



D S INDUSTRIES LIMITED

Annual Report 2020

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COMPANY INFORMATION

Board of Directors	Mr. Pervez Ahmed Mr. Ali Pervez Ahmed Mr. Suleman Ahmed Mr. Atta ur Rehman Mr. Khawar Mahmud Mr. Mazhar Pervaiz Malik Mrs. Rukhsana Khalid	Chief Executive
Audit Committee	Mr. Atta ur Rehman Mr. Khawar Mahmud Mrs. Rukhsana Khalid	Chairman
HR & Remuneration Committee	Mr. Khawar Mahmud Mrs. Rukhsana Khalid Mr. Mazhar Pervaiz Malik	Chairman
Chief Financial Officer	Mr. Muhammad Naeem Akhtar	
Company Secretary	Mr. Salman Farooq	
Auditors	M/s Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants	
Legal Advisor	Cornelius, Lane & Mufti Advocates & Solicitors	
Banks	Al Baraka Bank (Pakistan) Limited MCB Bank Limited Silk Bank Limited Meezan Bank Limited Bank Al-Falah Limited Bank Al-Habib Limited Dubai Islamic Bank Limited	
Registered Office	20-K, Gulberg II, Lahore.	
Share Registrars	THK Associates (Pvt.) Limited First Floor, 40-C, Block - 6 P.E.C.H.S. Karachi - 75400	
Mill	11-km Sheikhpura Faisalabad Road, Sheikhpura	
Website	www.dsil.com.pk	

VISION

- To be a dynamic, profitable, growth oriented Company and to achieve excellence through commitment, integrity, honesty and team work

MISSION

- To increase consistently the value of the Company to its shareholders by building up the Company on sound financial footings with better productivity, excellence in quality and improved efficiency at lower operating costs without compromising on our principles of ethics, integrity and professional standards
- To achieve high returns on investments through continuous process of improvement for the benefit of shareholders
- To be a responsible employer and to develop and reward employees according to their ability and performance.
- Be a good corporate citizen

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to the members that the Fortieth Annual General Meeting of DS Industries Limited will be held on Wednesday, October 28, 2020, at 4:00 p.m. from Registered Office 20-K, Gulberg II, Lahore to transact the following business. Due to the need of required social distancing to avoid the spread of COVID-19 pandemic, shareholders are requested to attend the meeting through vide conference facility arranged by the Company as per the instructions given in the notes section.

1. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2020 and the Directors' Report and Auditors' Reports thereon.
2. To appoint statutory auditors of the Company for the year ending June 30, 2021 and fix their remuneration. The present Auditors M/s Rahman Sarfaraz Rahim Iqbal Rafiq - Chartered Accountants, retire and being eligible offered themselves for the re-appointment

Lahore
October 6, 2020

Salman Farooq
(Company Secretary)

Note:-

- I Due to current COVID-19 situation, the AGM proceedings shall be held via video conference facility only. Shareholders interceded to participate in the meeting are requested to email their Name, Folio Number, Cell Number and Number of shares held in their name at ds@dsgpk.com Video link and login credentials will be shared with only those members whose emails, containing all the required particulars are received at least 48 hours before the time of meeting
- II The Share Transfer Books of the Company will remain closed from October 23, 2020 to October 28, 2020 (both days inclusive) to establish the right to attend annual general meeting.
- III A member of the Company entitled to attend and vote may appoint another member as his/ her proxy to attend and vote instead of him / her.
- IV Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of the meeting.

DIRECTORS' REPORT

The Board of Directors of D.S. Industries Limited is pleased to present the Company's Fortieth Annual Report which includes the Audited Financial Statements of the Company together with the Directors' and Auditors' report thereon for the year ended June 30, 2020

Financial Results of the Company

During the year under review, the prices of textile products globally remained under pressure due to weak global demand. In addition to this, the government has imposed a 17% sales tax with effect from July 1, 2019. This tax has caused a weakness in demand due to cash flow constraints being faced by our customers. Whereas in the last quarter of the financial year, the COVID-19 pandemic has appeared as a significant event forcing the world into a lock-down and limiting the economic activity across the Board. Countries around the globe have taken serious steps for it. For Pakistan, this has come at a time when the country was heading towards some economic stability. The emergence of the pandemic has damped the country's economic growth. This has led to the downside risk posed to consumer demand amidst temporary business shut-down. The collective impact of higher sales tax, shrinking GDP, devaluation of Pak Rupee and COVID-19 lockdown has dramatically impacted the operations and margins of the Company. The economy of the country is also under pressure due to high inflation, high-interest rates and a higher rate of sales tax. Hence, this has resulted in losses for the year ended June 30, 2020. However, managements' decision of remodeling of its textile product portfolio from the manufacturing of yarn to value-added ladies garments has been remarkable and have succeeded in curtaining losses.

Net turnover for the year under review was Rs. 117.73 million, which reflected a significant fall of almost Rs. 464 million as compared to the same period of last year. It is also pertinent to mention here that the Company has come out from the gross loss due to switching off its textile product from yarn manufacturing to value-added ladies garments. Gross profit of the Company for the year ended June 30, 2020, recorded at Rs. 2.3 million compared to the gross loss of Rs. 30.9 million for the same period of last year. Similarly, net loss for the year ended June 30, 2020, recorded at Rs. 33.48 million as compared to the net loss of Rs. 81.53 million for the corresponding period of last year.

Dividend

In view of the adverse results in the current year and available accumulated losses, directors of your Company have proposed no dividend for the year.

Book Closure

The Share Transfer Books of the Company will remain closed and no transfer of shares will be accepted for registration from October 23, 2020 to October 28, 2020 (both days inclusive). Transfer received by our Shares Registrar, M/s THK Associates (Pvt.) Limited - First Floor, 40-C, Block-6, P.E.C.H.S., Karachi at the close of business on October 22, 2020 will be considered to attend and vote at the meeting.

Pattern of Shareholding

Pattern of shareholding along with categories of shareholders of the Company as at June 30, 2020, are annexed with this report.

Trading in the Shares of the Company

None of the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, their spouses and minor children have traded in the shares of the Company during the year ended June 30, 2020

Operating and Financial Data

Operating and financial data with key ratios for the six years is annexed.

Future Outlook

The world is still struggling against the COVID-19 pandemic. Pakistan has seen a dramatic decrease in new cases and deaths. In view of the positive development, the Government has allowed resumption of most of the business activities in August 2020. Furthermore, the State Bank of Pakistan has taken several steps for the revival of economy and reduced the policy rate down to 7%, while offering attracting financing schemes to encourage new investments. These measures would indeed help the economy to get back to the normal.

Number of Board Meetings Held

Five meetings of the Board of Directors were held during the year ended June 30, 2020 and the attendance of the directors is as follows.

Mr. Pervez Ahmed	Chief Executive	5 attendance
Mr. Ali Pervez Ahmed	Director	5 attendance
Mr. Suleman Ahmed	Director	5 attendance
Mr. Atta ur Rehman	Director	4 attendance
Mr. Khawar Mehmud	Director	5 attendance
Mr. Mazhar Pervaiz Malik	Director	5 attendance
Mrs. Rukhsana Khalid	Director	4 attendance

Statement of Ethics & Business Practices

The Board has prepared and circulated the Statement of Ethics and Business Practices signed by every director and employee of the Company as a token of acknowledgement of his/her understanding of the standards of conduct in relation to everybody associated or dealing with the Company.

Auditors

The Auditors M/s Rahman Sarfaraz Rahim Iqbal Rafiq - Chartered Accountants retire and being eligible offer themselves for reappointment. The Audit Committee recommends the reappointment of Messrs Rahman Sarfaraz Rahim Iqbal Rafiq - Chartered Accountants as auditors of the Company for the financial year ending June 30, 2021.

Audit Committee

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

Mr. Atta ur Rehman	Chairman
Mr. Khawar Mahmud	Member
Mrs. Rukhsana Khalid	Member

Meetings of the Audit Committee were held during the year ended June 30, 2020 as required by the Code of Corporate Governance for review of quarterly & annual accounts and other related matters. The meeting was also attended by the Chief Financial Officer, head of Internal Audit and External Auditors as and when it was required.

Code of Corporate Governance

Statement in Compliance to the Code of Corporate Governance

The Board of Directors and the Company remain committed to the principles of good corporate management practices. The Board and management are cognizant of their responsibilities and monitor the performance of the Company to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information. The Board is pleased to advise that the Company has complied, in all material respects, with the best practices contained in the Listed Companies (Code of Corporate Governance) Regulations 2019 as fully explained in the attached Statement of Compliance and there is no material departure from the best practices. Further, the following statements are being made:

- 1 Proper books of accounts of the Company have been maintained.
- 2 The financial statements prepared by the management of the Company present its state of affairs fairly, the result of its operations, cash flows and change in equity.
- 3 Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- 4 International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- 5 The system of internal control is sound in design and has been effectively implemented and monitored.
- 6 The Company suffered net loss of Rs. 33.48 million during the year and has accumulated losses of Rs. 806.27 million as at the balance sheet date. The current liabilities of the Company exceeds its current assets by Rs. 145.82 million. These factors may cast doubt about the entity's ability to continue as going concern. However, the management is making continuous efforts to support the Company.
- 7 There has been no material departure from the best practices of corporate governance as defined in the listing regulations.
- 8 Financial highlights for the last six years are annexed.

Acknowledgement

The Board of Directors would like to place on record their appreciation to the valued shareholders, bankers, the Securities & Exchange Commission of Pakistan and to the management of the Pakistan Stock Exchange Limited for their valuable support, assistance and guidance. The Board also express its appreciation to the staff and workers of the Company for their services, loyalty and efforts being continuously rendered

Lahore
October 6, 2020

For & on behalf of the Board



Suleman Ahmed
Director



Ali Pervez Ahmed
Director

FINANCIAL HIGHLIGHTS

Profit and Loss Accounts	2020	2019	2018	2017	2016	2015
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Sales	117,732,604	581,734,778	717,846,175	823,969,981	635,025,614	820,090,456
Cost of sales	(115,417,102)	(612,634,156)	(733,450,702)	(879,568,859)	(694,770,844)	(867,695,343)
Gross Profit / (Loss)	2,315,502	(30,899,378)	(15,604,527)	(55,598,878)	(59,745,230)	(47,604,887)
Operating expenses						
- Selling & Distribution cost	(24,632,791)	(2,441,729)	(1,852,272)	(2,474,395)	(2,282,947)	(2,718,422)
- Administrative & General expenses	(16,418,310)	(34,702,708)	(29,132,885)	(27,806,108)	(21,356,090)	(29,711,264)
- Other expenses	(296,654)	(114,649,676)	(6,066,603)	(16,796,430)	(1,871,722)	(21,010,741)
	(41,347,755)	(151,794,113)	(37,051,760)	(47,076,933)	(25,510,759)	(53,440,427)
	(39,032,253)	(182,693,491)	(52,656,287)	(102,675,811)	(85,255,989)	(101,045,314)
Other Income ¹	26,657,954	94,521,203	14,195,755	171,623,638	81,029,382	237,040,996
Operating (Loss) / Profit	(12,374,299)	(88,172,288)	(38,460,532)	68,947,827	(4,226,607)	135,995,682
Finance cost	(16,474,364)	(17,441,039)	(9,677,409)	(3,933,821)	(1,458,056)	(2,286,489)
Notional Interest	4,101,969	(15,543,107)	15,543,107	-	(26,638,748)	26,638,748
Share of (Loss) / profit of associated undertaking	(1,799,806)	(13,390,093)	(11,242,787)	16,100,595	(815,389)	(20,370,674)
(Loss) / Profit before Taxation	(26,546,500)	(134,546,527)	(43,837,621)	81,114,601	(33,138,800)	139,977,267
Taxation	(6,936,307)	53,015,364	(31,945,213)	(4,022,587)	49,668,989	27,908,971
Profit after Taxation	(33,482,807)	(81,531,163)	(75,782,834)	77,092,014	16,530,189	167,886,238
Dividend	0	0	0	0	0	0
Bonus	0	0	0	0	0	0
Balance Sheet						
Share Capital	836,856,310	836,856,310	836,856,310	836,856,310	600,000,000	600,000,000
Long term finances	103,975,762	-	82,745,085	-	-	106,233,444
Property, plant and equipment	343,661,165	371,830,271	478,921,989	510,776,302	544,306,154	398,938,588
Current assets	20,624,720	36,944,240	104,292,967	71,518,695	88,456,586	85,981,512
Current liabilities	166,447,339	292,148,868	372,843,664	409,169,716	607,147,446	506,624,153
Key Financial Ratios						
Gross profit/(loss) ratio (%)	1.97	(5.31)	(2.17)	(6.75)	(9.41)	(5.80)
Operating (loss) / profit ratio (%)	(10.51)	(15.16)	(5.36)	8.37	(0.67)	16.58
Net (loss) / profit ratio (%)	(28.44)	(14.02)	(10.56)	9.36	2.60	20.47
(Loss) / earning per share	(0.40)	(0.97)	(0.91)	1.13	0.28	2.80

**Statement of Compliance With Best
Practices of Code of Corporate Governance
For The Year Ended June 30, 2020**

Name of Company: **D S INDUSTRIES LIMITED**

Year ending: **June 30, 2020**

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

1. The total number of directors are seven as per the following:
Male : **Six**
Female : **One**

2. The composition of the Board is as follows:

Name of Director and Category

Independent Directors

- Mr. Mazhar Pervaiz Malik
- Mr. Khawar Mahmud
- Mr. Atta ur Rehman

Other Non-Executive Directors

- Mrs. Rukhsana Khalid

Executive Directors

- Mr. Pervez Ahmed
- Mr. Ali Pervez Ahmed
- Mr. Suleman Ahmed

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 the particulars of the significant policies along with their dates of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / Shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedure for remuneration of directors in accordance with the Act and these Regulations;
9. Directors are well conversant with the Listing Regulations and legal requirements and as such are fully aware of their duties and responsibilities. However none of directors of the Company have obtained any certification in any Directors Training Program;

However all the Executive Directors, Mr. Pervez Ahmed, Mr. Ali Pervez Ahmed and Mr. Suleman Ahmed are exempt due to 14 years of education and 15 years of experience on the board of a listed company.

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

11. Chief financial officer and two directors duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:-

Audit Committee

- Mr. Atta ur Rehman (Chairman)
- Mr. Khawar Mahmud
- Mrs. Rukhsana Khalid

HR and Remuneration Committee

- Mr. Khawar Mahmud (Chairman)
- Mrs. Rukhsana Khalid
- Mr. Mazhar Pervaiz Malik

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the Committee for compliance;
14. The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following:

Audit Committee - Quarterly
Human Resource and Remuneration Committee - Yearly
15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (Spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of the Regulations 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with, except as explained at Sr. 19;
19. The Company, currently have three executive directors out of total seven directors on the Board, to work in more effective manner and with proper division of responsibilities.

