revaluation was carried out on 30 June 2015 by an independent valuer. The book value of freehold land is Rupees 29.743 million (2019: Rupees 29.743 million).

Freehold land	Buildings	Plant and machinery	Stand-by equipment	Electric installations	Factory equipment	Office equipment	Computers	Electric appliances	Furniture and fixtures	Vehicles	Total
RUPEES IN THOUSAND											
130,320	247,985	1,406,656	43,506	64,546	7,206	1,653	5,698	6,515	2,077	53,942	1,970,104
-	(106,181)	(671,323)	(27,385)	(32,317)	(5,189)	(1,171)	(5,438)	(4,142)	(1,111)	(27,881)	(882,118)
130,320	141,804	735,333	16,121	32,229	2,037	482	260	2,373	966	26,061	1,087,986
130,320	141,804	735,333	16,121	32,229	2,037	482	260	2,373	966	26,061	1,087,986
-	20,133	83,169	-	5,298	480	641	871	664	23	6,729	117,968
-	-	(142,237)	-	-	-	-	-	-	-	-	(4,368)
-	-	124,026	-	-	-	-	-	-	-	-	2,211
-	-	(18,211)	-	-	-	-	-	-	-	-	(20,388)
-	(7,281)	(78,097)	(1,612)	(3,108)	(244)	(71)	(256)	(266)	(98)	(5,252)	(96,485)
130,320	154,656	722,194	14,509	34,179	2,273	1,052	875	2,771	891	25,381	1,089,101
130,320	268,118	1,347,588	43,506	69,804	7,686	2,294	6,560	7,179	2,100	56,303	1,941,487
-	(113,462)	(625,394)	(28,927)	(35,635)	(5,413)	(1,242)	(5,694)	(4,400)	(1,209)	(30,922)	(952,366)
130,320	154,656	722,194	14,509	34,179	2,273	1,052	875	2,771	891	25,381	1,089,101
130,320	154,656	722,194	14,509	34,179	2,273	1,052	875	2,771	891	25,381	1,089,101
-	25,066	-	-	4,521	2,029	-	2,582	2,049	-	20,060	56,307
-	-	-	-	-	-	-	-	-	-	-	(64)
-	-	-	-	-	-	-	-	-	-	-	36
-	-	-	-	-	-	-	-	-	-	-	(28)
-	(7,733)	(72,628)	(1,451)	(3,355)	(365)	(105)	(600)	(704)	(89)	(7,496)	(94,576)
130,320	146,923	674,582	13,058	35,245	3,037	947	2,852	4,116	802	37,917	1,050,804
130,320	268,118	1,372,654	43,506	74,325	9,715	2,294	9,151	9,228	2,100	76,299	1,997,710
-	(121,195)	(698,072)	(30,448)	(38,982)	(5,778)	(1,347)	(6,294)	(5,112)	(1,298)	(38,382)	(946,906)
130,320	146,923	674,582	13,058	35,245	3,937	947	2,852	4,116	802	37,917	1,050,804
-	5	10	10	10	10	10	30	10	10	20	

12.1.2 Forced sale value of freehold land as per last revaluation carried out on 08 December 2017 was Rupees 104.256 million.

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

	2020	2019
	RUPEES IN THOUSAND	
Cost of sales (Note 24)	82,509	86,620
Administrative expenses (Note 26)	12,067	9,865
	<u>94,576</u>	<u>96,485</u>

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

Particulars	Location	Area	Covered area
		Acres	Sq. Ft.
Manufacturing facility	32-KM Sheikhpura Road, Faisalabad	20,499	366 313
Head office (Note 12.1.5)	1088, Jail Road, Faisalabad	0.250	7 619

12.1.5 This building is constructed and capitalized on the land which is in the name of a director of the Company.

	2020	2019
	RUPEES IN THOUSAND	
12.2 Capital work-in-progress		
Buildings	422	422
Advance against Enterprise Resource Planning	3,200	5,928
	<u>3,622</u>	<u>6,350</u>

13. INTANGIBLE ASSET

Computer software

Opening net book value	-	-
Amount capitalized during the year	5,928	-
	<u>5,928</u>	<u>-</u>
Less: Amortization (Note 26)	692	-
Closing net book value	<u>5,236</u>	<u>-</u>
Amortization rate (per annum)	20%	-

14. LONG TERM LOANS

Considered good - secured:

Executive (Note 14.1)	100	1,200
Other employees	222	255
	<u>322</u>	<u>1,455</u>
Less: Current portion shown under current assets (Note 19)		
Executive	100	1,100
Other employees	135	180
	<u>235</u>	<u>1,280</u>
	<u>87</u>	<u>175</u>

14.1 Maximum aggregate balance due from the executive at the end of any month during the year was Rupees 1.200 million (2019: Rupees 1.200 million).

14.2 These represent interest free loans given to an executive and other employees for meeting their personal expenditure. These are secured against balance to the credit of employees in the staff retirement gratuity and are recoverable in equal monthly instalments.

14.3 The fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of staff loans is not considered material and hence not recognized.

	2020	2019
	(RUPEES IN THOUSAND)	
15. LONG TERM DEPOSITS AND PREPAYMENTS		
Security deposits	1,789	1,789
Prepayments	145	441
	<u>1,934</u>	<u>2,230</u>
Less: Current portion shown under current assets (Note 20)	138	314
	<u>1,796</u>	<u>1,916</u>
16. STORES, SPARE PARTS AND LOOSE TOOLS		
Stores	23,617	24,146
Spare parts (Note 16.1)	23,801	27,706
Loose tools	306	178
	<u>47,724</u>	<u>52,030</u>

16.1 These include spare parts in transit of Rupees Nil (2019: Rupees 4.542 million).

17. STOCK-IN-TRADE

Raw materials (Note 17.1 and Note 17.2)	356,151	302,262
Work-in-process	48,829	36,665
Finished goods (Note 17.3)	187,037	90,298
Waste	1,238	220
	<u>593,255</u>	<u>429,445</u>

17.1 Raw materials include stock in transit of Rupees 24.505 million (2019: Rupees 19.084 million).

17.2 These include stock of Rupees 10.548 million (2019: Rupees 2.110 million) sent to outside parties for processing.

17.3 These include stock of Rupees 0.332 million (2019: Rupees 4.669 million) available with outside parties after conversion.

