

Annual Report
2020



Tri-Star
Polyester Ltd.

Company Information

Board of Directors:	Mr. Jawed Ahmed Siddiqui Mr. Asad Ahmad Ms. Uzma Ahmad Mr. M. Zameer Mr. Abdul Quddus Mr. Mohammad Haroon Saeed Mr. Syed Imran	Non Executive Chairman/Independent Director Chief Executive Executive Director Non Executive Director Non Executive Director Non Executive Director Non Executive Director
Auditors:	M/s. Feroze Sharif Tariq & Co. Chartered Accountants	
Bankers:	Al Baraka Bank (Pakistan) Ltd. Bank Alfalah Ltd. Bank Al Habib Ltd. Habib Bank Ltd.	
Audit Committee:	Mr. Jawed Ahmed Siddiqui Mr. Abdul Quddus Mr. Mohammad Haroon Saeed	Chairman Member Member
Human Resource Committee:	Mr. Jawed Ahmed Siddiqui Ms. Uzma Ahmad Mr. M. Zameer	Chairman Member Member
Legal Counsel:	M. Haseeb Jamali LLM	
Liaison Office:	A/33, Central Commercial Area, Block 7/8, Main Shahrah-e-Faisal, Karachi-75350	
Registered Office:	F/538, S.I.T.E., Karachi-75700	
Shares Registrar / Transfer Agent:	Hameed Majeed Associates (Pvt) Ltd. 4 th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.	
Plant:	F/538, S.I.T.E., Karachi-75700	



NOTICE OF MEETING

Notice is hereby given that the Thirtieth Annual General Meeting of Tri-Star Polyester Ltd., will be held on Wednesday, October 28, 2020 at 9.00 am at F/538, S.I.T.E., Karachi to transact the following business:

1. Recitation from the HOLY QURAN.
2. To receive and adopt the audited accounts for the period ended June 30, 2020 together with the Directors' and Auditors' report thereon.
3. To appoint Auditors of the Company and fix their remuneration.
4. To transact any other business with the permission of the Chair.

By Order of the Board

Company Secretary

Karachi: October 5, 2020

NOTES:

1. The Share Transfer books of the Company will remain closed from 21.10.2020 to 28.10.2020 (both days Inclusive).
2. A member entitled to attend Annual General Meeting is entitled to appoint a proxy and vote in his place at the meeting. Proxies in order to be effective must be received at the registered office of the Company at F/538, S.I.T.E, Karachi duly stamped, signed and witnessed, not later than 48 hours before the meeting.
3. CDC Shareholders or their Proxies are required to bring with them their Original Computerized National Identity Card (CNIC) or Passport alongwith the Participant's I.D. number and their account number at the time of attending Annual General Meeting in order to authenticate their identity. In case of corporate entity, a certified BOD resolution/valid power of attorney with specimen signature of the nominee be produced at the time of meeting.
4. Proxy form must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC number must be mentioned on the form, along with attested copies of the CNIC or passport of the beneficial owner and the proxy.
5. In case of corporate entity, the Board of Directors' resolution/power of attorney with the specimen signature of the proxy holder shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
6. Members are requested to notify any change in their addresses immediately to our Shares Registrar M/s. Hameed Majeed Associates (Pvt) Ltd., Karachi Chamber, Hasrat Mohani Road, Karachi.



Directors' Report

The audited accounts of the Company for the year ended June 30, 2020 are presented herewith.

FINANCIAL RESULTS

The Financial Results of the Company are summarized as follows:

	Rupees 2020	Rupees 2019
SALES – Net	403,176,990	386,812,277
COST OF SALES	<u>188,454,461</u>	<u>188,102,444</u>
GROSS PROFIT	214,722,529	198,709,833
<u>Operating Expenses</u>	80,439,482	67,830,002
Distribution and Selling Cost	69,113,704	56,441,968
Administrative and General Expenses		
	<u>149,553,186</u>	<u>124,271,752</u>
OPERATING PROFIT	65,169,343	74,437,863
Other Income/Loss	<u>56,061</u>	<u>11,757,889</u>
	65,225,404	86,195,752
Finance Cost	<u>24,647,094</u>	<u>24,110,796</u>
	40,578,310	62,084,956
Other Charges	<u>2,028,916</u>	<u>3,104,248</u>
PROFIT BEFORE TAXATION	38,549,395	58,980,708
<u>Taxation</u>		
Current	(9,834,470)	(4,835,153)
Prior	(121,550)	-
Deferred	(6,188,569)	(1,473,701)
	(16,144,589)	(6,308,854)
PROFIT AFTER TAXATION	<u><u>22,404,806</u></u>	<u><u>52,671,854</u></u>
Earning Per Share – Basic	<u>0.39</u>	<u>0.93</u>