Lahore.
October 6, 2020



Suleman Ahmed
Director



Ali Pervez Ahmed
Director

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of D.S. INDUSTRIES 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 D.S. INDUSTRIES LIMITED ['the Company'] for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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



RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
Engagement Partner: ZUBAIR IRFAN MALIK

Lahore: OCTOBER 06, 2020

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of D.S. INDUSTRIES LIMITED ['the Company'], which comprise the statement of financial position as at June 30, 2020, 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 June 30, 2020 and of the loss, 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.

Material Uncertainty relating to Going Concern

We draw attention to note 2.2 to the financial statements which refers to the fact that the Company has incurred loss after taxation of Rs. 33.483 million. As at June 30, 2020, the Company has accumulated losses of Rs. 806.269 million as at the reporting date and its current liabilities exceed its current assets by Rs. 145.823 million. These factors indicate existence of a material uncertainty that raises doubts about the Company's ability to continue as a going concern and that the Company may not be able discharge its liabilities and realize its assets in normal course of business. However, these financial statements have been prepared on going concern basis for reasons explained in note 2.2. Our opinion is not qualified in respect of this matter.

Key Audit Matters

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

Key audit matter	How our audit addressed the matter
<p>1. COVID-19</p> <p>As part of the preparation of the financial statements, management is responsible to assess the possible effects of COVID-19 on the Company's liquidity and related ability to continue as a going concern and appropriately disclose the results of its assessment in the financial statements. The COVID-19 pandemic is an unprecedented challenge for humanity and for the economy globally, and at the date of the financial statements its effects are subject to uncertainty.</p> <p>Management prepared a financial and liquidity risk analysis addressing amongst others future compliance with financing conditions as well as financing and cash requirements to ensure continuation of the Company's operations.</p> <p>Refer to note 47 to the financial statements regarding the impact of COVID-19.</p>	<p>We considered the uncertainties arising from COVID-19 in planning and performing our audit. Our procedures included:</p> <p>evaluated the Company's most recent financial results forecasts and liquidity analysis underlying their going concern assessment and tested the integrity of the forecasts, including mathematical accuracy;</p> <p>assessed the reliability of the forecasted cash flows by comparing with the historical performance and market expectations;</p> <p>discussed the most recent forecast with management to understand their views on going concern and the potential impact of COVID-19 on the Company;</p> <p>evaluated the assumptions in respect of projected available future cash flows from operating, financing and investing activities and projected key ratios for covenant calculations;</p> <p>inspected supporting documentation such as contracts and underlying calculations and correspondence with financing and other relevant parties;</p> <p>evaluated the Company's assessment of other accounting estimates within the financial statements which could be impacted by the challenging economic environment resulting from COVID-19, including trade receivables and inventory provisioning; and</p> <p>considered the appropriateness of the disclosures made in the financial statements in respect of the potential impact of COVID-19.</p>
<p>2. First time adoption of IFRS 16 - Leases</p> <p>As referred to in note 3.1 to the financial statements, the Company has adopted IFRS 16 - 'Leases'. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model with corresponding recognition of right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from accounting under IAS 17 'Leases' i.e. operating and finance leases. For lessees all leases will be classified as finance leases only with the exception of certain short-term leases.</p> <p>We have considered the first time application of IFRS 16 as a key audit matter due to significance of the change in accounting methodology, involvement of significant estimates and judgments resulting in adjustments, presentation and incremental quantitative and qualitative disclosures.</p>	<p>Our key procedures to review the application of IFRS 16 included, amongst others, review of managements' impact assessment of all lease arrangements in light of application of the new standard, review of lease contracts to determine whether the same are in scope of IFRS 16 and are also subject to recognition exemption under IFRS 16 for short-term and low value leases.</p>

Key audit matter

3. Inventory valuation

Stock in trade amounts to Rs 13.093 million as at the reporting date. The valuation of stock in trade at cost has different components, which includes judgment in relation to the allocation of labour and overheads which are incurred in bringing the stock to its present location and condition. Judgment has also been applied by management in determining the Net Realizable Value ['NRV'] of stock in trade.

The estimates and judgments applied by management are influenced by the amount of direct costs incurred historically, expectations of repeat orders to utilize the stock in trade, sales contract in hand and historically realized sales prices.

The significance of the balance coupled with the judgment involved has resulted in the valuation of inventories being identified as a key audit matter. The disclosures in relation to inventories are included in note 22.

How our audit addressed the matter

To address the valuation of stock in trade, we assessed historical costs recorded in the inventory valuation; testing on a sample basis with purchase invoices. We tested the reasonability of assumptions applied by the management in allocating direct labour and direct overhead costs to inventories.

We also assessed management's determination of the net realizable value of inventories by performing tests on the sales prices secured by the Company for similar or comparable items of inventories.

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

The engagement partner on the audit resulting in this independent auditor's report is ZUBAIR IRFAN MALIK.



RAHMAN SARFARAZ RAHIM IQBAL RAFIQ

Chartered Accountants

Engagement Partner: ZUBAIR IRFAN MALIK

Lahore: OCTOBER 06, 2020

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
<i>Authorized capital</i>			
100,000,000 (2019: 100,000,000) ordinary shares of Rs. 10 each		1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital	6	836,856,310	836,856,310
Discount on issue of shares	7	(82,899,709)	(82,899,709)
Surplus on revaluation of property, plant and equipment	8	235,315,776	248,821,289
Accumulated loss		(806,269,317)	(786,324,295)
TOTAL EQUITY		183,003,060	216,453,595
NON-CURRENT LIABILITIES			
Long term finances	9	103,975,762	-
Deferred interest	10	8,116,146	-
Employees retirement benefits	11	1,435,225	5,246,306
		113,527,133	5,246,306
CURRENT LIABILITIES			
Trade and other payables	12	96,533,222	89,335,593
Unclaimed dividend		337,563	337,563
Accrued interest	13	-	8,314,087
Short term borrowings	14	61,810,565	186,939,940
Current portion of non-current liabilities	15	6,000,000	-
Provision for taxation	33	1,765,989	7,221,685
		166,447,339	292,148,868
TOTAL LIABILITIES		279,974,472	297,395,174
CONTINGENCIES AND COMMITMENTS	16		
TOTAL EQUITY AND LIABILITIES		462,977,532	513,848,769

The annexed notes from 1 to 52 form an integral part of these financial statements.

These financial statements have been signed by two Directors under section 232 of the Companies Act, 2017, as the Chief Executive is not available for the time being.



DIRECTOR



CHIEF FINANCIAL OFFICER



DIRECTOR

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	343,661,165	371,830,271
Long term investments	18	70,279,379	72,078,491
Deferred taxation	19	8,739,874	13,923,373
Long term deposits	20	19,672,394	19,072,394
		442,352,812	476,904,529
CURRENT ASSETS			
Stores, spares and loose tools	21	922,439	1,915,756
Stock in trade	22	13,092,866	9,316,183
Trade debts	23	-	12,942,394
Advances and other receivables	24	2,178,478	6,887,388
Advance income tax/income tax refundable		3,697,131	4,077,502
Bank balances	25	733,806	1,805,017
		20,624,720	36,944,240
TOTAL ASSETS		462,977,532	513,848,769

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DIRECTOR



CHIEF FINANCIAL OFFICER



DIRECTOR

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2020

	<i>Note</i>	2020	2019
		<i>Rupees</i>	<i>Rupees</i>
Sales - net	26	117,732,604	581,734,778
Cost of sales	27	(115,417,102)	(612,634,156)
Gross profit/(loss)		2,315,502	(30,899,378)
Selling and distribution expenses	28	(24,632,791)	(2,441,729)
Administrative and general expenses	29	(16,418,310)	(34,702,708)
Other expenses	30	(296,654)	(114,649,676)
		(41,347,755)	(151,794,113)
		(39,032,253)	(182,693,491)
Other income	31	26,657,954	94,521,203
Operating loss		(12,374,299)	(88,172,288)
Finance cost	32	(16,474,364)	(17,441,039)
Notional interest	10.1	4,101,969	(15,543,107)
Share of loss of associates	18	(1,799,806)	(13,390,093)
Loss before taxation		(26,546,500)	(134,546,527)
Taxation	33	(6,936,307)	53,015,364
Loss after taxation		(33,482,807)	(81,531,163)
Loss per share - basic and diluted	34	(0.40)	(0.97)

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DIRECTOR



CHIEF FINANCIAL OFFICER



DIRECTOR

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

	Note	2020 Rupees	2019 Rupees
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit obligation	11.4	45,453	(3,696,640)
Surplus on revaluation of property, plant and equipment arising during the year	8	-	152,326,749
Reversal of surplus on revaluation of property, plant and equipment on account of impairment	8	-	(21,659,003)
		45,453	126,971,106
Other comprehensive income before taxation		45,453	126,971,106
Taxation			
Remeasurements of defined benefit obligation	19	(13,181)	(1,072,026)
Surplus on revaluation of property, plant and equipment arising during the year	8	-	(31,743,907)
Reversal of surplus on revaluation of property, plant and equipment on account of impairment	8	-	6,281,111
		(13,181)	(26,534,822)
Other comprehensive income after taxation		32,272	100,436,284
Loss for the year		(33,482,807)	(81,531,163)
Total comprehensive (loss)/income		(33,450,535)	18,905,121

The annexed notes from 1 to 52 form an integral part of these financial statements.

These financial statements have been signed by two Directors under section 232 of the Companies Act, 2017, as the Chief Executive is not available for the time being.



DIRECTOR



CHIEF FINANCIAL OFFICER



DIRECTOR

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2020

	Share capital	Capital reserves		Revenue reserve	
	Issued subscribed and paid-up capital	Discount on issue of shares	Surplus on revaluation of property, plant and equipment	Accumulated losses	Total equity
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2018	836,856,310	(82,899,709)	203,909,733	(760,317,860)	197,548,474
Comprehensive income					
Loss after taxation	-	-	-	(81,531,163)	(81,531,163)
Other comprehensive loss	-	-	105,204,950	(4,768,666)	100,436,284
Total comprehensive income/(loss)	-	-	105,204,950	(86,299,829)	18,905,121
Surplus on revaluation of property, plant and equipment realised on disposal			(50,294,999)	50,294,999	-
Incremental depreciation	-	-	(9,998,395)	9,998,395	-
Transactions with owners	-	-	-	-	-
Balance as at June 30, 2019	836,856,310	(82,899,709)	248,821,289	(786,324,295)	216,453,595
Balance as at July 01, 2019	836,856,310	(82,899,709)	248,821,289	(786,324,295)	216,453,595
Comprehensive income					
Loss after taxation	-	-	-	(33,482,807)	(33,482,807)
Other comprehensive income	-	-	-	32,272	32,272
Total comprehensive loss	-	-	-	(33,450,535)	(33,450,535)
Surplus on revaluation of property, plant and equipment realised on disposal			(6,262,990)	6,262,990	-
Incremental depreciation	-	-	(7,242,523)	7,242,523	-
Transactions with owners	-	-	-	-	-
Balance as at June 30, 2020	836,856,310	(82,899,709)	235,315,776	(806,269,317)	183,003,060

The annexed notes from 1 to 52 form an integral part of these financial statements.

These financial statements have been signed by two Directors under section 232 of the Companies Act, 2017, as the Chief Executive is not available for the time being.



DIRECTOR



CHIEF FINANCIAL OFFICER



DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2020

	<i>Note</i>	2020 <i>Rupees</i>	2019 <i>Rupees</i>
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from/(used in) operations	35	22,603,214	(74,736,822)
Payments for:			
Employees retirement benefits		(5,179,966)	(16,404,838)
Finance cost		(12,570,336)	(10,866,976)
Income tax		(6,841,314)	(9,720,157)
Net cash used in operating activities		(1,988,402)	(111,728,793)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(14,387,304)	(1,000,000)
Proceeds from disposal of property, plant and equipment		30,458,108	110,904,491
Net cash generated from investing activities		16,070,804	109,904,491
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term finances		-	(26,245,608)
Net (decrease)/increase in short term borrowings		(15,153,613)	27,535,519
Net cash (used in)/generated from financing activities		(15,153,613)	1,289,911
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,071,211)	(534,391)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,805,017	2,339,408
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	36	733,806	1,805,017

The annexed notes from 1 to 52 form an integral part of these financial statements.

These financial statements have been signed by two Directors under section 232 of the Companies Act, 2017, as the Chief Executive is not available for the time being.



DIRECTOR



CHIEF FINANCIAL OFFICER



DIRECTOR

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

1 LEGAL STATUS AND OPERATIONS

D.S. Industries Limited ['the Company'] is incorporated in Pakistan as a Private Limited Company under the repealed Companies Act, 1913 (now the Companies Act, 2017) and was subsequently converted into a Public Limited Company. The Company is listed on Pakistan Stock Exchange Limited. The Company engaged in stitching of ready to wear garments. The registered office of the Company is situated at 20-K, Gulberg II, Lahore. The old yarn manufacturing facility is located at 11 KM, Sheikhpura Faisalabad Road, Sheikhpura, in the Province of Punjab. The Company's rented stitching units are located at House No. 164-A, Ahmad Block, New Garden Town, Lahore and Ground Floor/Basement, Defense Road,

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Going concern assumption

The Company has incurred loss after taxation of Rs. 33.483 million. As at June 30, 2020, the Company has accumulated losses of Rs. 806.269 million as at the reporting date and its current liabilities exceed its current assets by Rs. 145.823 million. The Company sold substantially all plant and machinery related to spun yarn business. These factors indicate existence of material uncertainty that raises doubts about the Company's ability to continue as a going concern and that the Company may not be able to discharge its liabilities and realize its assets in the normal course of business. However, these financial statements have been prepared on going concern basis based on the following:

- (a) The Company has continued financial support of its related parties in the form of interest free loans. During the year, related parties provided financial support amounting to Rs. 14.456 million in the form of interest free loans. (see note
- (b) The Company has remodeled its textile product portfolio switched from loss making yarn to profitable ready to wear
- (c) The providers of debt finance has restructured short term borrowings where by the entire short term borrowings has been converted into long term finance payable over a period of five years. Further interest on short term borrowing and long term finance has been deferred and is payable after the full settlement of long term finance in

The management is confident that through above factors, the Company will turnaround into a profitable company, subject to impact, if any, of uncontrollable circumstances including power crises and market conditions.