18. TRADE DEBTS

Considered good:

Secured (against letters of credit)	30,970	53,058
Unsecured	<u>147,364</u>	<u>141,092</u>
	178,334	194,150
Less: Allowance for expected credit loss (Note 18.2)	18,050	15,164
	<u>160,284</u>	<u>178,986</u>

- 18.1** As at 30 June 2020, trade debts amounting to Rupees 47.395 million (2019: Rupees 79.401 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

	2020	2019
	(RUPEES IN THOUSAND)	
Upto 1 month	44,273	57,033
1 to 6 months	2,444	12,722
More than 6 months	678	9,646
	<u>47,395</u>	<u>79,401</u>

18.2 Allowance for expected credit loss

Opening balance	15,164	-
Add:		
Recognized as on 01 July 2018	-	14,706
Recognized during the year (Note 27)	3,520	458
	<u>18,684</u>	<u>15,164</u>
Less: Bad debts written off	(634)	-
Closing balance	<u>18,050</u>	<u>15,164</u>

19. LOANS AND ADVANCES

Considered good:

Employees - interest free		
- Executives	819	1,744
- Other employees:		
Against expenses	1,781	937
Against salary	2,864	2,582
	<u>4,645</u>	<u>3,519</u>
	<u>5,464</u>	<u>5,263</u>
Current portion of long term loans (Note 14)	235	1,280
Advances to suppliers / contractors	18,929	11,853
Letters of credit	94	34
Income tax	96,627	77,277
	<u>121,349</u>	<u>95,707</u>

20. SHORT TERM DEPOSIT AND PREPAYMENTS

Deposit	40	40
Prepayments	-	311
Current portion of long term deposits and prepayments (Note 15)	138	314
	<u>178</u>	<u>665</u>

21. OTHER RECEIVABLES

Considered good:

Sales tax refundable	47,774	125,879
Export rebate and duty drawback	37,915	44,417
	<u>85,689</u>	<u>170,296</u>

	2020	2019
	(RUPEES IN THOUSAND)	
22. CASH AND BANK BALANCES		
With banks:		
On current accounts	42,042	36,167
On PLS saving accounts	44	27
	<u>42,086</u>	<u>36,194</u>
Cash in hand	2,250	1,820
	<u>44,336</u>	<u>38,014</u>
23. REVENUE		
Local sales (Note 23.1)	2,884,970	2,625,358
Export sales	1,004,052	860,463
Export rebate and duty drawback	34,703	27,114
	<u>3,923,725</u>	<u>3,512,935</u>
23.1 Local sales		
Yarn / socks	2,650,171	2,107,581
Waste	30,982	25,355
Sizing income	9,978	20,090
Conversion income / cloth sale	650,048	472,071
Tencel / cotton	34,703	151
Others	-	1,464
	<u>3,375,882</u>	<u>2,626,712</u>
Less: Sales tax	490,912	1,354
	<u>2,884,970</u>	<u>2,625,358</u>
24. COST OF SALES		
Raw materials consumed (Note 24.1)	2,159,242	1,975,572
Cost of raw materials sold	22,655	136
Salaries, wages and other benefits (Note 24.2)	437,617	366,467
Stores, spare parts and loose tools consumed	153,667	145,402
Packing materials consumed	90,571	75,233
Sizing materials consumed	33,059	30,579
Outside processing / conversion and other charges	65,352	45,648
Repair and maintenance	4,578	1,471
Fuel and power	423,363	358,942
Insurance	5,350	3,921
Other factory overheads	3,734	1,253
Depreciation (Note 12.1.3)	82,509	86,620
	<u>3,481,697</u>	<u>3,091,244</u>
Work-in-process		
Opening stock	36,665	33,204
Closing stock	(48,829)	(36,665)
	<u>(12,164)</u>	<u>(3,461)</u>
Cost of goods manufactured	<u>3,469,533</u>	<u>3,087,783</u>
Finished goods		
Opening stock	90,518	109,463
Closing stock	(188,275)	(90,518)
	<u>(97,757)</u>	<u>18,945</u>
	<u>3,371,776</u>	<u>3,106,728</u>

	2020	2019
	RUPEES IN THOUSAND	
24.1 Raw materials consumed		
Opening stock	302,262	180,619
Add: Purchased during the year	2,213,131	2,097,215
	2,515,393	2,277,834
Less: Closing stock	(356,151)	(302,262)
	<u>2,159,242</u>	<u>1,975,572</u>

24.2 Salaries, wages and other benefits include staff retirement gratuity amounting to Rupees 22.381 million (2019: Rupees 15.836 million).

25. DISTRIBUTION COST

Salaries and other benefits (Note 25.1)	11,264	6,544
Outward freight and handling	28,618	24,590
Commission to selling agents	41,169	26,034
Travelling and accommodation	5,763	6
Postage and telephone	62	88
Fee and subscription	230	2,205
Printing and stationery	5	7
Others	475	168
	<u>87,586</u>	<u>59,642</u>

25.1 Salaries and other benefits include staff retirement gratuity amounting to Rupees 0.803 million (2019: Rupees 0.511 million).