2. BUSINESS

During the period under review, the world was hit by the pandemic COVID-19 which proved to be a disaster for the economies all over the world. It was just start of the spring-summer season in mid March, 2020 when we had to face the lockdown situation. This is the time of the year when peak seasonal buying is done specially of fabric and garments. However, as Albert Einstein said, "In the midst of every crisis, lies great opportunity." Hence our digital operations, which was already developed with improved site speed, enhanced product imagery, a simpler check-out and an improved delivery proposition have collectively contributed to increased website traffic to customer purchases. Navigation and personalization on-site as well as product marketing, remain a significant opportunity.



The outlets all over Pakistan specially in malls hardly opened during March-June 2020. Alhamdulillah, our e-store and fulfilment centre performed exceptionally well and the overall revenue increased from Rs. 386.812 million to Rs. 403.176 million despite lockdown. Even after opening of the markets from July 2020, the customer footfall in malls is much less than the normal. Though the mall management has given relief in rentals but the customer footfall is much lower than the relief given by the malls towards rentals. In view of the above stated facts, we are very cautiously evaluating the overall situation and would continue to work towards increasing on-line sales in addition to opening of a new outlet in Islamabad during current financial year. The brand 'image' has now attained a position associated with high quality, creative and value for money amongst its customers. Our marketing strategy on the social media has been exceptionally creative generating leads into conversion in the form customer purchases. We see a very promising future with 100% increase in sales volume during the current financial year 2020-2021 over the last year 2019-2020 In Shaa Allah.

DIVIDEND

The Board of Directors have not recommended a cash dividend for the year ended 30.6.2020.

BOARD OF DIRECTORS

The present Board of Directors assumed their office with effect from 21st December, 2018 for a period of three years.

AUDITORS

The present Auditors M/s. Feroze Sharif Tariq & Co., Chartered Accountants, are due for retirement and being eligible offer themselves for reappointment. As required by the Code of Corporate Governance, the Board of Audit Committee as recommended the re-appointment of M/s. Feroze Sharif Tariq & Co., Chartered Accountants, as auditors of the Company for the ensuing year.

PATTERN OF SHARE HOLDING

A statement showing pattern of share holding in the Company as on June 30, 2020 appear on Page No. 43.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

- a. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations' cash flows and change in equity.
- b. Proper books of accounts of the Company have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departure therefrom has been adequately disclosed.
- e. Despite the fact and because of the prevailing conditions that there are no employees at the payroll of the company as disclosed in notes to the financial statements, the normal work of the company is performed by the employees of the group company. The management is of opinion that the company has sound system of internal control.
- f. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- g. The trading in shares of Company was done by Chief Executive as follows:

<u>Name</u>	<u>Designation</u>	<u>No. of shares purchased</u>
Mr. Asad Ahmad	Chief Executive	4,302,000



- h. None of the Director other than Chief Executive, Executives and their spouses and minors children have traded in the shares of the company during the year.
- i. Key operating and financial data for the last six years in summarized form is annexed.
- j. During the year four (04) meetings of the Board of Directors were held, attendance by each Director is as follows:-

<u>Name of Director</u>	<u>No. of Meetings attended</u>
Mr. Asad Ahmad	04
Ms. Uzma Ahmad	04
Mr. Jawed Ahmed Siddiqui	04
Mr. M. Zameer	04
Mr. Abdul Quddus	04
Mr. Syed Imran	04
Mr. Mohammad Haroon Saeed	04

- k. The pattern of certificate holdings is annexed.

On behalf of the Board

Asad Ahmad
Chief Executive

Place: Karachi, October 02, 2020.