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for employees retirement benefits liabilities measured at present value and certain financial instruments measured at fair value/amortized cost. In these financial statements, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

2.4 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.4.1 Critical accounting judgements

Judgments made by management in the application of accounting and reporting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

(a) Business model assessment (see note 5.6.2)

The Company classifies its financial assets on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The Company determines the business model at a level that reflects how financial assets are managed to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are

2.4.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

(a) Calculation of impairment allowance for expected credit losses on financial assets (see note 5.22.1)

The Company recognizes a loss allowance for expected credit losses on financial assets carried at amortized cost on date of initial recognition. The amount of expected credit losses is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial asset. Estimating expected credit losses and changes there in requires taking into account qualitative and quantitative forward looking information. When measuring expected credit losses on financial assets the Company uses reasonable and supportable forward looking information as well as historical data to calculate the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from collateral and integral credit enhancements, if any. Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical

(b) Depreciation method, rates and useful lives of operating fixed assets (see note 5.1.1)

The Company reassesses useful lives, depreciation method and rates for each item of operating fixed assets annually by considering expected pattern of economic benefits that the Company expects to derive from that item.

(c) Recoverable amount and impairment of non-financial assets (see note 5.22.2)

The management of the Company reviews carrying amounts of its non-financial assets for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

(d) Obligation under defined benefit plan (see note 5.5.2)

The Company's obligation under the defined benefit plan is based on assumptions of future outcomes, the principal ones being in respect of increases in remuneration, remaining working lives of employees and discount rates to be used to determine present value of defined benefit obligation. These assumptions are determined periodically by

(e) Taxation (see note 5.17)

The Company takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provision for current tax. Provision for deferred tax is estimated after taking into account historical and expected future turnover and profit trends and their taxability under the current tax law.

(f) Provisions (see note 5.11)

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to

(g) Net realizable values of stock in trade (see note 5.4)

The Company estimates net realizable values of its stock in trade as the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

2.5 Functional currency

These financial statements have been prepared in Pak Rupees which is the Company's functional currency.

2.6 Date of authorization for issue

These financial statements were authorized for issue on October 06, 2020 by the Board of Directors of the Company.

3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR.

The following new and revised standards, interpretations and amendments are effective in the current year but are either not relevant to the Company or their application does not have any material impact on the financial statements of the Company other than presentation and disclosures, except as stated otherwise.

3.1 IFRS 16 - Leases (2016)

IFRS 16 supersedes IAS 17 - Leases, IFRIC 4 - Determining whether an Arrangement contains a Lease, SIC-15 - Operating Leases- Incentives and SIC-27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Whereas, for lessees all leases will be classified as finance leases only. However, as per relevant guidelines issued by Institute of Chartered Accountants of Pakistan, contracts under Ijarah will continue to be treated as operating leases under IFAS 2. The Company has elected recognition exemption under this IFRS due to short

3.2 IFRIC 23 - Uncertainty over Income Tax Treatments

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively;
- Assumptions for taxation authorities' examinations;
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- The effect of changes in facts and circumstances.

3.3 Prepayment Features with Negative Compensation (Amendments to IFRS 9 - Financial Instruments)

IFRS 9 - Financial Instruments have been amended regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

3.4 Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28 - Investments in Associates and Joint Ventures)

IAS 28 - Investments in Associates and Joint Ventures have been amended to clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

3.5 Annual Improvements to IFRS Standards 2015 – 2017 Cycle

The annual improvements have made amendments to the following standards:

- **IFRS 3 - Business Combinations and IFRS 11 - Joint Arrangements** - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- **IAS 12 - Income Taxes** - The amendments clarify that the requirements in the former paragraph 52B (to recognize the income tax consequences of dividends where the transactions or events that generated distributable profits are recognized) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.
- **IAS 23 - Borrowing Costs** - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

3.6 Plan Amendment, Curtailment or Settlement (Amendments to IAS 19 - Employee Benefits)

IAS 19 - Employee Benefits has been amended to provide that:

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	Effective date (annual periods beginning on or after)
IFRS 17 - Insurance contracts (2017)	January 01, 2021
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
Definition of a Business (Amendments to IFRS 3 - Business Combinations)	January 01, 2020
Definition of Material (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)	January 01, 2020
Interest Rate Benchmark Reform (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures).	January 01, 2020
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards).	January 01, 2022
Reference to the Conceptual Framework (Amendments to IFRS 3 - Business Combinations).	January 01, 2022
Property, Plant and Equipment- Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment).	January 01, 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets).	January 01, 2022
Annual Improvements to IFRS Standards 2018–2020.	January 01, 2022
COVID-19 - Related Rent Concessions (Amendment to IFRS 16 - Leases).	June 01, 2020
Other than afore mentioned standards, interpretations and amendments, IABS has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan ['SECP']:	
IFRS 1 - First Time Adoption of International Financial Reporting Standards	
IFRS 14 - Regulatory Deferral Accounts	
IFRS 17 – Insurance contracts (2017)	

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company's financial statements other

5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial

5.1 Property, plant and equipment**5.1.1 Operating fixed assets**

Operating fixed assets are accounted for under the cost model and are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land, which is stated at cost less accumulated impairment losses. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction,

Major renewals and improvements to operating fixed assets are recognized in the carrying amount if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of operating fixed assets are recognized in profit or loss as incurred.

The Company recognizes depreciation in profit or loss by applying reducing balance method over the useful life of each operating fixed asset using rates specified in note 17.1 to the financial statements. Depreciation on additions to operating fixed assets is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

An operating fixed asset is de-recognized when permanently retired from use. Any gain or loss on disposal of operating fixed assets is recognized in profit or loss.

5.1.2 Capital work in progress

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

5.1.3 Spare parts held exclusively for capitalization

These are carried at cost less accumulated impairment. Cost is determined using moving average, except for items in transit, which are carried at invoice price plus related costs incurred up to the reporting date.

5.2 Surplus / deficit arising on revaluation of property, plant and equipment

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognized, net of tax, in other comprehensive income and accumulated in surplus on revaluation of property, plant and equipment in share capital and reserves. To the extent that the increase reverses a decrease previously recognized in profit or loss, the increase is first recognized in 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 profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the

5.3 Stores, spares and loose tools

These are generally held for internal use and are valued at cost. Cost is determined on the basis of moving average except for items in transit, which are valued at invoice price plus related cost incurred up to the reporting date. For items which are considered obsolete, the carrying amount is written down to nil. Spare parts held exclusively for capitalization are classified as property, plant and equipment.

5.4 Stock in trade

These are valued at lower of cost and net realizable value, with the exception of stock of waste which is valued at net realizable value. Cost is determined using the following basis:

Raw material	Moving average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Stock in transit	Invoice price plus related cost incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and an appropriate proportion of manufacturing overheads.

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

5.5 Employee benefits

5.5.1 Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the accounting and reporting standards as applicable in Pakistan. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

5.5.2 Post-employment benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its employees who have completed the minimum qualifying service period. Liability is adjusted on each reporting date to cover the obligation and the adjustment is charged to profit or loss with the exception of remeasurements which are recognized in other comprehensive income. The amount recognized on statement of financial position represents the present value of defined benefit obligation.

5.6 Financial instruments**5.6.1 Recognition**

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.

5.6.2 Classification

The Company classifies its financial assets on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial liabilities are classified in accordance with the substance of contractual provisions. The Company determines the classification of its financial instruments at

(a) Financial assets at amortized cost

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

(b) Financial liabilities at amortized cost

These are financial liabilities which are not derivatives, financial guarantee contracts, commitments to provide loans at below-market interest rate, contingent consideration payable to an acquirer in a business combination or financial liabilities that arise when transfer of a financial asset does not qualify for derecognition.

5.6.3 Measurement

The particular measurement methods adopted are disclosed in individual policy statements associated with each financial instrument.

5.6.4 Derecognition

A financial asset is derecognized when the Company's contractual rights to the cash flows from the financial assets expire or when the Company transfers the financial asset to another party without retaining control of substantially all risks and rewards of the financial asset. A financial liability is derecognized when the Company's obligations specified in the contract expire or are discharged or cancelled.

5.6.5 Off-setting

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

5.7 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

5.8 Loans and borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of the borrowings on an effective interest basis.

5.9 Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of the associates have been incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried at cost as adjusted for post acquisition changes in the Company's share of net assets of the associates, less any impairment in the investment. Losses of an associate in excess of the Company's interest in that associate are recognized only to the extent that the Company has incurred legal or constructive obligation or made payment on behalf of the associate.

5.10 Trade and other payables

5.10.1 Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

5.10.2 Non-financial liabilities

These, both on initial recognition and subsequently, are measured at cost.

5.11 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent

5.12 Trade and other receivables

5.12.1 Financial assets

These are classified as 'financial assets at amortized cost'. On initial recognition, these are measured at fair value at the date of transaction, plus attributable transaction costs, except for trade debts that do not have a significant financing component, which are measured at undiscounted invoice price. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

5.12.2 Non-financial assets

These, both on initial recognition and subsequently, are measured at cost.

5.13 Revenue

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognized when the goods are provided, and thereby the performance obligations are satisfied. Revenue consists of sale of yarn. The Company's contract performance obligations are fulfilled at the point in time when the goods are dispatched to the customer. Invoices are generated and revenue is recognized at that point in time, as the control has

5.14 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income ['OCI']. OCI comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by accounting and reporting standards as applicable in Pakistan, and is presented in 'statement of comprehensive income'.

5.15 Borrowing costs

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

5.16 Deferred interest

Borrowing costs payable more than twelve months after the reporting period are classified as deferred interest. These, both on initial recognition at cost and subsequently at amortised cost.

5.17 Income tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

5.17.1 Current taxation

Current tax is the amount of tax payable on taxable income for the year and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is

5.17.2 Deferred taxation

Deferred tax is accounted for using the 'balance sheet approach' providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by The Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

5.18 Earnings per share ['EPS']

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary

5.19 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at banks. Interest income on cash and cash equivalents is recognized using effective interest method.

5.20 Operating segment

The Company is a single operating segment based on internal reporting to the Board of Directors of the Company.

5.21 Foreign currency transactions and balances

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at exchange rate prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate prevailing at the date the fair value is determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to functional currency at exchange rate prevailing at the date of initial recognition. Any gain or loss arising on translation of foreign currency transactions and balances is recognized in profit or loss.

5.22 Impairment**5.22.1 Financial assets**

The Company recognizes a loss allowance for expected credit losses on financial assets carried at amortized cost on date of initial recognition. The amount of expected credit losses is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial asset.

Impairment is recognized at an amount equal to lifetime expected credit losses for financial assets for which credit risk has increased significantly since initial recognition. For financial assets for which credit risk is low, impairment is recognized at an amount equal to twelve months' expected credit losses, with the exception of trade debts, for which the Company recognizes lifetime expected credit losses estimated using internal credit risk grading based on the Company's historical credit loss experience, adjusted for factors that are specific to debtors, general economic conditions, and an assessment for both the current as well as the forecast direction of conditions at the reporting date, including time value.

All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

The Company writes off a financial asset when there is information indicating that the counter-party is in severe financial condition and there is no realistic prospect of recovery. Any recoveries made post write-off are recognized in profit or

5.22.2 Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used in determining the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no

5.23 Dividend distribution to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

	2020 Rupees	2019 Rupees
6 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
Ordinary shares of Rs. 10 each		
53,685,631 (2019: 53,685,631) ordinary shares issued for cash	536,856,310	536,856,310
30,000,000 (2019: 30,000,000) ordinary shares issued as fully paid bonus shares	300,000,000	300,000,000
	836,856,310	836,856,310

7 DISCOUNT ON ISSUE OF ORDINARY SHARES

This represents discount on issue of ordinary shares under section 84 and 86(1) of the repealed Companies Ordinance,

	Note	2020 Rupees	2019 Rupees
8 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
As at beginning of the year		248,821,289	203,909,733
Surplus arising during the year			
Surplus on revaluation		-	152,326,749
Deferred taxation		-	(31,743,907)
		-	120,582,842
Surplus reversed during the year on account of impairment			
Surplus on revaluation		-	(21,659,003)
Deferred taxation		-	6,281,111
		-	(15,377,892)
Incremental depreciation transferred to accumulated profits			
Incremental depreciation for the year		(10,200,737)	(14,082,247)
Deferred taxation		2,958,214	4,083,852
		(7,242,523)	(9,998,395)
Surplus realised on disposal			
Surplus on the assets disposed off		(8,821,113)	(70,838,027)
Deferred taxation		2,558,123	20,543,028
		(6,262,990)	(50,294,999)
As at end of the year		235,315,776	248,821,289

9 LONG TERM FINANCES

These represent long term finances utilized under interest arrangements from banking companies

Term Finances ['TF']

TF - I	9.1	109,975,762	-
		109,975,762	-
Current maturity presented under current liabilities	15	(6,000,000)	-
		103,975,762	-

9.1 TF - 1 has been obtained from Silk Bank Limited on conversion of short term borrowings amounting to Rs 109.976 million (See note 14.1). The finance is secured by charge over present and future current assets and operating fixed assets of the Company, subordination of loan from directors and personal guarantees of the Company's Directors. The finance carries interest at the rate of Silkbank's cost of Funds (8.24%) payable in twelve equal monthly installments, after the full settlement of TF - I, with the first installment due in July 2025. The principle is repayable in sixty stepped-up monthly installments with the first installment due in July 2020.

9.2 For mortgages and charges on assets as security for liabilities, refer to note 42 to the financial statements.

10 DEFERRED INTEREST

This represents accrued interest on short term borrowings and TF-1. As per restructuring arrangement (See note 14.1), this accrued interest will be paid in twelve equal monthly installments after full settlement of principal amount of TF-1 with the first installment due in July 2025. Deferred interest has been carried at amortised cost which has been determined using a discount rate of 8.24%, being the average effective borrowing rate of the Company.