26. ADMINISTRATIVE EXPENSES

Salaries and other benefits (Note 26.1)	95,120	74,247
Directors' remuneration	6,100	4,600
Rent, rates and taxes	7,351	5,117
Legal and professional	1,408	1,466
Insurance	1,827	1,307
Travelling and conveyance	3,200	7,471
Vehicles' running	16,799	15,950
Entertainment	14,253	10,514
Auditor's remuneration (Note 26.2)	1,110	835
Advertisement	272	175
Postage and telephone	5,811	5,610
Electricity, gas and water	6,976	6,716
Printing and stationery	3,082	2,218
Repair and maintenance	2,797	1,662
Fee and subscription	3,498	4,234
Miscellaneous	10,150	2,639
Amortization (Note 13)	692	-
Depreciation (Note 12.1.3)	12,067	9,865
	<u>192,513</u>	<u>154,626</u>

26.1 Salaries and other benefits include staff retirement gratuity amounting to Rupees 11.865 million (2019: Rupees 10.294 million).

2020 2019
RUPEES IN THOUSAND

26.2 Auditor's remuneration

Audit fee	900	675
Half yearly review	110	110
Other certifications	100	50
	<u>1,110</u>	<u>835</u>

27. OTHER EXPENSES

Donations (Note 27.1 and Note 27.2)	1,200	70
Workers' profit participation fund (Note 8.2)	7,753	5,060
Allowance for expected credit loss (Note 18.2)	3,520	458
	<u>12,473</u>	<u>5,588</u>

27.1 Total donation for the current year has been given to the Cancer Care Hospital and Research Centre Foundation.

27.2 There is no interest of any director or his / her spouse in donee's fund for the current year while one director, Mrs. Rubina Amjad was the President of Faisalabad Women Chamber of Commerce and Industry, the donee of last financial year.

28. OTHER INCOME

Income from financial assets

Profit on deposits with banks (Note 28.1)	4	28
Net exchange gain	11,376	27,802
	<u>11,380</u>	<u>27,830</u>

Income from non-financial assets

Gain on disposal of property, plant and equipment	2	1,631
Credit balances written back	-	579
Amortization of deferred grant (Note 7.2)	7	-
	<u>9</u>	<u>2,210</u>
	<u>11,389</u>	<u>30,040</u>

28.1 Rate of profit on bank deposits as disclosed in Note 22, ranges from 3.06% to 6.25% (2019: 2.61% to 5.50%) per annum.

29. FINANCE COST

Mark-up on:

Long term financing	21,159	26,524
Short term borrowings	71,404	65,964
Fair value adjustment of loans from sponsor directors / shareholders (Note 5.2)	25,219	20,232
Interest on workers' profit participation fund (Note 8.2)	630	98
Bank charges and commission	5,686	7,534
	<u>124,098</u>	<u>120,352</u>

30. TAXATION

Charge for the year:		
Current (Note 30.1)	53,663	37,534
Prior year adjustment	(6,278)	(2,434)
	<u>47,385</u>	<u>35,100</u>
Deferred	(7,664)	1,824
	<u>39,721</u>	<u>36,924</u>

- 30.1** Provision for current taxation represents the tax deducted against export sales and minimum tax on local sales under the relevant provisions of the Income Tax Ordinance, 2001. Unused tax losses available as at 30 June 2020 are of Rupees 293.385 million (2019: Rupees 271.811 million). Reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not presented in view of unused tax losses.

31. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share which is based on:

		2020	2019
Profit attributable to ordinary shareholders	(Rupees in thousand)	106,947	59,115
Weighted average number of ordinary shares	(Numbers)	9 920 000	9 920 000
Earnings per share	(Rupees)	10.78	5.96

32. CASH GENERATED FROM OPERATIONS

	2020	2019
Profit before taxation	146,668	96,039
Adjustments for non-cash charges and other items:		
Depreciation	94,576	96,485
Amortization	692	-
Gain on disposal of property, plant and equipment	(2)	(1,631)
Provision for staff retirement gratuity	35,049	26,641
Allowance for expected credit loss	3,520	458
Finance cost	124,098	120,352
Amortization of deferred grant	(7)	-
Credit balances written back	-	(579)
Provision for workers' profit participation fund	7,753	5,060
Net exchange gain	(11,376)	(27,802)
Working capital changes (Note 32.1)	7,881	(172,666)
	408,852	142,357

32.1 Working capital changes

Decrease / (Increase) in current assets		
- Stores, spare parts and loose tools	4,306	(10,872)
- Stock-in-trade	(163,810)	(106,159)
- Trade debts	18,070	(84,147)
- Loans and advances	(6,292)	1,529
- Short term deposit and prepayments	487	(246)
- Other receivables	84,607	(28,247)
	(62,632)	(228,142)
Increase in trade and other payables	70,513	55,476
	7,881	(172,666)

32.2 Reconciliation of movements of liabilities to cash flows arising from financing activities:

	2020				2019			
	Long term financing	Short term borrowings	Unclaimed dividend	Total	Long term financing	Short term borrowings	Unclaimed dividend	Total
	(RUPEES IN THOUSAND)				(RUPEES IN THOUSAND)			
Balance as at 01 July	373,398	709,312	690	1,083,400	550,585	425,447	464	976,496
Long term financing obtained	52,719	-	-	52,719	-	-	-	-
Dividend declared	-	-	11,904	11,904	-	-	1,243	1,243
Gain on recognition of shareholder's loan at fair value	(38,149)	-	-	(38,149)	-	-	-	-
Fair value adjustment	25,219	-	-	25,219	20,232	-	-	20,232
Short term borrowings (repaid) / obtained - net	-	(134,800)	-	(134,800)	-	283,865	-	283,865
Repayment of long term financing	(85,778)	-	-	(85,778)	(197,419)	-	-	(197,419)
Dividend paid	-	-	(11,330)	(11,330)	-	-	(1,017)	(1,017)
Balance as at 30 June	327,409	574,512	1,264	903,185	373,398	709,312	690	1,083,400

33. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including all benefits to Chief Executive Officer, Director and Executives of the Company is as follows:

	Chief Executive Officer		Director		Executives	
	2020	2019	2020	2019	2020	2019
	RUPEES IN THOUSAND					
Managerial remuneration	2,400	1,800	1,600	1,200	16,197	12,693
Allowances						
House rent	1,080	810	720	540	7,289	5,712
Others	120	90	80	60	810	635
	3,600	2,700	2,400	1,800	24,296	19,040
Number of persons	1	1	1	1	7	7

33.1 Chief Executive Officer, some directors and certain executives are provided with Company maintained vehicles and are entitled to reimbursement of travelling expenses and other utilities.