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

Year ended: June 30, 2020

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

1. The total number of directors are 7 as per the following:
 - a. Male: 6
 - b. Female: 1
2. The composition of board is as follows:

Independent Director	Mr. Jawed Ahmed Siddiqui
Non - Executive Director	Mr. Mohammad Haroon Saeed Mr. Mohammad Zameer Mr. Syed Imran Mr. Abdul Quddus
Executive Director	Mr. Asad Ahmad (CEO) Ms. Uzma Ahmad
Female Director	Ms. Uzma Ahmad
3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by 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 board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. During the year, no directors training program has been held.
10. The board has approved appointment of CFO, 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. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:



- a) Audit Committee Mr. Jawed Ahmed Siddiqui (Chairman)
 Mr. Abdul Quddus
 Mr. Mohammad Haroon Saeed
- b) HR and Remuneration Committee Mr. Jawed Ahmed Siddiqui (Chairman)
 Mr. Mohammad Zameer
 Ms. Uzma Ahmad

- 13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
- 14. The frequency of meetings of the committee were as per following:
 - a) Audit Committee Quarterly
 - b) HR and Remuneration Committee Annually
- 15. The Board has set up an effective internal audit function/or has outsourced the internal audit function to 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.

Place: Karachi
Dated: October 2, 2020

Asad Ahmad
Chief Executive



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TRI STAR POLYESTER LIMITED

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Tri-Star Polyester Limited for the year ended June 30, 2020 in accordance with the requirements of regulation 40 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.

Following instances of Non-compliances with the requirements of the Code were observed which are not stated in the Statement of Compliance.

- a) The composition of board has includes one independent director Mr. Jawed Ahmed Siddqui, whereas in our opinion he does not meet the criteria of independence due to his cross director ship in other group companies. Further, Code requires independent directors shall not be less than two or one third of the total members of the board, whichever is higher, whereas board include one independent director.
- b) The chairman of Audit committee shall be an independent director, whereas in our view Mr. Jawed Ahmed Siddiqui does not meet the criteria of independence due to the reason reflect in para (a) above.
- c) The chairman of Human Resource and Remuneration Committee shall be an independent director whereas in our view Mr. Jawed Ahmed Siddiqui does not meet the criteria of independence due to the reason reflect in para (a) above.

Based on our review, except for the instances of non compliance, above, 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.

Sd/-

Feroze Sharif Tariq & Co.
Chartered Accountants

Karachi

Dated: October 2, 2020



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRI STAR POLYESTER LIMITED

Report on the Audit of the Financial Statements

Qualified Opinion

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

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, 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 and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the Profit and other comprehensive Income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified 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 qualified opinion.

- a) We have not been able to verify the investment made in units of National Investment Trust (NIT) amounting to 134,951,350 (2019: 132,250,850)- as disclosed in note 19 and 19.1 to the financial statements. Further, No provision has been made in the accounts for the NIT investments the recovery and realization of which are doubtful, the same has been explained in Note No. 19.1 to the financial statements. Had the provision for doubtful investment been made in the accounts, the profit of the Company would have been reduced by Rs. 134,951,350 (2019: 132,250,850) and the Shareholder's Equity would have been decreased by the same amount.
- b) The Company has not maintained a separate bank account for unclaimed dividend.

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

Management is responsible for the other information. The other information comprises the information in the annual report including in particulars, the Chairman's Review, Directors Report, Financial and business highlights, but does not include the financial statements and our auditor's reports 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.

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 year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report

Following are the Key Audit Matters:

S. No.	<u>Key Audit Matters</u>	<u>How the matter was addressed in our audit</u>
1.	<p><u>Revenue Recognition</u></p> <p>The Company generates revenue from local sale of Cloth stitched and Unstitched. Revenue from sale of goods against local sale is recognized on dispatch of goods as risk and rewards are transferred on dispatch. Revenue recognition criteria have been explained in note 7.12 to the financial statements.</p> <p>We identified revenue recognition as key audit matter as it is a key matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognized based on transfer of risk and rewards to the customers in line with the accounting policy adopted and may not have been recognized in the appropriate period.</p>	<p>Our audit procedures to assess the recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> • obtaining an understanding of and assessing the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period and based on stated accounting policy; • assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards • comparing, on a sample basis, specific transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period; • checked on a sample basis the recorded sales transactions with underlying supporting documents; and • assessed the adequacy of related disclosures in the financial statements.
2.	<p><u>Existence and valuation of stock-in-trade</u></p> <p>As disclosed in note 14 to the accompanying unconsolidated financial statements, the stock-in trade balance constitutes approximately 48% of</p>	<p>Our audit procedures included, amongst others, reviewing management's procedures for evaluating the NRV of stock-in-trade, observing stock counts to</p>