	<i>Note</i>	2020 <i>Rupees</i>	2019 <i>Rupees</i>
As at beginning of the year		-	-
Transferred from accrued interest	13	12,218,115	-
		12,218,115	-
Unamortized notional interest	10.1	(4,101,969)	-
As at end of the year		8,116,146	-

10.1 Unamortized notional interest

As at beginning of the year	-	-
Recognized during the year	4,101,969	-
As at end of the year	4,101,969	-

11 EMPLOYEES RETIREMENT BENEFITS

The Company operates an unfunded gratuity scheme, a defined benefit plan, for all its employees who have completed the minimum qualifying service period. Under the scheme, the Company pays a lump-sum benefit equal to last drawn monthly gross salary for each year of service to scheme members whereas the members of the scheme are not required to make any contributions to the scheme. The scheme is administered by the management of the Company under the supervision and directions of the Board of Directors of the Company. The amount recognized on statement of financial position

	<i>Note</i>	2020 <i>Rupees</i>	2019 <i>Rupees</i>
11.1 Movement in present value of defined benefit obligation			
As at beginning of the year		5,246,306	14,834,639
Charged to profit or loss for the year	11.2	1,414,338	3,119,865
Benefits paid during the year		(5,179,966)	(16,404,838)
Remeasurements recognized in other comprehensive income	11.4	(45,453)	3,696,640
As at end of the year		1,435,225	5,246,306
11.2 Charge to profit or loss			
Current service cost		1,082,298	2,589,287
Interest cost		332,040	530,578
		1,414,338	3,119,865
11.3 The charge to profit or loss has been allocated as follows			
Cost of sales	27.2	1,191,447	1,153,354
Administrative and general expenses	29.1	222,891	1,966,511
		1,414,338	3,119,865
11.4 Remeasurements recognized in other comprehensive income			
Actuarial (gain)/loss arising from changes in:			
Experience adjustments		(45,453)	3,696,640
		(45,453)	3,696,640

11.5 Principal actuarial assumptions

Present value of defined benefit obligation has been determined using projected unit credit method. The liability as at the reporting date is based on actuarial valuation carried out by independent actuaries. The principal assumptions used in determining present value of defined benefit obligation are:

	2020	2019
Discount rate	8.50%	12.50%
Expected rates of increase in salary	7.50%	11.50%

11.6 Average duration of the defined benefit obligation

The average duration of the defined benefit obligation is nine years.

11.7 Expected charge to profit or loss for the next financial year

The expected charge to profit or loss for the year ending June 30, 2021 amounts to Rs. 1.68 million.

11.8 Sensitivity analysis

An analysis of sensitivity for discount rate and expected rate of increase in salary used to determine the present value of defined benefit obligation as at the reporting date showing how the defined benefit obligation would have been affected by changes in relevant actuarial assumption that were reasonably possible at that date is as follows:

	2020		2019	
	Change in actuarial assumption	Defined benefit obligation <i>Rupees</i>	Change in actuarial assumption	Defined benefit obligation <i>Rupees</i>
Discount rate	+ 1%	1,260,796	+ 1%	4,745,731
	- 1%	1,648,702	- 1%	5,822,749
Expected rate of increase in salary	+ 1%	1,648,702	+ 1%	5,822,749
	- 1%	1,257,841	- 1%	4,737,394

A change in expected remaining working lives of employees is not expected to have a material impact on the present value of defined benefit obligation. Accordingly, the sensitivity analysis for the same has not been carried out.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of defined benefit obligation as at the reporting date has been calculated using projected unit credit method, which is the same as that applied in calculating the defined benefit obligation to be recognized in these financial statements.

11.9 Risk factors

The defined benefit plan exposes the Company to the following actuarial risks:

Interest risk: The discount rate used in determination of present value of defined benefit obligation has been determined by reference to market yield at the reporting date on government bonds since there is no deep market in long term corporate bonds in Pakistan. An increase in market yield resulting in a higher discount rate will decrease in the defined

Longevity risk: The present value of defined benefit obligation is calculated by reference to the best estimate of the expected remaining working lives of the employees. An increase in the expected remaining working lives will increase the defined benefit obligation. However, the increase is not expected to be material.

Salary risk: The present value of defined benefit obligation is calculated by reference to future salaries of employees. An increase in salary of employees will increase the defined benefit obligation.

	<i>Note</i>	2020	2019
		<i>Rupees</i>	<i>Rupees</i>
12 TRADE AND OTHER PAYABLES			
Trade creditors		23,369,600	8,117,042
Accrued liabilities		14,550,090	17,691,416
Advances from customers		48,599,394	57,991,610
Security deposits		1,500,000	-
Workers' Profit Participation Fund	12.1	-	256,428
Workers' Welfare Fund	12.2	-	-
Sales tax payable		3,360,992	-
Tax deducted at source		5,153,146	5,279,097
		96,533,222	89,335,593

12.1 Workers' Profit Participation Fund

As at beginning of the year		256,428	2,235,571
Interest on funds utilized by the Company	12.1.1	-	256,428
Paid during the year		(256,428)	(2,235,571)
As at end of the year		-	256,428

12.1.1 Interest on funds utilized is charged at nil (2019: 16.68%) per annum.

	<i>Note</i>	2020	2019
		<i>Rupees</i>	<i>Rupees</i>
12.2 Workers' Welfare Fund			
As at beginning of the year		-	1,359,785
Paid during the year		-	(1,359,785)
As at end of the year		-	-

13 ACCRUED INTEREST

As at beginning of the year		8,314,087	2,864,344
Recognized during the year	32	16,369,395	16,316,719
Transferred to deferred interest	10	(12,218,115)	-
Paid during the year		(12,465,367)	(10,866,976)
As at end of the year		-	8,314,087

14 SHORT TERM BORROWINGS
Secured

This represents short term finances utilized under interest arrangements from banking company

Running finances	14.1	-	109,994,856
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Unsecured

Loan from related parties - subordinate	14.2	61,810,565	76,945,084
		61,810,565	186,939,940

14.1 This facility was obtained from Silk Bank Limited for working capital requirements and carried interest at three months KIBOR plus 2.0% (2019: three months KIBOR plus 5.50%) per annum, payable quarterly. This facility was secured by charge over present and future current assets and operating fixed assets of the Company, subordination of loan from directors and personal guarantees of the Company's Directors. However, during the year this facility is restructured and converted into long term finance as per State Bank of Pakistan's BPRD circular No. 13 of 2020 dated March 26, 2020 (See note 9.1). As a result of this arrangement, the payment of interest on short term borrowing is deferred. (See note 10).

14.2 These represent temporary loans obtained from related parties and are unsecured and interest free. Details are as

	Note	2020	2019
		Rupees	Rupees
As at beginning of the year		76,945,084	50,265,752
Obtained during the year		14,455,535	43,095,584
Repaid during the year		(29,590,054)	(16,416,252)
As at end of the year		61,810,565	76,945,084

15 CURRENT PORTION OF NON-CURRENT LIABILITIES

Long term finances	9	6,000,000	-
		6,000,000	-

16 CONTINGENCIES AND COMMITMENTS**16.1 Contingencies**

Gas Infrastructure Development Cess ['GIDC'] was levied by Sui Northern Gas Pipelines Limited ['SNGPL'] and Sui Southern Gas Pipelines Limited ['SSGCL']. The Company and others have filed a suit before the Lahore High Court ['LHC'] and Sindh High Court ['SHC'] challenging the levy. The LHC & SHC have granted the stay in favour of the Company and directed SNGPL and SSGCL to avoid collection of GIDC. The Company has not recognized any provision for GIDC amounting to Rs. 18.8 million as a favourable outcome is expected.

16.2 Commitments**16.2.1 Commitments under short term leases:**

The Company has rented stitching unit under short term leases arrangements. Lease agreement covers a period of eleven months and is renewable/extendable on mutual consent. Lease rentals are payable monthly in advance. Commitments for payments in future periods under the lease agreement are as follows:

	Note	2020	2019
		Rupees	Rupees
- payments not later than one year		1,925,000	-
- payments later than one year		-	-
		1,925,000	-

16.2.2 Commitments under short term leases:

The Company has rented office under short term leases arrangements. Lease agreement covers a period of eleven months and is renewable/extendable on mutual consent. Lease rentals are payable monthly in advance. Commitments for payments in future periods under the lease agreement are as follows:

	Note	2020	2019
		Rupees	Rupees
- payments not later than one year		500,000	-
- payments later than one year		-	-
		500,000	-

17 PROPERTY, PLANT AND EQUIPMENT

	2020											Net book value as at June 30, 2020 Rupees
	COST / REVALUED AMOUNTS					DEPRECIATION						
	As at July 01, 2019 Rupees	Additions Rupees	Revaluation Rupees	Disposals Rupees	As at June 30, 2020 Rupees	Rate %	As at July 01, 2019 Rupees	For the year Rupees	Revaluation Rupees	Adjustment Rupees	As at June 30, 2020 Rupees	
Freehold land	103,090,000	-	-	-	103,090,000	-	-	-	-	-	-	103,090,000
Buildings on freehold land												
Factory	352,686,976	-	-	-	352,686,976	5	143,994,976	10,434,600	-	-	154,429,576	198,257,400
Colony/office block	49,550,446	-	-	-	49,550,446	5	20,230,446	1,466,000	-	-	21,696,446	27,854,000
Plant and machinery	20,273,338	6,729,404	-	(20,273,338)	6,729,404	5	6,667,338	278,987	-	(6,716,791)	229,534	6,499,870
Electric installations	25,349,817	2,921,000	-	(25,349,817)	2,921,000	10	10,349,817	371,409	-	(10,550,834)	170,392	2,750,608
Furniture and fixtures	206,900	1,014,900	-	-	1,221,800	10	162,917	63,601	-	-	226,518	995,282
Office and other equipment	1,212,555	222,000	-	-	1,434,555	10	870,736	47,132	-	-	917,868	516,687
Vehicles	8,803,685	3,500,000	-	(4,306,575)	7,997,110	20	7,067,216	741,895	-	(3,509,319)	4,299,792	3,697,318
	561,173,717	14,387,304	-	(49,929,730)	525,631,291		189,343,446	13,403,624	-	(20,776,944)	181,970,126	343,661,165
	2019											Net book value as at June 30, 2019 Rupees
	COST / REVALUED AMOUNTS					DEPRECIATION						
	As at July 01, 2018 Rupees	Additions Rupees	Revaluation Rupees	Disposals Rupees	As at June 30, 2019 Rupees	Rate %	As at July 01, 2018 Rupees	For the year Rupees	Revaluation Rupees	Adjustment Rupees	As at June 30, 2019 Rupees	
Freehold land	60,225,000	-	42,865,000	-	103,090,000	-	-	-	-	-	-	103,090,000
Buildings on freehold land												
Factory	204,749,550	-	147,937,426	-	352,686,976	10	70,133,505	13,461,605	60,399,866	-	143,994,976	208,692,000
Colony/office block	23,711,712	-	25,838,734	-	49,550,446	10	8,122,046	1,558,967	10,549,433	-	20,230,446	29,320,000
Plant and machinery	349,160,438	1,000,000	(63,111,906)	(266,775,194)	20,273,338	5	93,287,812	10,718,690	(21,171,708)	(76,167,456)	6,667,338	13,606,000
Electric installations	14,136,937	-	11,212,880	-	25,349,817	10	4,842,368	929,457	4,577,992	-	10,349,817	15,000,000
Furniture and fixtures	206,900	-	-	-	206,900	10	158,030	4,887	-	-	162,917	43,983
Office and other equipment	1,212,555	-	-	-	1,212,555	10	832,756	37,980	-	-	870,736	341,819
Vehicles	11,015,685	-	-	(2,212,000)	8,803,685	20	8,120,271	530,761	-	(1,583,816)	7,067,216	1,736,469
	664,418,777	1,000,000	164,742,134	(268,987,194)	561,173,717		185,496,788	27,242,347	54,355,583	(77,751,272)	189,343,446	371,830,271

17.1 Free hold land of the Company is located at District Sheikhpura with a total area of 79 Kanals 6 Marla (2019: 79 Kanals 6 Marla).

17.2 The Company has leased out a portion of its freehold land and factory building. However the same has not been classified as investment property under IAS 40 - Investment Property, as the portion leased out cannot be sold separately and the remaining portion held for administrative purpose is not insignificant in relation to total area/value of land and buildings owned by the Company.

17.3 The Company, during the period, has revised its estimate of use full life of Building on freehold land. The revision has resulted in reduction in depreciation rates. Had there been no change the depreciation charge for the year would have been higher by Rs. 11.9 million.

17.4 Disposal of property, plant and equipment

Particulars	2020					
	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal
	Rupees	Rupees	Rupees	Rupees	Rupees	Particulars of buyer
Plant and machinery						
Jenbacher	5,960,080	1,960,080	4,000,000	5,500,000	1,500,000	Faisal Saeed Processing Mills, Faisalabad.
Air conditioning	4,842,632	1,606,174	3,236,458	500,000	(2,736,458)	Zaman Textile Mills, Karachi.
Caterpillar	4,470,088	1,495,088	2,975,000	2,564,103	(410,897)	Nawaz Steel Mills, Gujranwala.
5-Ring frames	3,725,073	1,225,073	2,500,000	2,564,102	64,102	Bahoo Cotton Corporation Jaranwala.
Air filters	875,465	297,737	577,728	1,347,840	770,112	Babri Cotton Mills, Kohat.
Air filters	400,000	132,639	267,361	700,000	432,639	Zaman Textile Mills, Karachi.
	20,273,338	6,716,791	13,556,547	13,176,045	(380,502)	
Electric installation						
Electric cable	17,898,000	7,788,950	10,109,050	9,896,335	(212,715)	Rehmani Metal Traders, Gujranwala.
Electric cable	828,000	346,167	481,833	412,378	(69,455)	Rehmani Metal Traders, Gujranwala.
Electric panels	4,623,600	1,570,112	3,053,488	2,300,000	(753,488)	Ayesha Spinning Mills Limited, Lahore.
Electric cable	2,000,217	845,605	1,154,612	1,500,000	345,388	M Tech Technology, Lahore.
	25,349,817	10,550,834	14,798,983	14,108,713	(690,270)	
Vehicles						
Suzuki Liana LEC-10-2087	1,146,875	957,624	189,251	794,350	605,099	Zia-Ur-Rehman, Lahore.
Toyota Corolla LEE-11-3142	1,932,100	1,595,952	336,148	1,400,000	1,063,852	M. Imran ur Rehman, Lahore.
Toyota Corolla LED-08-4010	1,149,000	880,260	268,740	975,000	706,260	Sharjeel Ahmed, Lahore.
Motor Cycle 1418	78,600	75,483	3,117	4,000	883	Rizwan Shabbir, Lahore.
	4,306,575	3,509,319	797,256	3,173,350	2,376,094	
	49,929,730	20,776,944	29,152,786	30,458,108	1,305,322	