33.2 During the year, an amount of Rupees 100,000 (2019: Rupees 100,000) has been paid to an independent director (2019: one independent director) as fee for attending board and other meetings.

33.3 No remuneration was paid to non-executive directors of the Company.

34. NUMBER OF EMPLOYEES

	2020	2019
Number of employees as on 30 June	1,143	1,007
Average number of employees during the year	1,068	1,017

35. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated company / undertakings, other related parties and key management personnel. Transactions carried out with related parties, not disclosed elsewhere in these financial statements are as follows:

			2020	2019
			RUPEES IN THOUSAND	
Name	Basis of relationship	Nature of transactions		
Associated company / undertakings:				
Blue Moon Filling Station	Director of the Company is the member of Board of Trustees	Fuel purchased	3,665	2,805
Wages Spinning Mills (Private) Limited	Common directorship	Rental expense	3,000	-
Ideal Socks	Directors of the Company are the members of Board of Trustees	Rental expense	2,400	2,000
Other related parties				
Directors and sponsors	Members of board of directors, key management personnel and sponsors	Loans obtained from directors/sponsor-net	20,113	5,725
		Rental expense	600	-
		Dividend paid	8,994	-

35.1 Detail of compensation to key management personnel comprising of Chief Executive Officer, Director and Executives is disclosed in Note 33.

36. PLANT CAPACITY AND ACTUAL PRODUCTION

		2020	2019
Spinning			
100 % plant capacity converted to 20s count based on 3 shifts per day for 1 098 shifts (2019: 1 095 shifts)	(Kgs.)	17 836 889	17 788 155
Actual production converted to 20s count based on 3 shifts per day for 1 048 shifts (2019: 1 095 shifts)	(Kgs.)	15 494 658	15 485 593
Weaving			
100 % plant capacity at 60 picks based on 3 shifts per day for 1 098 shifts (2019: 1 095 shifts)	(Sq.Mtr.)	24 155 006	24 014 170
Actual production converted to 60 picks based on 3 shifts per day for 1 053 shifts (2019: 1 095 shifts)	(Sq.Mtr.)	20 531 755	20 404 612
Hosiery			

Capacity of such unit cannot be determined due to nature of its operations.

36.1 REASON FOR LOW PRODUCTION

Under utilization of available capacity is mainly due to periodical scheduled maintenance, installation period of BMR activities carried out during the year and lockdown during COVID-19 pandemic.

37. SEGMENT INFORMATION

	Spinning		Weaving		Socks		Elimination of Inter-segment transactions		Total - Company	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
(RUPEES IN THOUSAND)										
Revenue										
External	2,299,231	2,180,666	740,390	664,365	884,104	667,904	-	-	3,923,725	3,512,935
Inter segment	448,757	289,936	-	-	-	-	(448,767)	(289,936)	-	-
	2,747,988	2,470,602	740,390	664,365	884,104	667,904	(448,767)	(289,936)	3,923,725	3,512,935
Cost of sales	(2,437,425)	(2,236,080)	(654,324)	(577,047)	(728,793)	(581,537)	448,767	289,936	(3,371,776)	(3,106,728)
Gross profit	310,573	234,522	86,066	87,318	155,311	86,367	-	-	551,949	406,207
Distribution cost	(10,069)	(8,777)	(6,353)	(8,222)	(71,164)	(42,643)	-	-	(87,586)	(50,642)
Administrative expenses	(96,875)	(81,449)	(32,704)	(29,129)	(62,934)	(44,048)	-	-	(197,513)	(154,626)
Other income	8,363	1,752	(1,182)	3,124	4,208	25,164	-	-	11,389	30,040
Finance cost	(90,817)	(100,403)	(13,137)	(8,211)	(29,144)	(11,238)	-	-	(134,098)	(120,352)
Profit before taxation and unallocated expenses	121,125	43,645	32,690	44,380	5,277	13,602	-	-	159,141	101,627
Unallocated expenses:										
Other expenses									(12,473)	(5,988)
Taxation									(39,721)	(35,924)
Profit after taxation									106,947	59,115

37.1 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Socks		Total - Company	
	2020	2019	2020	2019	2020	2019	2020	2019
(RUPEES IN THOUSAND)								
Total assets for reportable segments	1,386,335	1,381,252	419,501	359,600	308,534	321,833	2,114,369	2,062,685
Total liabilities for reportable segments	954,709	1,022,945	76,437	142,612	345,540	326,548	1,376,686	1,473,005
Unallocated liabilities:								
Deferred income tax liability							47,385	5,375
Provision for taxation							1,424,071	1,513,480
Total liabilities as per statement of financial position							1,473,005	1,518,855

37.2 Geographical information

The Company's segment wise revenue from external customers as per geographical locations is detailed below:

	Spinning		Weaving		Socks		Total - Company	
	2020	2019	2020	2019	2020	2019	2020	2019
(RUPEES IN THOUSAND)								
Europe	-	-	176,527	185,026	531,096	282,609	707,623	467,635
Asia and Australia	-	98,723	-	-	813	569	813	60,292
America	-	-	-	-	330,319	359,600	330,319	359,600
Pakistan	2,299,231	2,120,943	563,863	479,339	21,876	25,076	2,884,970	2,625,358
	2,299,231	2,180,666	740,390	664,365	884,104	667,904	3,923,725	3,512,935

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

37.4 Revenue from major customers

The revenue from one major customer of Spinning segment of the Company is of Rupees 406,734 million (2019: no major customer). Revenue from other segments of the Company does not include any major customer.