	<p>total assets of the Company. The cost of finished goods is determined at weighted average cost including a proportion of production overheads.</p> <p>The Net Realisable Value (NRV) of stock-in-trade is determined mainly keeping in view the estimated selling price, stock-in-trade usage and forecasted sales volume.</p> <p>We have considered this area to be a key audit matter due to its materiality and judgments involved in estimating the NRV of underlying stock-in-trade as well as the management's judgment involved in determining an appropriate costing basis and assessing its valuation.</p>	<p>ascertain the condition and existence of stock-in trade, performing testing on a sample of items to assess the NRV of the stock-in-trade held and evaluating the adequacy of write down of stock-in trade to NRV as at the year end.</p> <ul style="list-style-type: none"> • Further, we evaluated the appropriateness of the basis of identification of the obsolete stock-in-trade and the accuracy of write down of stock-in-trade to NRV assessed by the management, on a test basis. • We also tested the calculations of per unit cost of finished goods and assessed the appropriateness of management's basis for the allocation of cost and production overheads. • We further tested the NRV of stock-in-trade by performing a review of sales close to and subsequent to the year-end and comparing with the cost for a sample of products. • We further assessed the adequacy of financial statement disclosures in accordance with the applicable financial reporting framework.
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Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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



(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 Mohammad Tariq.

Chartered Accountants
Feroze Sharif Tariq & Co.
Engagement Partner: Mohammad Tariq

Karachi

Dated: October 2, 2020



Vision Statement

Tri-Star Polyester Limited is committed to strive for excellence in all areas of its activity.

Mission Statement

We view our business objective of providing quality product that promote commerce and industry within the context of our overall objective of contributing to the nation's prosperity.

Core Value

1. Striving for continuous improvement and innovation with commitment and responsibility;
2. Treating stakeholders with respect, courtesy and competence;
3. Practicing highest personal and professional integrity;
4. Maintaining teamwork, trust and support, with open and candid communication;
5. Ensuring cost consciousness in all decisions and operations.

Statement of Ethics and Business Practices

The articulation of this statement is based on following points:

1. Questionable and improper payments or use of the Company's assets.
2. Political contributions.
3. Conflict of interest.
4. Books and records of the Company.
5. Payment of amounts due to customers, agents or distributors.
6. Reporting violations.
7. Means as important as the end.
8. Integrity and scrupulous dealings.
9. Strict observance of the laws of the country.
10. Giving and receiving gifts.

**Balance Sheet as at**

June 30, 2020

June 30, 2019

Notes

(Rupees)

EQUITY AND LIABILITIES**CAPITAL & RESERVES****Authorized Capital**

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

8

568,792,010

568,792,010

Capital Reserve

Capital Reserve - (a Share Premium account)

39,386,665

39,386,665

Surplus on revaluation Property, plant and Equipments

9

368,297,361

381,626,014

Unrealized gain / (loss) due to change in fair value of investment through other Comprehensive Income

19

100,440,675

97,740,175

Revenue Reserve

Accumulated (Loss)

(22,134,938)

(57,868,398)

Shareholders Equity

1,054,781,773

1,029,676,466

NON-CURRENT LIABILITIES

Long term Loan from Associated and related Parties

10

92,841,000

40,000,000

Diminishing Musharka Finance Facility

11

46,000,000

92,000,000

Deferred taxation

12

67,290,699

61,102,130

Provision for Gratuity

13

1,862,058

854,137

CURRENT LIABILITIES

Trade and Other Payables

14

205,551,275

105,954,969

Accrued Interest on Loan from Associates

17,080,757

8,756,165

Accrued Interest on Financial Institution

6,470,967

2,419,348

Due and Overdue maturity of non current Liabilities

11

80,500,000

46,000,000

Unclaimed Dividend

20,743,398

23,690,536

Provision for taxation

15

9,834,471

4,835,153

340,180,867

191,656,171

Contingencies and Commitments

16

1,602,956,397

1,415,288,905



June 30, 2020

ASSETS

NON-CURRENT ASSETS

Tangible Fixed Assets			
Property, Plant and Equipments	17	590,877,323	614,012,274
Long Term Deposits	18	4,784,005	4,215,995
Long Term Investments	19	134,951,350	132,250,850

CURRENT ASSETS

Stores, Spares and Loose Tools	20	2,636,134	3,626,918
Stock-in-Trade	21	764,076,040	552,343,275
Trade Debtors - unsecured	22	100,996,770	77,937,226
Trade Deposits and Prepayments - Considered good	23	878,251	396,754
Income Tax Refunds and Advances		1,666,478	2,567,360
Cash and Bank Balances	24	2,090,046	27,938,253
		872,343,719	664,809,786

1,602,956,397

1,415,288,905

The annexed notes form an integral part of these accounts.