Particulars	2019					Mode of disposal	Particulars of buyer
	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal		
	Rupees	Rupees	Rupees	Rupees	Rupees		
<i>Plant and machinery</i>							
Blow Room Machines	9,945,764	2,401,580	7,544,184	3,700,000	(3,844,184)	Negotiation	Khalid Umair, Faisalabad
9-Cards	16,474,392	3,978,033	12,496,359	1,260,000	(11,236,359)	Negotiation	Javed Ahmed, Lahore
2-Cards	1,294,558	312,594	981,964	400,000	(581,964)	Negotiation	Khalid Umair, Faisalabad
5-Cards	7,475,094	573,115	6,901,979	1,350,000	(5,551,979)	Negotiation	Javed Ahmed, Lahore
2-Cards	1,222,068	510,469	711,599	250,000	(461,599)	Negotiation	Javed Ahmed, Lahore
4-Combers & 1 Lap Former	4,772,441	2,157,123	2,615,318	1,250,000	(1,365,318)	Negotiation	Khalid Umair, Faisalabad
2-Drawing Frames	1,136,295	513,601	622,694	500,000	(122,694)	Negotiation	Combine Spinning, Lahore
3-Drawing Frames	2,978,368	1,229,241	1,749,127	900,000	(849,127)	Negotiation	Javed Ahmed, Lahore
1-Drawing Frames	4,108,710	992,120	3,116,590	400,000	(2,716,590)	Negotiation	Chaudhary Shahbaz, Lahore
2-Drawing Frames	1,392,218	336,176	1,056,042	4,000,000	2,943,958	Negotiation	North Star Textiles Limited, Lahore
3-Fly Frames	7,235,902	3,270,597	3,965,305	2,100,000	(1,865,305)	Negotiation	Javed Ahmed, Lahore
4-Fly Frames	9,431,031	2,277,289	7,153,742	2,800,000	(4,353,742)	Negotiation	Javed Ahmed, Lahore
1-Simplex FL-16	1,490,636	359,940	1,130,696	1,400,000	269,304	Negotiation	Khalid Umair, Faisalabad
21-Ring Frames	21,009,162	6,630,036	14,379,126	23,250,000	8,870,874	Negotiation	A.G Textile Mills, Faisalabad
8-Ring Frames	11,395,816	4,464,632	6,931,184	7,000,000	68,816	Negotiation	A.G Textile Mills, Faisalabad
50-Ring Frames	72,022,982	17,750,988	54,271,994	33,146,491	(21,125,503)	Negotiation	A.G Textile Mills, Faisalabad
1-Grinding Machine	1,373,934	331,761	1,042,173	700,000	(342,173)	Negotiation	Javed Ahmed, Lahore
1-Autoconer 7/II	8,238,220	3,723,640	4,514,580	740,000	(3,774,580)	Negotiation	Javed Ahmed, Lahore
1-Autoconer 7/II	8,238,220	3,723,640	4,514,580	740,000	(3,774,580)	Negotiation	Javed Ahmed, Lahore
1-Autoconer 21-C	7,921,691	710,115	7,211,576	2,000,000	(5,211,576)	Negotiation	FAG Textile, Sheikhupura
1-Autoconer 7/II	2,233,776	921,931	1,311,845	950,000	(361,845)	Negotiation	Combine Spinning, Lahore
1-Autoconer 7/II	2,233,776	921,931	1,311,845	740,000	(571,845)	Negotiation	Javed Ahmed, Lahore
3-Autoconer 21-C	34,803,182	8,801,930	26,001,252	13,240,000	(12,761,252)	Negotiation	Green House, Faisalabad
1-Autoconer 7/II	8,699,570	2,100,665	6,598,905	740,000	(5,858,905)	Negotiation	Javed Ahmed, Lahore
Transformer	731,274	56,067	675,207	800,000	124,793	Negotiation	A.G Textile Mills, Faisalabad
Transformer	15,753,286	5,976,565	9,776,721	2,950,000	(6,826,721)	Negotiation	A.G Textile Mills, Faisalabad

Particulars	2019					Mode of disposal	Particulars of buyer
	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal		
	Rupees	Rupees	Rupees	Rupees	Rupees		
Boge Compressor	1,367,554	330,220	1,037,334	1,098,000	60,666	Negotiation	FAG Textile, Sheikhupura
2-Air Compressors	1,795,274	811,457	983,817	1,000,000	16,183	Negotiation	Chaudhary Shahbaz, Lahore
<i>Vehicles</i>							
Corolla Altis LEE-13-330	266,775,194	76,167,456	190,607,738	109,404,491	(81,203,247)		
	2,212,000	1,583,816	628,184	1,500,000	871,816	Negotiation	Hassan Ibrahim Ahmed, Lahore
	268,987,194	77,751,272	191,235,922	110,904,491	(80,331,431)		

	<i>Note</i>	2020 <i>Rupees</i>	2019 <i>Rupees</i>
17.5	The depreciation charge for the year has been allocated as follows:		
Cost of sales	27	12,661,729	26,711,586
Administrative and selling expenses	29	741,895	530,761
		13,403,624	27,242,347

- 17.6** Most recent valuation of land, building, plant and machinery was carried out by an independent valuer Messrs Excel Services and Engineering (Private) Limited ["Formerly Excel Enterprises"] as on June 30, 2019. For basis of valuation and other fair value measurement disclosures, refer to note 41.

Had there been no revaluation, the cost, accumulated depreciation and net book value of revalued items would have been

	2020		
	Cost <i>Rupees</i>	Accumulated depreciation <i>Rupees</i>	Net book value <i>Rupees</i>
Freehold land	5,382,168	-	5,382,168
Buildings on freehold land	129,490,940	97,193,543	32,297,397
Plant and machinery	6,729,404	229,534	6,499,870
Electric installation	2,921,000	170,392	2,750,608

	2019		
	Cost <i>Rupees</i>	Accumulated depreciation <i>Rupees</i>	Net book value <i>Rupees</i>
Freehold land	5,382,168	-	5,382,168
Buildings on freehold land	129,490,940	95,493,680	33,997,260
Plant and machinery	52,767,346	18,880,151	33,887,195
Electric installation	23,915,115	17,736,228	6,178,887

- 17.7** As per most recent valuation, forced sale values of freehold land, buildings on freehold land, plant and machinery and electric installations are as follows:

	<i>Rupees</i>
Freehold land	87,626,500
Buildings on freehold land	202,310,200
Plant and machinery	11,565,100
Electric installation	12,750,000
	314,251,800

18 LONG TERM INVESTMENTS

This represents investment in ordinary shares of associates. The investments has been accounted for by using equity method. The details are as follows:

	<i>Note</i>	2020 <i>Rupees</i>	2019 <i>Rupees</i>
Pervez Ahmed Consultancy Services Limited (Formerly Pervez Ahmed Securities Limited)	18.1	-	-
Pervez Ahmed Capital (Private) Limited	18.2	70,279,379	72,078,491
		70,279,379	72,078,491

	2020	2019
	<i>Rupees</i>	<i>Rupees</i>
18.1 Pervez Ahmed Consultancy Services Limited (Formerly Pervez Ahmed Securities Limited)		
Cost of investment	3,412,243	3,412,243
Share of post acquisition losses	(1,544,165)	(1,543,471)
Share of post acquisition changes in equity	(160,258)	(160,258)
Accumulated impairment	(1,707,820)	(1,708,514)
	-	-
	<i>No. of shares</i>	<i>No. of shares</i>
Number of shares held	61,550	61,550
	<i>% age</i>	<i>% age</i>
Percentage of ownership interest	0.03	0.03
	<i>Rupees</i>	<i>Rupees</i>
Market value per share	0.73	0.52

18.1.1 Extracts of financial statements of Pervez Ahmed Consultancy Services Limited (Formerly Pervez Ahmed Securities Limited)

The assets and liabilities of Pervez Ahmed Consultancy Services Limited (Formerly Pervez Ahmed Securities Limited) as at the reporting date and related revenue and profit for the year then ended based on the audited financial statements are as

	2020	2019
	<i>Rupees</i>	<i>Rupees</i>
Non current assets	80,454,956	82,292,225
Current assets	9,476,397	9,676,916
Non current liabilities	-	-
Current liabilities	649,367,654	649,300,748
Loss for the year	2,104,694	15,816,557
Share of loss	694	5,218

18.2 Pervez Ahmed Capital (Private) Limited

Cost of investment	85,000,000	85,000,000
Share of post acquisition losses	(14,720,621)	(12,921,509)
	70,279,379	72,078,491
	<i>No. of shares</i>	<i>No. of shares</i>
Number of shares held	7,727,000	7,727,000
	<i>% age</i>	<i>% age</i>
Percentage of ownership interest	44.88	44.88
	<i>Rupees</i>	<i>Rupees</i>
Break-up value per share	9.10	9.33

18.2.1 Extracts of financial statements of Pervez Ahmed Capital (Private) Limited

The assets and liabilities of Pervez Ahmed Capital (Private) Limited as at the reporting date and related revenue and profit for the year then ended based on the audited financial statements are as follows:

	2020	2019
	<i>Rupees</i>	<i>Rupees</i>
Non current assets	17,433,235	21,162,389
Current assets	139,309,925	139,769,347
Non current liabilities	-	-
Current liabilities	146,661	326,455
Loss for the year	4,008,782	29,824,175
Share of loss	1,799,112	13,384,875
	Note	
	2020	2019
	<i>Rupees</i>	<i>Rupees</i>

19 DEFERRED TAXATION

Deferred tax asset on deductible temporary differences	19.1	71,858,752	82,941,387
Deferred tax liability on taxable temporary differences	19.1	(63,118,878)	(69,018,014)
Net deferred tax asset		8,739,874	13,923,373

19.1 Recognized deferred liabilities and tax assets

Deferred tax liabilities and assets are attributable to the following:

	2020			
	As at July 01, 2019 <i>Rupees</i>	Recognized in profit or loss <i>Rupees</i>	Recognized in OCI <i>Rupees</i>	As at June 30, 2020 <i>Rupees</i>
Deferred tax assets				
Employees retirement benefits	1,521,429	(1,092,033)	(13,181)	416,215
Provisions	3,009,389	(2,460,767)	-	548,622
Unused tax losses and credits	78,410,569	(7,516,654)	-	70,893,915
	82,941,387	(11,069,454)	(13,181)	71,858,752
Deferred tax liabilities				
Operating fixed assets	(69,018,014)	5,899,136	-	(63,118,878)
	13,923,373	(5,170,318)	(13,181)	8,739,874
	2019			
	As at July 01, 2018 <i>Rupees</i>	Recognized in profit or loss <i>Rupees</i>	Recognized in OCI <i>Rupees</i>	As at June 30, 2019 <i>Rupees</i>
Deferred tax assets				
Employees retirement benefits	4,302,045	(1,708,590)	(1,072,026)	1,521,429
Provisions	496,982	2,512,407	-	3,009,389
Unused tax losses and credits	77,071,796	1,338,773	-	78,410,569
	81,870,823	2,142,590	(1,072,026)	82,941,387
Deferred tax liabilities				
Operating fixed assets	(101,649,677)	58,094,459	(25,462,796)	(69,018,014)
	(19,778,854)	60,237,049	(26,534,822)	13,923,373

19.2 Deferred tax asset on unused tax credits amounting to Rs. nil (2019: Rs. 23.75 million) has not been recognized as sufficient taxable profits are not expected to be available in future against which this could be utilized. The deferred tax asset on unused tax losses has been recognized only the extent of unabsorbed tax depreciation losses as these are available for use for an infinite period under the present income tax laws.

19.3 Deferred tax has been calculated at 29% (2019: 29%) of the temporary differences as at the reporting date based on tax rates notified by the Government of Pakistan for future tax years.

20 LONG TERM DEPOSITS

These have been deposited with various utility companies and regulatory authorities. These are classified as 'financial assets at amortized cost' under IFRS9 which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

	2020	2019
	<i>Rupees</i>	<i>Rupees</i>
21 STORES, SPARES AND LOOSE TOOLS		
Stores	922,439	1,915,756
Spares	-	-
	922,439	1,915,756

21.1 There are no spare parts exclusively held for capitalization as at the reporting date.

	2020	2019
	<i>Rupees</i>	<i>Rupees</i>
22 STOCK IN TRADE		
Raw material	5,742,286	4,560,150
Work in process	3,213,800	2,790,100
Finished goods	3,906,400	1,965,933
Waste	230,380	-
	13,092,866	9,316,183

22.1 Entire stock in trade, with exception of stock of waste, is carried at cost being lower than net realizable value.

22.2 Details of stock pledged as security are referred to in note 42 to the financial statements.

	Note	2020	2019
		<i>Rupees</i>	<i>Rupees</i>
23 TRADE DEBTS			
Trade debts	23.1	183,980	21,611,084
Impairment allowance for expected credit losses	23.2	(183,980)	(8,668,690)
		-	12,942,394

23.1 This includes receivable from related parties, amounting to nil (2019: Rs. 11,685,975) against sale of goods. Maximum balance due from the related parties at any time during the year, by reference to month end balances, amounts to nil (2019: Rs. 11,685,975). The analysis of age is as follows:

	Note	2020	2019
		<i>Rupees</i>	<i>Rupees</i>
Neither past due nor impaired		-	-
Past due by upto 30 days		-	1,706,352
Past due by 31 days to 180 days		-	5,656,137
Past due by 180 days or more		-	4,323,486
		-	11,685,975

23.2 Impairment allowance for expected credit losses

As at beginning of the year		8,668,690	-
Recognized during the year	30	-	8,668,690
Reversed during the year	31	(8,484,710)	-
As at end of the year		183,980	8,668,690

	Note	2020	2019
		<i>Rupees</i>	<i>Rupees</i>
24 ADVANCES AND OTHER RECEIVABLES			
Advances to suppliers		-	443,173
Advances to employees	24.1	2,178,478	2,042,941
Sales tax refundable		-	4,401,274
		2,178,478	6,887,388

- 24.1** These represent advances to employees for expenses on behalf of the Company and those against salaries in accordance with the Company policy. No advances have been given to any of the directors of the Company.

	Note	2020	2019
		Rupees	Rupees

25 BANK BALANCES

Current accounts		662,145	1,690,357
Deposit/saving accounts	25.1	71,661	114,660
		733,806	1,805,017

- 25.1** Effective interest rate in respect of saving and deposit accounts ranges from 3.25% to 4.75% (2019: 3.75% to 5.25%) per annum.

	2020	2019
	Rupees	Rupees

26 SALES - NET

Yarn	-	479,110,328
Cotton	-	66,926,317
Garments	140,592,466	18,279,437
Waste	144,125	18,928,007
	140,736,591	583,244,089
Discount	(3,402,393)	-
Sales tax	(19,601,594)	(1,509,311)
	117,732,604	581,734,778

- 26.1** Payments from customers against sale of goods is typically due at the end of credit period ranging from 30 days to 120 days, except for garments which are sold for cash on delivery.