38. FINANCIAL RISK MANAGEMENT

38.1 Financial risk factors

The Company's activities expose it to certain financial risks. Such financial risks emanate from various factors which include, but are not limited to market risk, credit risk and liquidity risk. The Company currently finances its operations through equity and management of working capital with a view to maintain an appropriate risk between various sources of finance to minimize risk. The Company also uses derivative financial instruments to hedge certain financial risks.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, investment of excess liquidity, use of derivative financial instruments and use of non-derivative financial instruments.

(a) Market risk

(i) Currency risk

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

The Company is exposed to currency risk arising from United States Dollar (USD). Currently the Company's foreign exchange risk exposure is restricted to the amount receivable from the foreign entities. The Company's exposure to currency risk was as follows:

	2020	2019
Trade debts - USD	566,045	779,213
Trade debts - Euro	-	11,865

Following exchange rates were applied during the year:

Rupees per US Dollar

Average rate	158.09	129.99
Reporting date rate	168.25	159.75

Rupees per Euro

Average rate	175.53	159.10
Reporting date rate	189.11	178.00

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD and Euro with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 4,524 million (2019: Rupees 5,913 million) and Rupees Nil (2019: Rupees 0.100 million) higher / lower respectively, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

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

(iii) Interest rate risk

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

The Company's interest rate risk arises from long term financing, short term borrowings and bank balances in saving accounts. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	2020 (RUPEES IN THOUSAND)	2019
Fixed rate instruments		
Financial liabilities		
Long term financing	48,735	-
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	44	27
Financial liabilities		
Long term financing	109,274	195,052
Short term borrowings	339,307	467,225

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 4.261 million (2019: Rupees 6.291 million) lower / higher, mainly as a result of higher / lower interest expense / income on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at reporting date were outstanding for the whole year.

(b) Credit risk

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

Loans and advances	4,005	5,781
Deposits	1,829	1,829
Trade debts	160,284	178,986
Bank balances	42,086	36,194
	<u>208,204</u>	<u>222,790</u>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate.

	Rating			2020	2019
	Short term	Long term	Agency	(RUPEES IN THOUSAND)	
Banks					
Conventional Accounts					
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	19	41
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,228	11,046
MCB Bank Limited	A1+	AAA	PACRA	6,270	4,412
Allied Bank Limited	A1+	AAA	PACRA	93	1,176
United Bank Limited	A-1+	AAA	VIS	28	20
Faysal Bank Limited	A1+	AA	PACRA	54	163
National Bank of Pakistan	A-1+	AAA	VIS	514	370
Habib Bank Limited	A-1+	AAA	VIS	13,811	51
Askari Bank Limited	A1+	AA+	PACRA	23	2,387
Bank Alfalah Limited	A1+	AA+	PACRA	8	5
Bank Al-Habib Limited	A1+	AA+	PACRA	4	2
The Bank of Punjab	A1+	AA	PACRA	1,202	8,477
Sonari Bank Limited	A1+	A/A-	PACRA	7,569	395
The Bank of Khyber	A1	A	PACRA	25	25
				<u>30,847</u>	<u>28,570</u>
Shariah Compliant Accounts					
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	125	107
Habib Bank Limited	A-1+	AAA	VIS	102	1,689
Meezan Bank Limited	A-1+	AA+	VIS	11,011	5,828
				<u>11,238</u>	<u>7,624</u>
				<u>42,086</u>	<u>36,194</u>

The Company's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 18.

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2020, the Company had Rupees 1,117,693 million (2019: Rupees 712,775 million) available borrowing limits from financial institutions and Rupees 44,336 million (2019: Rupees 38,014 million) cash and bank balances. Management believes the liquidity risk to be low. Followings are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the tables are undiscounted cash flows.

Contractual maturities of financial liabilities as at 30 June 2020:

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
RUPEES IN THOUSAND						
Non-derivative financial liabilities:						
Long term financing	323,425	376,376	48,854	47,595	63,133	216,794
Trade and other payables	304,528	304,528	304,528	-	-	-
Unclaimed dividend	1,264	1,264	1,264	-	-	-
Accrued mark-up	16,676	16,676	16,676	-	-	-
Short term borrowings	574,512	600,379	599,986	393	-	-
Derivative financial liability	8,996	8,996	8,996	-	-	-
	<u>1,229,401</u>	<u>1,308,219</u>	<u>980,304</u>	<u>47,988</u>	<u>63,133</u>	<u>216,794</u>

Contractual maturities of financial liabilities as at 30 June 2019:

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
RUPEES IN THOUSAND						
Non-derivative financial liabilities:						
Long term financing	373,398	403,715	54,640	39,684	275,871	33,520
Trade and other payables	257,555	257,555	257,555	-	-	-
Unclaimed dividend	690	690	690	-	-	-
Accrued mark-up	26,058	26,058	26,058	-	-	-
Short term borrowings	709,312	782,640	781,640	1,000	-	-
	<u>1,367,013</u>	<u>1,470,658</u>	<u>1,120,583</u>	<u>40,684</u>	<u>275,871</u>	<u>33,520</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest / mark-up have been disclosed in Note 5 and Note 10 to these financial statements.

Carrying amount of long term financing as at 30 June 2020 includes overdue instalments of principal amounting to Rupees 11,948 million (2019: Rupees 17,412 million).

38.2 Financial instruments by categories

	2020 (RUPEES IN THOUSAND)		2019 (RUPEES IN THOUSAND)	
	At amortized cost			
Assets as per statement of financial position				
Loans and advances			4,005	5,781
Deposits			1,829	1,829
Trade debts			160,284	178,986
Cash and bank balances			44,336	38,014
			<u>210,454</u>	<u>224,610</u>

	2020		2019	
	At amortized cost	FVTPL	Total	At amortized cost
-----RUPEES IN THOUSAND-----				
Liabilities as per statement of financial position				
Long term financing	323,425	-	323,425	373,398
Trade and other payables	304,528	8,996	313,524	257,555
Unclaimed dividend	1,264	-	1,264	690
Accrued mark-up	16,676	-	16,676	26,058
Short term borrowings	574,512	-	574,512	709,312
	<u>1,220,405</u>	<u>8,996</u>	<u>1,229,401</u>	<u>1,367,013</u>

38.3 Offsetting financial assets and financial liabilities

As on reporting date, recognized financial instruments are not subject to offsetting as there are no enforceable master netting arrangements and similar agreements.

38.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and 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 to be paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represents long term financing (except subordinated loans) and short term borrowings obtained by the Company as referred to in Note 5 and Note 10 respectively. Equity represents 'total equity' as shown in the statement of financial position and the portion of loans from sponsor directors / shareholders which are subordinated to long term financing as referred in Note 5.2.1. Total capital employed includes 'total equity' plus 'borrowings'. The Company's strategy remained unchanged from last year. In accordance with the terms of facility letter of term finance facility issued by Habib Bank Limited (the Bank) under SBP Refinance Scheme for payment of wages and salaries as given in Note 5.1.1, the Company shall take prior approval of the Bank before declaring any dividend.

		2020	2019
Borrowings	(Rupees in thousand)	833,121	1,017,894
Total equity	(Rupees in thousand)	755,105	614,021
Total capital employed	(Rupees in thousand)	<u>1,588,226</u>	<u>1,631,915</u>
Gearing ratio	(Percentage)	<u>52.46</u>	<u>62.37</u>

The decrease in gearing ratio resulted primarily from decrease in borrowings of the Company and gaining profit after taxation.

39. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or either pay or transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences may arise between the carrying value and the fair value estimates. The Company classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is as follows:

Level 1: Quoted market price in an active market for an identical instrument.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: Valuation techniques using significant un-observable inputs.

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
RUPEES IN THOUSAND				
At 30 June 2020				
Financial liabilities				
Derivative financial liabilities	-	8,996	-	8,996
At 30 June 2019	-	-	-	-

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further there was no transfer out of level 3 measurements.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

40. RECOGNIZED FAIR VALUE MEASUREMENTS - NON FINANCIAL ASSETS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the non-financial assets that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

	Level 1	Level 2	Level 3	Total
RUPEES IN THOUSAND				
At 30 June 2020				
Freehold land	-	130,320	-	130,320
At 30 June 2019				
Freehold land	-	130,320	-	130,320

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

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

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

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's freehold land at least after every three years. The latest valuation of freehold land has been performed by Messrs Hamid Muhtar and Company (Private) Limited as at 08 December 2017.

Changes in fair values are analyzed during the valuation discussion between the management and the valuers. As part of this discussion the team presents a report that explains the reason for the fair value movements.

41. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

Description	Note	2020 (RUPEES IN THOUSAND)	2019
Revenue earned from shariah compliant business	23	3,923,725	3,512,935
Exchange gain earned		17,484	27,136
Shariah compliant bank deposits and bank balances			
Bank balances	38.1 (b)	11,238	7,624
Profit earned from shariah compliant bank deposit			
Profit on deposit with bank	28	3	28
Mark-up paid on Islamic mode of financing	29	3,186	4,365
Profit earned or interest paid on any conventional loan / advance		-	-
Mark-up on long term financing	29	21,159	26,524
Mark-up on short term borrowings	29	68,218	61,599
Profit earned on deposit with bank	28	1	-
Loans / advances obtained as per Islamic mode			
Advances from customers	8	28,567	19,924
Short term borrowings	10	235,205	279,937

There was no dividend on any investment. Moreover the relationship with all shariah compliant banks for the current year are related to bank accounts only as given in Note 38.1 (b) along with an unavailed loan facility from Mezzan Bank Limited.

42. EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Company has proposed a cash dividend for the year ended 30 June 2020 of Rupees 1.30 (2019: Rupee 1.20) per share at their meeting held on 30 September 2020. However, this event has been considered as non-adjusting event under IAS 10 'Events after the Reporting Period' and has not been recognized in these financial statements.

43. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of better presentation and comparison. However, no significant re-arrangement have been made.

44. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 30, 2020 by the Board of Directors of the Company.

45. GENERAL

Figures in these financial statements have been rounded off to the nearest thousand of Rupees unless otherwise stated.


AMJAD SAEED
CHIEF EXECUTIVE OFFICER


OMER SAEED
DIRECTOR


MUHAMMAD KASHIF ZAHOOR
CHIEF FINANCIAL OFFICER
(ACTING)

**Pattern of Shareholding
As on June 30, 2020**

TYPE OF SHARE HOLDERS		NUMBER OF SHARE HOLDERS	TOTAL SHARES HELD
1	100	579	49247
101	500	649	284366
501	1000	81	74277
1001	5000	97	251382
5001	10000	12	93150
10001	15000	4	48707
15001	20000	2	33599
35001	40000	2	76274
40001	45000	2	81000
50001	55000	1	52000
55001	60000	1	57500
60001	65000	1	60176
105001	110000	2	212200
535001	540000	1	535726
625001	630000	1	628396
730001	735000	1	731000
745001	750000	1	747300
880001	885000	1	883000
890001	895000	1	890726
930001	935000	3	2797176
1330001	1335000	1	1332798
TOTAL =====>>		1,443	9,920,000