- 26.2** Sales for the year include Rs. 632,494 (2019: Rs. 43,503,941) against advances from customers at the beginning of the

	<i>Note</i>	2020	2019
		<i>Rupees</i>	<i>Rupees</i>
27 COST OF SALES			
Raw material consumed	27.1	43,775,546	336,142,805
Cost of cotton sold		-	66,926,317
Stores and spares consumed		5,848,743	7,019,958
Salaries, wages and benefits	27.2	44,722,187	72,047,022
Power and fuel		4,038,654	89,416,613
Rent, rates and taxes		3,700,000	-
Traveling and conveyance		1,404,701	1,214,103
Repair and maintenance		944,395	972,650
Insurance		171,463	1,506,478
Entertainment		684,187	430,357
Depreciation	17.5	12,661,729	26,711,586
Others		60,044	1,143,376
Manufacturing cost		118,011,649	603,531,265
Work in process			
As at beginning of the year		2,790,100	9,999,900
As at end of the year		(3,213,800)	(2,790,100)
		(423,700)	7,209,800
Cost of goods manufactured		117,587,949	610,741,065
Finished goods			
As at beginning of the year		1,965,933	2,157,000
As at end of the year		(3,906,400)	(1,965,933)
		(1,940,467)	191,067
Waste			
As at beginning of the year		-	1,702,024
As at end of the year		(230,380)	-
		(230,380)	1,702,024
		115,417,102	612,634,156
27.1 Raw material consumed			
As at beginning of the year		4,560,150	40,251,466
Purchased during the year		44,957,682	367,377,806
Sold during the year		-	(66,926,317)
As at end of the year		(5,742,286)	(4,560,150)
		43,775,546	336,142,805
27.2	These include charge in respect of employees retirement benefits amounting to Rs. 1,191,447 (2019: Rs. 1,153,354).		
		2020	2019
		<i>Rupees</i>	<i>Rupees</i>
28 SELLING AND DISTRIBUTION EXPENSES			
Salaries and benefits		-	625,000
Commission		3,454,027	-
Advertising and sales promotion		16,298,950	72,280
Freight and forwarding		4,879,814	1,744,449
		24,632,791	2,441,729

	Note	2020	2019
		Rupees	Rupees
29 ADMINISTRATIVE AND GENERAL EXPENSES			
Directors' remuneration		2,850,000	8,850,000
Salaries and benefits	29.1	5,384,587	12,594,458
Communication		986,380	1,989,883
Traveling and conveyance		228,817	1,358,354
Printing and stationery		340,661	180,545
Repair and maintenance		664,701	513,682
Vehicles running and maintenance		592,345	1,736,741
Rent, rates and taxes		564,115	868,341
Entertainment		495,179	1,158,934
Insurance		49,485	374,686
Legal and professional		412,924	295,360
Utilities		1,652,854	2,631,265
Fee and subscription		1,047,872	974,698
Auditor's remuneration	29.2	365,000	645,000
Depreciation	17.5	741,896	530,761
Others		41,494	-
		16,418,310	34,702,708

29.1 These include charge in respect of employees retirement benefits amounting to Rs. 222,891 (2019: Rs. 1,966,511).

	Note	2020	2019
		Rupees	Rupees
29.2 Auditor's remuneration			
Annual statutory audit		300,000	525,000
Limited scope review		50,000	105,000
Out of pocket expenses		15,000	15,000
		365,000	645,000

30 OTHER EXPENSES

Loss on financial instruments

Impairment allowance for expected credit losses	23.2	-	8,668,690
Foreign exchange loss		-	4,702,278
		-	13,370,968

Other expenses

Impairment of property, plant and equipment		-	20,281,195
Loss on disposal of property, plant and equipment		-	80,331,431
Donations	30.1	296,654	666,082
		296,654	101,278,708
		296,654	114,649,676

30.1 None of the directors or their spouses had any interest in the donees.

	Note	2020	2019
		Rupees	Rupees
31 OTHER INCOME			
Gain on financial instruments			
Return on bank deposits		55,460	58,803
Reversal of impairment allowance for expected credit losses	23.2	8,484,710	-
Reversal of impairment of long term investment	18.1	694	5,218
Excess accrued liabilities written back	12	-	9,414,598
Waiver of debt finances and accrued interest thereon	31.1	-	85,042,584
		8,540,864	94,521,203
Other income			
Gain on disposal of property, plant and equipment	17.4	1,305,322	-
Rental income		16,811,768	-
		18,117,090	-
		26,657,954	94,521,203

- 31.1** This represented long term finance and interest thereon waived of by banking company on settlement in accordance with a restructuring arrangement in previous year.

	Note	2020	2019
		Rupees	Rupees
32 FINANCE COST			
Interest on short term borrowings	13	16,369,395	16,316,719
Interest on workers' profit participation fund	12.1	-	256,428
Bank charges and commission		104,969	867,892
		16,474,364	17,441,039

33 TAXATION			
Current taxation			
for current year	33.1	1,765,989	7,221,685
Deferred taxation	19.1		
attributable to origination and reversal of temporary differences		5,170,318	(60,237,049)
attributable to changes in tax rates		-	-
		5,170,318	(60,237,049)
		6,936,307	(53,015,364)

- 33.1** Provision for taxation has been made under section 113 (2019: section 113) of the Income Tax Ordinance, 2001 [the Ordinance]. There is no relationship between tax expense and accounting profit. Accordingly, no numerical reconciliation

- 33.2** Assessments for the tax years up to 2019 have either been finalized or are deemed assessments in terms of section 120(1) of the Ordinance, as per returns filed by the Company.

	Unit	2020	2019
34 LOSS PER SHARE - BASIC AND DILUTED			
Loss attributable to ordinary shareholders	<i>Rupees</i>	(33,482,807)	(81,531,163)
Weighted average number of ordinary shares outstanding during the year	<i>No. of shares</i>	83,685,631	83,685,631
Loss per share - Basic	<i>Rupees</i>	(0.40)	(0.97)

There is no anti-dilutive effect on the basic loss per share of the Company.

	Note	2020 Rupees	2019 Rupees
35 CASH GENERATED FROM/(USED IN) OPERATIONS			
Loss before taxation		(26,546,500)	(134,546,527)
Adjustments for non-cash and other items			
Finance cost		16,474,364	16,316,719
Notional interest		(4,101,969)	15,543,107
Impairment allowance for expected credit losses		-	8,668,690
Reversal of impairment allowance for expected credit losses		(8,484,710)	-
Liabilities written back		-	(9,414,598)
Waiver of debt finances and accrued interest thereon		-	(85,042,584)
Impairment of property, plant and equipment		-	20,281,195
(Gain)/loss on disposal of property, plant and equipment		(1,305,322)	80,331,431
Reversal of impairment of long term investment		(694)	(5,218)
Share of loss of associates		1,799,806	13,390,093
Provision for employees retirement benefits		1,414,338	3,119,865
Depreciation		13,403,624	27,242,347
		19,199,437	90,431,047
		(7,347,063)	(44,115,480)
Changes in working capital			
Stores, spares and loose tools		993,317	(806,623)
Stock in trade		(3,776,683)	44,794,207
Trade debts		21,427,104	9,198,438
Advances, prepayments and other receivables		4,708,910	5,706,704
Trade and other payables		7,197,629	(89,514,068)
Long term deposits		(600,000)	-
		29,950,277	(30,621,342)
Cash generated from/(used in) operations		22,603,214	(74,736,822)
36 CASH AND CASH EQUIVALENTS			
Bank balances	25	733,806	1,805,017
		733,806	1,805,017

37 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise sponsors of the Company, associated companies and undertakings and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. The details of Company's related parties, with whom the Company had transactions during the year or has balances outstanding as at the reporting date are as follows:

Name of related party	Nature of relationship	Basis of relationship	Aggregate %age of shareholding in the
Pervez Ahmed	Key management personnel	Chief executive officer	10.025%
Rehana Pervez Ahmed	Spouse of director	Spouse of director	14.353%
Suleman Ahmed	Key management personnel	Director	0.075%
Hassan Ibrahim	Key management personnel	Director	0.035%
Ali Pervez Ahmed	Key management personnel	Director	4.315%
Pervez Ahmed Capital (Private) Limited	Associated company	Common directorship	0.00%
Origins	Sole proprietorship	Close family member of director	0.00%
Infinite Buying Services	Associated company	Common directorship	0.00%
D.S. Textiles Limited	Associated company	Common directorship	3.470%
Mausummary Lawn	Sole proprietorship	Close family member of director	0.00%

Transactions with sponsors are limited to provision of interest free loans to the Company and issuance of ordinary shares and those with key management personnel are limited to payment of short term employee benefits only. The Company in the normal course of business carries out various transactions with associates and associated undertakings and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction, with the exception of borrowings, which are interest free.

Details of transactions and balances with related parties is as follows:

		2020 <i>Rupees</i>	2019 <i>Rupees</i>
37.1	Transactions with related parties		
	Nature of relationship	Nature of transactions	
	Associated companies and undertakings	Sales Cotton processing charges Short term borrowings (repaid)/obtained - <i>net</i>	9,720,749 - 633,444
	Sponsors	Short term borrowings (repaid)/obtained - <i>net</i> Sale of vehicle	54,209,017 2,856,770 14,624,500
	Key management personnel	Short-term employee benefits	(15,767,963) - 2,850,000
			12,054,832 1,500,000 8,850,000
37.2	Balances with related parties		
	Nature of relationship	Nature of balance	
	Associated companies and undertakings	Trade debts Short term borrowings	- 34,482,944
	Key management personnel	Short-term employee benefits payable	11,685,975 33,849,500
	Sponsors	Short term borrowings	5,534,712 27,327,621
			10,026,612 43,095,584

38 FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial instruments by class and category are as follows:

	Note	2020 <i>Rupees</i>	2019 <i>Rupees</i>
38.1	Financial assets		
	Financial assets at amortized cost		
	Long term deposits	20 19,672,394	19,072,394
	Trade debts	23 183,980	21,611,084
	Advances to employees	24 2,178,478	2,042,941
	Bank balances	25 733,806	1,805,017
		22,768,658	44,531,436
38.2	Financial liabilities		
	Financial liabilities at amortized cost		
	Long term finances	9 109,975,762	-
	Deferred interest	10 8,116,146	-
	Trade creditors	12 23,369,600	8,117,042
	Accrued liabilities	12 14,550,090	17,691,416
	Unclaimed dividend	337,563	337,563
	Accrued interest	13 -	8,314,087
	Short term borrowings	14 61,810,565	186,939,940
		218,159,726	221,400,048

39 FINANCIAL RISK EXPOSURE AND MANAGEMENT

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

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The management team of the Company is responsible for administering and monitoring the financial and operational financial risk management throughout the Company in accordance with the risk management framework.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

39.1 Credit risk

Credit risk is the risk of financial loss to the Company, if the counterparty to a financial instrument fails to meet its

39.1.1 Credit risk management practices

In order to minimise credit risk, the Company has adopted a policy of only dealing with creditworthy counterparties and limiting significant exposure to any single counterparty. The Company only transacts with counterparties that have reasonably high external credit ratings. Where an external rating is not available, the Company uses an internal credit risk grading mechanism. Particularly for customers, a dedicated team responsible for the determination of credit limits uses a credit scoring system to assess the potential as well as existing customers' credit quality and assigns or updates credit limits accordingly. The ageing profile of trade debts and individually significant balances, along with collection activities are reviewed on a regular basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis.

The Company reviews the recoverable amount of each financial asset on an individual basis at each reporting date to ensure that adequate loss allowance is made in accordance with the assessment of credit risk for each financial asset.

The Company considers a financial asset to have low credit risk when the asset has reasonably high external credit rating or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has no past due amounts or otherwise there is no significant increase in credit risk if the amounts are past due in the normal course of business based on history with the counterparty.

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial asset at the reporting date with the risk of a default occurring on the financial asset at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise. This is usually the case with various customers of the Company where the Company has long standing business relationship with these customers and any amounts that are past due by more than 30 days in the normal course of business are considered 'performing' based on history with the customers. Therefore despite the foregoing, the Company considers some past due trade debts to have low credit risk where the customer has a good

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant

The Company considers 'default' to have occurred when the financial asset is credit-impaired. A financial asset is considered to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

The Company writes off a financial asset when there is information indicating that the counter-party is in severe financial condition and there is no realistic prospect of recovery.

The Company's credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing ECL
Performing	The counterparty has low credit risk	Trade debts: Lifetime ECL Other assets: Twelve month ECL
Doubtful	Credit risk has increased significantly since initial recognition	Lifetime ECL
In default	There is evidence indicating the assets is credit-impaired	Lifetime ECL
Write-off	There is no realistic prospect of recovery	Amount is written-off

39.1.2 Exposure to credit risk

Credit risk principally arises from debt instruments held by the Company as at the reporting date. The maximum exposure to credit risk as at the reporting date is as follows:

	Note	2020 Rupees	2019 Rupees
Financial assets at amortized cost			
Long term deposits	20	19,672,394	19,072,394
Trade debts	23	183,980	21,611,084
Advances to employees	24	2,178,478	2,042,941
Bank balances	25	733,806	1,805,017
		22,768,658	44,531,436

39.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to internal credit risk grading. The credit quality of the Company's financial assets exposed to credit risk is as follows:

	Note	External credit rating	Internal credit risk grading	12-month or life-time ECL	Gross carrying amount	Loss allowance
					Rupees	Rupees
Long term deposits	20	N/A	Performing	12-month ECL	19,672,394	-
Trade debts	23	N/A	Performing	Lifetime ECL	183,980	183,980
Advances to employees	24	N/A	Performing	12-month ECL	2,178,478	-
Bank balances	25	A3 - A1+	N/A	12-month ECL	733,806	-
					22,768,658	183,980

(a) Long term deposits

Long term deposits comprise security deposits placed with various utility companies and regulatory authorities. These deposits are substantially perpetual in nature. Therefore, no credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

(b) Trade debts

For trade debts, the Company has applied the simplified approach in IFRS9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on trade debts by using internal credit risk gradings. As at the reporting date, all trade debts are considered 'performing', except for which, impairment allowance has been made, as there is no significant increase in credit risk in respect of these debts since initial recognition. The ageing analysis of trade debts as at the reporting date is as follows:

	Note	2020	2019
		Rupees	Rupees
Neither past due nor impaired		-	-
Past due by upto 30 days		-	1,706,352
Past due by 31 days to 180 days		-	6,912,556
Past due by 180 days or more		183,980	12,992,176
		183,980	21,611,084

(c) Advances to employees

Advances to employees have been given against future salaries and post-employment benefits. Accordingly, these are considered to have no credit risk.

(d) Bank balances

The bankers of the Company have reasonably high credit ratings as determined by various independent credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect any credit loss.

39.1.4 Concentrations of credit risk

There are no significant concentrations of credit risk, except for trade debts. The Company's nil (2019: three) significant customers account for Rs. nil (2019: Rs. 42.853 million) of trade debts as at the reporting date, apart from which, exposure to any single customer does not exceed 10% (2019: 10%) of trade debts as at the reporting date. These significant customers have long standing business relationships with the Company and have a good payment record and accordingly non-performance by these customers is not expected.

39.1.5 Collateral held

The Company does not hold any collateral to secure its financial assets.

39.1.6 Changes in impairment allowance for expected credit losses

The changes in impairment allowance for expected credit losses have been presented in note 23.2.