Categories of Shareholding
As at June 30,2020

Categories of Shareholding	Numbers	Shares held	Percentage (%)
Associated companies, Undertakings and Related Parties			
NIT and ICP	3	1000	0.01
Directors, Chief Executive & theirs spouse and Adult Children			
Mr. Muhammad Saeed Sheikh (Chairman)	1	5000	0.05
Adult Children	2	212200	2.14
Mr. Amjad Saeed (Chief Executive)	2	1868524	18.84
Adult Children	1	931300	9.39
Mrs. Rubina Amjad (Director)	2	930000	9.38
Mr. Umar Saeed (Director)	2	935000	9.43
Mr. Khizar Saeed (Director)	2	1682300	16.96
Mr. Ahsan Saeed (Director)	1	930876	9.38
Mr. Muhammad Azhar (Independent Director)	1	500	0.01
Mr. Muhammad Asif (Independent Director)			
Executives			
Public Sector Companies and Corporations			
Banks, Development Finance Institutions,	1	369	0.00
Non - Banking Finance Institutions,			
Joint Stock Companies	6	2900	0.03
Insurance Companies, Modaraba and Mutual Funds			0.00
Individuals	1416	1719347	17.33
Others	3	700684	7.06
Total	1443	9920000	100.00

SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE COMPANY

Name of Shareholder	No of Shares held	Percentage
Mr. Amjad Saeed	1868524	18.84
Mrs. Rubina Amjad	930000	9.38
Mr. Umar Saeed	935000	9.43
Mr. Khizar Saeed	1682300	16.96
Mr. Ahsan Saeed	930876	9.38
CDC-TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	628396	6.44

**Statement showing shares bought and sold by directors, CEO,CFO,
Company secretary and the minor family members
form 01 July 2019 to 30 June 2020**

S.NO	Name	Designation	Shares bought	Shares sold
1	Mr. Muhammad Saeed Sheikh	Chairman		570598 Physical Shares
				Gift to Mr.Amjad Saeed
				361048 CDC Shares
				Gift to Mr.Amjad Saeed
2	Mr.Amjad Saeed	Chief Executive	570598 Physical Shares	
			Received Gift from father	
			Mr.Muhammad Saeed	
			361048 CDC Shares	
			Received Gift from father	
			Mr.Muhammad Saeed	
3	Mrs.Rubina Amjas	Director		
4	Mr.Omer Saeed	Director		
5	Mr.Khizer Saeed	Director		
6	Mr.Ahsan Saeed	Director		
7	Mr.Muhammad Asif	Independent Director Appointed 30-05-2020		
	Mr.Muhammad Azhar	Independent Director Appointed 30-05-2020		
9	Muhammad KASHIF ZAHUR	Chief Financial Officer Appointed 14-10-2019		
10	Mr.Muhammad Nadeem	Company Secretary		



IDEAL SPINNING MILLS LIMITED

M/S F.D.Registrar Services (SMC-Pvt) Ltd.,
1705, 17th Floor Saima Trade Tower-A
I.I.Chundrigar Road Karachi-74000

Dear Sir

The Share Registrar Ideal Spinning Mills Ltd
Request for E-Transmission of Annual Report

Pursuant to S.R.O.787(1)/2014 dated September 08,2014 issued by the Securities and Exchange Commission of Pakistan (SECP), kindly note requisite information for electronic transmission of annual balance sheet and profit and loss account, auditor's report and directors report etc. (Audited Financial Statements) along with notice of annual general meeting (Notice) {collectively referred to as 'Annual Report'} of Ideal Spinning Mills Ltd (ISM).The email address provided hereunder may please be recorded in the members' register of the Company being maintained under Section 473 of the Companies Act 2017.

Particulars	
Name of shareholder	
Folio No./ CDC ID No.	
CNIC No.	
Passport No.(for Foreign shareholder	
E-mail address	
Land line Telephone No.	
Cell No.	

It is stated that the above-mentioned information is correct and I hereby agree and give my consent for future transmission of the Company's Annual Report via email address provided above.

It is further stated that being the shareholder of Company, it my responsibility to communicate any change in the registered email address in a timely manner.

Yours Truly,

Shareholder's Signature

Complete Address _____

Copy to _____
The Company Secretary
Ideal Spinning Mills Ltd
404/05, Business Centre, Mumtaz Hasan Road
Karachi

M/S F.D.Registrar Services (SMC-Pvt) Ltd.,
1705, 17th Floor Saima Trade Tower-A-,
I.I.Chundrigar Road Karachi-

Date: _____

Dear Sirs,

ELECTRONIC CREDIT MANDATE FORM (MANDATORY UNDER COMPANIES ACT, 2017)

I hereby communicate to receive my future dividends directly in my bank account as detailed below:

Name of share-holder/certificate-holder : _____

Folio Number / CDC Account No. : _____ Company/Entity: _____

Cell/Contact number of shareholder : _____

E-mail address of shareholder : _____

Title of Bank Account : _____
[Must match with name of principal shareholder]

International Bank Account No. : _____
[IBAN - having 24 digits]

Name of Bank : _____

Bank branch name & full mailing address : _____

CNIC No./Passport No. in case of foreign
Shareholder [Please attach a copy] : _____

NTN (in case of corporate shareholder) : _____

Registration number (in case of corporate shareholder) – copy attached _____

It is stated that the above particulars given by me are correct and to the best of my knowledge; I shall keep the Company/Modaraba informed in case of any changes in the said particulars in future.

Shareholder/Certificate-holder's Signature

Notes and Instructions:

1. Please note that the dividend will be with-held till a valid IBAN has been provided.
2. Please provide complete International Bank Account Number [IBAN] (having 24 digits & beginning with PK), after checking with your concerned branch to enable electronic credit directly into your bank account.
3. The payment of cash dividend will be processed based on bank account number alone.
Company/Modaraba will rely on the account number as per Shareholder/Certificate holder's instructions and shall not be responsible for any loss, damage, liability or claim arising, directly or indirectly, from any error, delay, or failure in performance of any of its obligations hereunder which is caused by incorrect payment instructions and /or due to any event beyond the control of the Company/Modaraba.
4. Shareholders holding shares in physical certificates form must submit this form separately for each Company/ Modaraba wherein they hold their shares/Modaraba Certificates, quoting their folio number(s).
5. CDC shareholders are requested to submit their Dividend Mandate Form directly to their broker (participant)/CDC Investor Accounts Services only once quoting their CDC account(s). It is not required to file separate form for each Company/ Entity.