39.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

39.2.1 Liquidity risk management

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational cash flows, including servicing of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. The Company has continued support of its sponsors and other related parties in respect of

39.2.2 Exposure to liquidity risk

The following presents the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The analysis have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay and includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the reporting date.

	2020				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to three years Rupees	More than three years Rupees
Long term finances	109,975,762	146,793,281	6,000,000	16,800,000	123,993,281
Deferred interest	8,116,146	-	-	-	8,116,146
Trade creditors	23,369,600	23,369,600	23,369,600	-	-
Accrued liabilities	14,550,090	14,550,090	14,550,090	-	-
Unclaimed dividend	337,563	337,563	337,563	-	-
Short term borrowings	61,810,565	61,810,565	61,810,565	-	-
	218,159,726	246,861,099	106,067,818	16,800,000	132,109,427
	2019				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to three years Rupees	More than three years Rupees
Long term finances	-	-	-	-	-
Trade creditors	8,117,042	8,117,042	8,117,042	-	-
Accrued liabilities	17,691,416	17,691,416	17,691,416	-	-
Unclaimed dividend	337,563	337,563	337,563	-	-
Accrued interest	8,314,087	8,314,087	8,314,087	-	-
Short term borrowings	186,939,940	186,939,940	186,939,940	-	-
	221,400,048	221,400,048	221,400,048	-	-

39.3 Market risk

39.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from transactions and resulting balances that are denominated in a currency other than functional currency. The Company is not exposed to currency risk.

39.3.2 Interest rate risk

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

(a) Interest/profit rate risk management

The Company manages interest rate risk by analyzing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points.

(b) Interest bearing financial instruments

The effective interest rates for interest bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest bearing financial instruments as at the reporting date are as follows:

	2020	2019
	Rupees	Rupees
Fixed rate instruments		
Financial assets	71,661	114,660
Financial liabilities	-	-
Variable rate instruments		
Financial assets	-	-
Financial liabilities	109,975,762	109,994,856

(c) Fair value sensitivity analysis for fixed rate instruments

The Company does not account for its fixed rate instruments at fair value

(d) Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year and equity as at the reporting date by Rs. 1.1 million (2019: Rs. 1.1 million). A decrease of 100 basis points would have had an equal but opposite effect on profit and equity. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the

39.3.3 Other price risk

Other price risk represents the risk that the fair value or future cash flows of 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. The Company is not exposed to price risk.

40 CAPITAL MANAGEMENT

The objectives of the Company, while managing capital are to ensure that it continues to meet the going concern assumption, enhance shareholders' wealth and meet stakeholders' expectations. The Company's objective is to ensure its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising option of issuing right shares or, where possible, repurchasing shares, selling surplus property, plant and equipment without affecting the optimal production and operating level and regulating dividend payout. The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises long term finances, including current maturity. Total capital employed includes equity, as shown in the statement of financial position and debt.

	Unit	2020	2019
Total debt	Rupees	109,975,762	-
Total equity	Rupees	183,003,060	216,453,595
		292,978,822	216,453,595
Gearing	% age	37.54%	0.00%

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any other externally imposed capital requirements, except those, related to maintenance of debt covenants, commonly imposed by the providers of debt finances.

41 FAIR VALUE MEASUREMENTS

41.1 Financial Instruments

41.1.1 Financial instruments measured at fair value

The Company measures some of its financial assets at fair value. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.

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

The fair value hierarchy of assets measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

a) Recurring fair value measurements

There are no recurring fair value measurements as at the reporting date.

b) Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

41.2 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value to approximate their carrying values.

41.3 Assets and liabilities other than financial instruments.**41.3.1 Recurring fair value measurements**

For recurring fair value measurements, the fair value hierarchy and information about how the fair values are determined is as follows:

	Level 1	Level 2	Level 3	2020 Rupees	2019 Rupees
Freehold land	-	103,090,000	-	103,090,000	103,090,000
Buildings	-	226,111,400	-	226,111,400	238,012,000
Plant and machinery	-	6,499,870	-	6,499,870	13,606,000
Electric installations	-	2,750,608	-	2,750,608	15,000,000

For fair value measurements categorised into Level 2 the following information is relevant:

	Valuation technique	Significant inputs	Sensitivity
Freehold land	Market comparable approach that reflects recent transaction prices for similar properties	Estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.	A 5% increase in estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition would result in a significant increase in fair value of buildings by Rs. 5.155 million (2019: Rs. 5.155 million).
Buildings	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in a significant increase in fair value of buildings by Rs. 11.306 million (2019: Rs. 11.901 million).
Plant and machinery	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would result in a significant increase in fair value of plant and machinery by Rs. 0.325 million (2019: Rs. 0.68 million).
Electric installation	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would result in a significant increase in fair value of electric installation by Rs. 137,530 (2019: Rs. 750,000).

Reconciliation of fair value measurements categorized in Level 2 is presented in note 17.

There were no transfers between fair value hierarchies during the year.

41.3.2 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

	2020	2019
	<i>Rupees</i>	<i>Rupees</i>
42 RESTRICTION ON TITLE AND ASSETS PLEDGED/MORTGAGED AS SECURITY		
Mortgages and charges		
Charge over current assets	318,000,000	318,000,000
Charge over operating fixed assets	840,000,000	840,000,000

43 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged to profit or loss in respect of chief executive, directors and executives of the Company on account of managerial remuneration, allowances and perquisites, post employment benefits and the number of such directors and executives is as follows:

	2020		
	Chief Executive <i>Rupees</i>	Directors <i>Rupees</i>	Executives <i>Rupees</i>
Managerial remuneration	-	2,850,000	-
Allowances and perquisites	-	-	-
Post employment benefits	-	-	-
	-	2,850,000	-
Number of persons	-	1	-
	2019		
	Chief Executive <i>Rupees</i>	Directors <i>Rupees</i>	Executives <i>Rupees</i>
Managerial remuneration	6,000,000	2,850,000	-
Allowances and perquisites	-	-	-
Post employment benefits	-	-	-
	6,000,000	2,850,000	-
Number of persons	1	1	-

44 SEGMENT INFORMATION

44.1 The Company is a single reportable segment.

44.2 All non-current assets of the Company are situated in Pakistan.

44.3 All sales of the Company have originated from Pakistan.

44.4 There are one (2019: two) significant external customers to whom sales in excess of 10% of the Company's total sales amounting to Rs. 122.52 million (2019: Rs. 245.35 million) were made during the year.

45 SHARES IN THE COMPANY HELD BY ASSOCIATED UNDERTAKINGS AND RELATED PARTIES

Ordinary shares in the Company held by associated undertakings and related parties, other than chief executive and directors, are as follows:

	2020	2019
	<i>No. of shares</i>	<i>No. of shares</i>
D.S. Textiles Limited	2,904,221	2,904,221
D.S. Apparel (Private) Limited	6,000	6,000
Ali Pervaz Capital (Private) Limited	18	18
	2,910,239	2,910,239

46 PLANT CAPACITY AND ACTUAL PRODUCTION

	Unit	2020	2019
Spinning			
Number of spindles installed	No.	-	30,771
Plant capacity on the basis of utilization converted into 20s count	Kgs	-	8,496,432
Actual production converted into 20s count	Kgs	-	4,534,141

It is difficult to precisely compare production capacity and the resultant production converted into base count in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw materials used, spindle speed and twist etc. It would also vary according to the pattern of production adopted in a particular year. Further, during the year, plant and machinery related to spinning process was fully disposed.

Stitching and Garments

The plant capacity of these divisions are indeterminable due to multiproduct involving varying processes of manufacturing and run length of order lots.

47 IMPACT OF COVID - 19 ON THE FINANCIAL STATEMENTS

COVID-19 pandemic started at the end of December 2019 and broke out in China in January 2020. The slow down in Pakistan started in February 2020 following which a nationwide lockdown was imposed in Pakistan. The Company's facilities remained closed for two months. However, things are now seen getting back to track and as sales continue to pick up with the pandemic easing out, the management expects sustainable growth in revenue and profits in the ensuing financial year. The benefits of conversion of short term borrowing in to long term finances under scheme of the State Bank of Pakistan will further provide required momentum. There is no financial impact of COVID-19 on the carrying amounts of assets and liabilities or items of income and expenses reported in these financial statements.

48 NUMBER OF EMPLOYEES

	2020	2019
Total number of employees	57	68
Average number of employees	62	365

49 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period which may require adjustment of and/or disclosure in these financial statements

50 NON-CASH FINANCING ACTIVITIES

During the year, short term finances amounting to Rs. 109.975 million were converted into long term financing facilities as referred to in note 9.1 and 14.1.

51 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, subject to the appropriateness of going concern assumption, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial

52 GENERAL

52.1 Figures have been rounded off to the nearest rupee.

52.2 Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year.

52.3 These financial statements have been signed by two Directors under section 232 of the Companies Act, 2017, as the Chief Executive is not available for the time being.


DIRECTOR

CHIEF FINANCIAL OFFICER

DIRECTOR

D S Industries Limited
Pattern of Shareholding
As At June 30, 2020

Number of Shareholders	Shareholding		Total Number of Shares Held	%age
	From	To		
194	1	100	7,768	0.009
247	101	500	109,837	0.131
321	501	1,000	314,926	0.376
681	1,001	5,000	2,120,909	2.534
293	5,001	10,000	2,421,634	2.894
130	10,001	15,000	1,721,377	2.057
91	15,001	20,000	1,669,080	1.994
71	20,001	25,000	1,671,816	1.998
50	25,001	30,000	1,410,719	1.686
27	30,001	35,000	878,295	1.050
24	35,001	40,000	930,283	1.112
20	40,001	45,000	853,554	1.020
39	45,001	50,000	1,921,218	2.296
22	50,001	55,000	1,168,000	1.396
14	55,001	60,000	823,000	0.983
9	60,001	65,000	570,000	0.681
5	65,001	70,000	338,000	0.404
3	70,001	75,000	222,500	0.266
4	75,001	80,000	316,000	0.378
6	80,001	85,000	492,701	0.589
3	85,001	90,000	261,000	0.312
4	90,001	95,000	368,000	0.440
18	95,001	100,000	1,795,500	2.146
4	100,001	105,000	412,000	0.492
4	105,001	110,000	426,500	0.510
3	110,001	115,000	338,500	0.404
3	115,001	120,000	357,000	0.427
1	120,001	125,000	123,500	0.148
2	125,001	130,000	259,500	0.310
3	130,001	135,000	404,000	0.483
2	135,001	140,000	277,000	0.331
2	140,001	145,000	287,500	0.344
2	145,001	150,000	296,000	0.354
3	150,001	155,000	455,500	0.544
2	155,001	160,000	312,500	0.373
3	160,001	165,000	491,000	0.587
8	165,001	170,000	1,340,000	1.601
2	170,001	175,000	348,000	0.416
2	175,001	180,000	360,000	0.430
1	180,001	185,000	185,000	0.221
6	195,001	200,000	1,200,000	1.434
1	200,001	205,000	203,500	0.243
2	205,001	210,000	415,000	0.496
2	215,001	220,000	436,000	0.521
1	220,001	225,000	223,500	0.267
2	230,001	235,000	470,000	0.562
3	235,001	240,000	718,500	0.859
2	245,001	250,000	498,000	0.595
1	255,001	260,000	258,000	0.308
1	275,001	280,000	276,000	0.330
1	305,001	310,000	307,500	0.367
1	310,001	315,000	311,000	0.372
1	315,001	320,000	320,000	0.382
1	330,001	335,000	330,500	0.395
1	335,001	340,000	339,882	0.406
1	350,001	355,000	352,500	0.421
2	360,001	365,000	722,500	0.863
1	365,001	370,000	367,000	0.439
2	395,001	400,000	800,000	0.956
1	420,001	425,000	424,500	0.507
1	440,001	445,000	444,000	0.531
1	475,001	480,000	478,000	0.571
1	485,001	490,000	485,500	0.580
1	495,001	500,000	500,000	0.597
1	510,001	515,000	511,000	0.611
1	545,001	550,000	546,000	0.652
1	580,001	585,000	581,000	0.694
1	590,001	595,000	590,500	0.706
1	595,001	600,000	600,000	0.717
1	630,001	635,000	630,500	0.753
1	640,001	645,000	641,000	0.766
1	650,001	655,000	653,000	0.780
1	655,001	660,000	655,500	0.783
1	700,001	705,000	703,500	0.841
2	705,001	710,000	1,414,300	1.690
1	840,001	845,000	844,500	1.009
1	880,001	885,000	884,500	1.057
1	940,001	945,000	943,236	1.127
1	995,001	1,000,000	1,000,000	1.195
1	1,195,001	1,200,000	1,200,000	1.434
1	1,245,001	1,250,000	1,250,000	1.494
1	1,520,001	1,525,000	1,521,500	1.818
1	1,645,001	1,650,000	1,650,000	1.972
1	1,725,001	1,730,000	1,727,500	2.064
1	2,030,001	2,035,000	2,034,721	2.431
1	3,610,001	3,615,000	3,610,667	4.315
1	8,130,001	8,135,000	8,131,183	9.716
1	11,420,001	11,425,000	11,420,525	13.647

2385**83,685,631****100.000**

D S Industries Limited
Categories of Shareholders
As At June 30, 2020

Categories	Number	Shares Held	Percentage
Associated Companies & Related Parties			
D.S.Textiles Limited	1	2,904,221	3.470
D.S.Apparel (Private) Limited	1	6,000	0.007
Ali Pervez Capital (Private) Limited	1	18	0.000
Chief Executive & Directors			
Mr. Pervez Ahmed - Chief Executive	1	8,389,183	10.025
Mr. Ali Pervez Ahmed	1	3,610,667	4.315
Mr. Suleman Ahmed	1	62,666	0.075
Mrs Rukhsana Khalid	1	10,000	0.012
Mr. Atta Ur Rehman	1	2,000	0.002
Mr. Khawar Mahmud	1	1,000	0.001
Mr. Mazhar Pervaiz Malik	1	1,000	0.001
Mrs. Rehana Pervez Ahmed W/o Mr. Pervez Ahmed	1	12,011,025	14.353
Banks, DFI and NBFIs	4	71,749	0.086
Insurance Companies	1	31,985	0.038
Mutual Funds	1	339,882	0.406
General Public (Local)	2,285	51,898,656	62.016
General Public (Foreign)	64	3,996,028	4.775
Joint Stock Companies	17	265,501	0.317
Others	2	84,050	0.100
Total	2385	83,685,631	100.000

Detail of Shareholding of 5% and above.

	Shares Held	Percentage
Mr. Pervez Ahmed - Chief Executive	8,389,183	10.025
Mrs. Rehana Pervez Ahmed W/o Mr. Pervez Ahmed	12,011,025	14.353

مجلسِ نظام کی رپورٹ

ڈی ایس انڈسٹریز لمیٹڈ کی مجلسِ نظام 30 جون 2020ء کو ختم ہونے والے مالی سال کے لئے کمپنی کی چالیسویں سالانہ رپورٹ بشمول کمپنی کے نظر ثانی شدہ حسابات معائنہ پر آڈیٹر کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتی ہے۔

کمپنی کے مالیاتی نتائج

زیر جائزہ سال کے دوران، عالمی سطح پر ٹیکسٹائل مصنوعات کی قیمتیں کم طلب کی وجہ سے دباؤ میں رہیں۔ اس کے علاوہ، یکم جولائی، 2019ء سے حکومت نے 17 فیصد سیلز ٹیکس نافذ کر دیا۔ اس ٹیکس کے باعث ہمارے صارفین کو کیش فلو میں رکاوٹوں کی وجہ سے طلب میں کمی واقع ہوئی ہے۔ جبکہ مالی سال کی آخری سہ ماہی میں، کوویڈ 19 وبا کی بیماری ایک اہم واقعہ کے طور پر سامنے آئی ہے جس نے دنیا کو لاک ڈاؤن اور بورڈ کو معاشی سرگرمیوں کو محدود کرنے پر مجبور کر دیا۔ دنیا بھر کے ممالک نے اس کے لئے سنجیدہ اقدامات اٹھائے ہیں۔ پاکستان کے لئے، یہ ایک ایسے وقت میں آئی ہے جب ملک معاشی استحکام کی طرف گامزن تھا۔ اس وبا کی بیماری کے پھیلنے کے باعث ملک کی معاشی نمو میں کمی واقع ہوئی ہے۔ کیونکہ عارضی طور پر کاروبار بند رہنے کے باعث صارفین کی طلب کو سخت خطرات لاحق ہیں۔ زیادہ سیلز ٹیکس کے مجموعی اثرات، کم جی ڈی پی، پاکستانی روپیہ کی قدر میں کمی اور کوویڈ 19 لاک ڈاؤن نے کمپنی کے آپریشنز اور مارجن کو بہت زیادہ متاثر کیا ہے۔ مہنگائی، اعلیٰ شرح سود اور سیلز ٹیکس کی زیادہ شرح کے باعث ملکی معیشت بھی دباؤ میں ہے۔ لہذا، اسی کے نتیجے میں 30 جون، 2020ء کو ختم ہونے والے سال کے لئے نقصانات ہوئے ہیں۔ تاہم، انتظامیہ کا اپنی ٹیکسٹائل پروڈکٹ کے پورٹ فولیو کو یارن کی تیاری سے ویلیو ایڈڈ لیڈیز گارمنٹس میں از سر نو تشکیل دینے کا فیصلہ قابلِ قدر اور نقصانات کو کم کرنے میں کامیاب رہا ہے۔

زیر جائزہ سال کے دوران، کمپنی نے 117.73 ملین روپے خالص ٹرن اور حاصل کیا، جو گزشتہ سال کی اسی مدت کے مقابلے تقریباً 464 ملین روپے کی نمایاں کمی عکاسی کرتی ہے۔ یہاں یہ ذکر کرنا اہم ہے کہ کمپنی اپنی ٹیکسٹائل مصنوعات کو یارن کی تیاری سے ویلیو ایڈڈ لیڈیز گارمنٹس میں بدلنے کے باعث خسارہ سے باہر آگئی ہے۔ 30 جون 2020ء کو ختم ہونے والے سال کے لئے کمپنی کا مجموعی منافع 2.3 ملین روپے درج کرایا جبکہ گزشتہ سال اسی مدت کے لئے 30.9 ملین روپے مجموعی نقصان ہوا تھا۔ اسی طرح 30 جون 2020ء کو ختم ہونے والے سال کے لئے خالص نقصان 33.48 ملین روپے درج کرایا جبکہ گزشتہ سال اسی مدت کے لئے 81.53 ملین روپے خالص نقصان ہوا تھا۔

منافع منقسمہ

موجودہ سال میں خفی نتائج اور دستیاب مجموعی نقصانات کے مد نظر، آپ کی کمپنی کے ڈائریکٹرز نے سال کے لئے کسی منافع منقسمہ کی تجویز نہیں دی ہے۔

کتابوں کی بندش

کمپنی کی حصص منتقلی کتابیں 23 اکتوبر 2020ء تا 28 اکتوبر 2020ء (بشمول دونوں ایام) بند رہیں گی اور اس دوران رجسٹریشن کے لئے حصص کی کوئی منتقلی قابل قبول نہیں ہوگی۔ 22 اکتوبر 2020ء کو کاروبار کے اختتام تک ہمارے شیئرز رجسٹرار، میسرز THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، بجلی منزل، C-40، بلاک-6، P.E.C.H.S، کراچی کو موصول ہونے والی منتقلیاں اجلاس میں شرکت اور حق رائے دہی کے لئے قابل قبول ہوگی۔

نمونہ حصص داری

30 جون 2020ء کے مطابق نمونہ حصص داری کا بیان مع کمپنی کے حصص یافتگان کی کیٹلر براس رپورٹ کے ہمراہ منسلک ہیں۔

کمپنی کے حصص کی تجارت

30 جون 2020ء کو ختم ہونے والے سال کے دوران کمپنی کے حصص میں کسی ڈائریکٹر، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری، ان کے شریک حیات اور نابالغ بچوں نے تجارت نہیں کی ہے۔

آپریٹنگ اور مالیاتی اعداد و شمار

گزشتہ چھ سالوں کے لئے آپریٹنگ اور مالیاتی اعداد و شمار مع کلیدی تناسب منسلک ہیں۔

دنیا ابھی بھی کوویڈ 19 وبا کی بیماری کے خلاف جدوجہد کر رہی ہے۔ پاکستان میں نئے کیسز اور اموات میں ڈرامائی کمی دیکھنے میں آئی ہے۔ مثبت پیشرفت کے پیش نظر، حکومت نے اگست 2020 میں بیشتر کاروباری سرگرمیاں دوبارہ شروع کرنے کی اجازت دے دی ہے۔ مزید برآں، اسٹیٹ بینک آف پاکستان نے معیشت کی بحالی کے لئے متعدد اقدامات اٹھاتے ہوئے پالیسی شرح کو 7 فیصد تک کم کر دیا، جبکہ نئی سرمایہ کاری کی حوصلہ افزائی کے لئے پُرکشش فنانسنگ اسکیمیں پیش کی ہیں۔ ان اقدامات سے معیشت کو معمول پر آنے میں مدد ملے گی۔

بورڈ کے منعقدہ اجلاسوں کی تعداد

30 جون 2020ء کو ختم ہونے والے سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے اور ڈائریکٹرز کی حاضری مندرجہ ذیل ہے:

نام	عہدہ	تعداد حاضری
جناب پرویز احمد	چیف ایگزیکٹو	5
جناب علی پرویز احمد	ڈائریکٹر	5
جناب سلیمان احمد	ڈائریکٹر	5
جناب عطاء الرحمن	ڈائریکٹر	4
جناب خاور محمود	ڈائریکٹر	5
جناب مظہر پرویز ملک	ڈائریکٹر	5
محترمہ رخسانہ خالد	ڈائریکٹر	4

اخلاقیات اور کاروباری طریقوں کا بیان

بورڈ نے کمپنی کے ساتھ منسلک یا کاروبار کرنے والے ہر ایک شخص سے متعلقہ ضابطہء اخلاق کے معیارات کو پیشگی سمجھنے کے اعتراف کے طور پر کمپنی کے ہر ایک ڈائریکٹر اور ملازم کی طرف سے دستخط شدہ

اخلاقیات اور کاروباری طریقوں کا بیان تیار اور جاری کیا ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس ریٹائزر ہو گئے ہیں اور دوبارہ تقرری کے لئے اپنے آپ کو پیش کرتے ہیں۔ بورڈ کی آڈٹ کمیٹی نے 30 جون 2021ء کو ختم ہونے

والے مالی سال کے لئے بطور آڈیٹرز میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس کو دوبارہ مقرر کرنے کی سفارش کی ہے۔

آڈٹ کمیٹی

کارپوریٹ گورننس کے ضابطہء اخلاق کی تعمیل میں آڈٹ کمیٹی تشکیل دی گئی ہے اور مندرجہ ذیل اراکین پر مشتمل ہے:

نام	عہدہ
جناب عطاء الرحمن	چیئر مین
جناب خاور محمود	رکن
محترمہ رخسانہ خالد	رکن

سہ ماہی اور سالانہ حسابات کے جائزہ اور دیگر متعلقہ معاملات کے لئے کارپوریٹ ضابطہء اخلاق کے تحت درکار 30 جون 2020ء کو ختم ہونے والے سال کے دوران آڈٹ کمیٹی کے اجلاس منعقد

ہوئے۔ اجلاس میں چیف فنانس آفیسر، داخل آڈٹ کے سربراہ اور جب ضرورت پیش آئی بیرونی آڈیٹرز نے بھی شرکت کی۔

کارپوریٹ گورننس کا ضابطہ اخلاق

کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل میں بیان

بورڈ آف ڈائریکٹرز اور کمپنی کارپوریٹ مینجمنٹ کے اچھے طریقوں کے اصولوں پر کاربند ہیں۔ بورڈ اور انتظامیہ اپنی ذمہ داریوں سے آگاہ ہیں اور مالی اور غیر مالی معلومات کی درستگی، جامعیت اور شفافیت کو بڑھانے کے لئے کمپنی کی کارکردگی کی نگرانی کرتے ہیں۔ بورڈ بخوشی تصدیق کرتے ہیں کہ کمپنی نے ہر مادی معاملات میں، بسٹ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 میں شامل بہترین طریقوں جن کی تعمیل کے ساتھ منسلک بیان میں مکمل طور پر وضاحت کی گئی ہے کے مطابق تعمیل کی ہے اور بہترین طریقوں سے کوئی مادی انحراف نہیں کیا گیا ہے۔ مزید، درج ذیل بیان کرتے ہیں کہ:

- 1- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- 2- کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- 3- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- 4- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ معیارات کی پیروی کی گئی ہے اور کسی انحراف کا واضح انکشاف کیا گیا ہے۔
- 5- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- 6- سال کے دوران کمپنی نے 33.48 ملین روپے کا خالص نقصان برداشت کیا اور بیلنس شیٹ کی تاریخ تک 806.27 ملین روپے کا مجموعی نقصان اٹھایا ہے۔ کمپنی کی موجودہ واجب ادائیگیاں اسکے موجودہ اثاثوں سے 145.82 ملین روپے تک تجاوز کر گئی ہیں۔ یہ عناصر کمپنی کے رواں دواں رہنے کی اہلیت کے بارے میں شق پیدا کر سکتے ہیں۔ تاہم، انتظامیہ کمپنی کی مدد کے لئے مسلسل کوششیں کر رہی ہے۔

7- فہرستی ضابطوں میں تفصیلی کارپوریٹ گورننس کے بہترین طریقوں میں سے کسی خاطر خواہ شق سے مادی انحراف نہیں ہو رہا ہے۔

8- گزشتہ چھ سالوں کی مالیاتی جھلکیاں منسلک ہیں۔

اظہار تہنک

مجلسِ نظاماء بھرپور حمایت، مدد اور رہنمائی کے لئے اپنے قابلِ قدر حصص یافتگان، بینکوں، سیکورٹیز اینڈ ایکسچینج کمیشن اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کی شکرگزار ہے۔ بورڈ کمپنی کے عملے اور کارکنوں کی خدمات، وفاداری اور مسلسل فراہم کی جانے والی کوششوں کو بھی سراہتا ہے۔

منجانب بورڈ

سلیمان احمد

علی پرویز احمد

حکیم علی

DM

ڈائریکٹر

ڈائریکٹر

لاہور، تاریخ: 16 اکتوبر 2020ء

CHAIRMAN REVIEW REPORT

As required under section 192(4) of the Companies Act, 2017, attached herewith a review report for the year ended June 30, 2020 by the Chairman on the overall performance and effectiveness of the Board of D S Industries Limited in achieving its objectives.

I am pleased to report that the overall performance of the Board has remained satisfactory on the basis of criteria set for the purpose. Following are the integral components of evaluation criteria to judge the performance of the Board and to achieve the Company's objectives;

Compliance with the legislative system in which Company operates, including Companies Act, 2017, Listing Regulations of Pakistan Stock Exchange Limited, the Memorandum and Articles of Association of the Company.

Active participation in strategic planning process, enterprise risk management system, policy development, financial structure, monitoring and approval.

Hiring, evaluating, compensating and supporting the Executive Directors and other key positions including Chief Executive

Appropriate constitution of Board Committees with members possessing adequate technical knowledge and experience

Establishing adequate system of internal controls in the Company and its regular assessment through self-assessment mechanism or/and internal audit activities

Ensuring presence of required quorum in Board and Committees' meetings

The world is passing through one of the history's worst crises since start of the year. The pandemic has pushed the world into recession and most global economies are showing negative growth

Pakistan was already struggling with challenges of depreciating currency, raising inflation and higher interest rates; thus resulting in contracting demand. This pandemic has further dampened economic growth and created further issues for the ailing economy. The numerous financial stimulus packages by the Government are likely to mitigate the impact of the outbreak on the most vulnerable social segments while also extending much needed support to the affected businesses.

Finally, I would like to thank all our Board Members for their commitment and contribution

Lahore
October 6, 2020

Chairman

FORM OF PROXY Annual General Meeting

**The Company Secretary
D S Industries Limited
20-K, Gulberg II,
Lahore.**

Dear Sir,

I/We ----- of (full address) ----- being a member(s) of D S Industries Limited holding ----- Ordinary Shares as per Registered Folio No. / CDC A/c No ----- hereby appoint Mr./ Mrs./ Miss ----- of (full address) ----- or failing him / her Mr./ Mrs./ Miss ----- of (full address) ----- being member of the Company as my/our Proxy to attend, act and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on October 28, 2020

Signed this ----- day of ----- 2020

Witnesses:

Signature	_____	_____
Name	_____	_____
Address	_____	_____
CNIC No	_____	_____

Fifty Rupees Revenue Stamp

Signature should be agreed with the
Specimen Signatures with the
Company

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint a proxy to attend and vote instead of him/her.
 2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his constituted attorney or if such appointer is a corporation or company under the common seal of such corporation or company.
 3. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- The Proxy Form, duly completed, must be deposited with the Company Secretary of D S Industries Limited, 20 – K Gulberg II Lahore not less than 48 hours before the time for holding the meeting.

Registered Office: | 20-K Gulberg II, Lahore.

| Ph: (042) 3575 9621, 3575 9464, 3571 4810

| Fax: (042) 3571 0312