FORM OF PROXY 32ND ANNUAL GENERAL MEETING

I/We _____ S/o/D/o/W/o _____
of _____ being a member
of **IDEAL SPINNING MILLS LIMITED** and holder of _____ Ordinary Shares as per Share Register
Folio No. _____ and/or CDC Participant ID No. _____ and Account / Sub-account _____
No. _____ do hereby appoint Mr./Mrs./Miss _____
_____ Folio No./CDC No. of _____ failing him/her .
Mr./Mrs./Miss _____ Folio No./CDC No. _____ of
_____ as my. our proxy to attend, act and vote for me/us on my/our behalf at Annual General
Meeting of the Company to be held on Saturday, October 26, 2020 at 10.00 a.m Monday at **404 -405, 4th
Floor Business Centre Mumtaz Hassan Road Karachi** and at any adjournment thereof in the same
manner as I/we myself/ourselves would vote if personally present at such meeting.

Signature of Shareholder
Folio / CDC A/C NO.

Signature of Proxy

Five Rupees
Revenue Stamp

Signed this _____ day of _____ 2020

WITNESS:

- | | |
|----------------------|----------------------|
| 1. Signature ----- | 2. Signature ----- |
| Name ----- | Name ----- |
| Address ----- | Address ----- |
| CNIC No. ----- | CNIC No. ----- |
| or Passport No.----- | or Passport No.----- |

Notes:

1. A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on member's behalf.
2. If a member is unable to attend the meeting. He/She may complete and sign this form and send it to the Company's Share Registrar M/s. F.D. Registrar Service (SNC-PVT) Limited 1705 17th Floor Saima Trade Tower A, I.I. Chundrigar Road Karachi so as to reach not less than 48 hours before the time appointed for holding the Meeting.
3. For CDC Account Holders / Corporate Entities; in addition to the above the following Requirements have to be met:

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

(b) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.

© The proxy shall produce his original CNIC or original passport at the time of the meeting. In case of a 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.

آئیڈیل اسپننگ ملز لمیٹڈ

کمرہ نمبر 404-405 چوتھی منزل بزنس سینٹر ممتاز حسن روڈ، کراچی

پراکسی فارم

32 واں سالانہ اجلاس

میں / ہم

آئیڈیل اسپننگ ملز لمیٹڈ کے ممبر / ممبران رجسٹرڈ فوئیو نمبر / سرکاء کی آئی ڈی / سی ڈی سی سب اکاؤنٹ نمبر کے مطابق عمومی شیئرز رکھتے ہیں بذریعہ ہذا _____ کو تقرر کرتے ہیں۔ رجسٹرڈ فوئیو نمبر / سرکاء کی آئی ڈی / سی ڈی سی سب اکاؤنٹ نمبر _____ یا اُس کے شرکت نہ کرنے کی صورت میں _____ رجسٹرڈ فوئیو نمبر / سرکاء کی آئی ڈی / سی ڈی سی سب اکاؤنٹ نمبر کو بطور پراکسی 26 اکتوبر 2020ء بوقت 10 بجے صبح بمقام 404/5 بزنس سینٹر چوتھی منزل، ممتاز حسن روڈ نزد "SBP" کراچی کمپنی کے منعقد ہونے والے اجلاس عام اور اُس کے کسی التواء تک میری / ہماری جانب سے ووٹ دینا اور اجلاس میں شرکت کا حق دیتا ہوں۔

ریونیو اسٹامپ

5/- روپے

دستخط شیئر ہولڈر	دستخط پراکسی	گواہان
بتاریخ _____ ۲۰۱۹ء		
	گواہان	دستخط
	نام	نام
	ایڈریس	ایڈریس
	شناختی کارڈ	شناختی کارڈ
	پاسپورٹ	پاسپورٹ

نوٹس:

- (1) ایک رکن جو اجلاس عام میں شرکت کرنے اور ووٹ دینے کا اہل ہے اس کو حق حاصل ہے کہ وہ کسی دوسرے فرد کو بطور پراکسی اپنی جانب سے شرکت کرنے اور ووٹ دینے کیلئے مقرر کرے۔
- (2) اگر کوئی رکن اجلاس میں شرکت کرنے کے قابل نہیں ہے تو وہ یہ فارم مکمل اور تصدیق شدہ کمپنی کے شیئر رجسٹر اریسز ایف۔ ڈی رجسٹر اریسز (SMC-PVT) لمیٹڈ 1705، 17 فلور صائمہ ٹریڈ ناؤر، آئی آئی چندریگر روڈ کراچی کو اجلاس کے منعقد ہونے سے 48 گھنٹے قبل بھجوائیں۔
- (3) CDC اکاؤنٹ ہولڈرز / کارپوریٹ انٹیس مندرجہ بالا کے علاوہ مذکورہ شقوق پر عمل کریں۔
 - (a) پراکسی فارم میں دو گواہان کے دستخط نیز ان کے پتے اور شناختی کارڈ نمبر کا اندراج بھی لازمی ہے۔
 - (b) رکن اور پراکسی کی تصدیق شدہ قومی شناختی کارڈ یا پاسپورٹ کی نقول کی فراہمی۔
 - (c) پراکسی کیلئے لازم ہے کہ وہ اجلاس کے وقت اصل قومی شناختی کارڈ یا پاسپورٹ تصدیق کیلئے فراہم کرے۔ Corporate Entity کی صورت میں بورڈ آف ڈائریکٹرز کی تصدیق شدہ قرارداد کی نقول بشمول Power of Attorney دستخط کیساتھ (بجرا اگر پہلے ہی جمع کروادی گئی ہے) پراکسی فارم کے ہمراہ کمپنی کے شیئر رجسٹر اریسز کو جمع کروائے۔