Chief Executive

Director

Chief Financial Officer



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

	Notes	2020 (Rupees)	2019
SALES - Net	25	403,176,990	386,812,277
COST OF SALES	26	188,454,461	188,102,444
GROSS PROFIT		214,722,529	198,709,833
<u>Operating Expenses</u>			
Distribution and Selling Cost	27	80,439,480	67,830,002
Administrative and General Expenses	28	69,113,704	56,441,968
		149,553,184	124,271,970
OPERATING PROFIT		65,169,345	74,437,863
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Finance Cost	30	24,647,094	24,110,796
		40,578,312	62,084,956
Other Charges		2,028,916	3,104,248
PROFIT BEFORE TAXATION		38,549,396	58,980,708
Taxation	31	(16,144,590)	(6,308,854)
PROFIT AFTER TAXATION		22,404,807	52,671,854
Earning Per Share - Basic	32	0.39	0.93

The annexed notes form an integral part of these accounts.

Chief Executive

Director

Chief Financial Officer



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

	June 30, 2020	June 30, 2019
	(Rupees)	
Profit for the Year	22,404,807	52,671,854
Other comprehensive Income:		
Unrealized gain / (loss) due to change in fair value of investment through other Comprehensive Income	2,700,500	(48,707,200)
Effect of change in tax rates on balance of revaluation on property, plant and equipment	-	2,947,396
Total comprehensive Income for the period	<u><u>25,105,307</u></u>	<u><u>6,912,050</u></u>

The annexed notes form an integral part of this condensed interim financial information.

Chief Executive

Director

Chief Financial Officer



**STATEMENT OF CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019
	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before Taxation	38,549,396	58,980,708
Adjustment for Non-Cash and Other Items:		
Depreciation	37,161,727	39,823,963
Liabilities Written Back	--	(11,757,889)
Provision for Gratuity - net of Payments	1,007,921	519,679
Financial Expenses	24,647,094	24,110,796
	62,816,742	52,696,549
	101,366,138	111,677,258
Working Capital Changes		
<i>(Increase) / Decrease in Current Assets</i>		
Stock in Trade	(211,732,765)	(315,033,868)
Stores and Spares	990,784	1,157,841
Trade debtors	(23,059,544)	240,548,686
Trade deposits, Prepayments & Statutory balances	(481,497)	11,790,884
<i>Increase / (Decrease) in Current Liabilities</i>		
Trade and Other Payables	99,596,306	36,135,148
Un Claimed Dividends	--	15,596,241
	(134,686,716)	(9,805,068)
Taxes Paid	(4,055,821)	(1,229,844)
Financial charges Paid/Write back	(12,270,883)	(34,037,308)
	(16,326,704)	(35,267,152)
<i>Net Cash Inflow/ (Outflow) from Operating Activities</i>	(49,647,283)	66,605,037
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Fixed Assets	(14,026,776)	(17,379,928)
Sales Proceeds from Fixed Assets	--	--
<i>Net Cash Inflow/ (Outflow) from Investing Activities</i>	(14,026,776)	(17,379,928)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term Deposits	(568,010)	--
Further Capital Issued against loan	--	118,011,620
Payments of Diminishing Musharka Finance Facility	(11,500,000)	--
Dividend Paid /- net	(2,947,138)	(13,885,557)
Long term Loan from Associated and Related Parties	52,841,000	(118,011,620)
<i>Net Cash Inflow/ (Outflow) from Financing Activities</i>	37,825,852	(29,481,798)
Net Increase in Cash and Cash Equivalents	(25,848,207)	19,743,311
Cash and Cash Equivalents at the Beginning	27,938,253	8,194,942
Cash and Cash Equivalents at the End	30 2,090,046	27,938,253

*The annexed notes form an integral part of these accounts.
The even dated auditors report hitherto is annexed.*

Chief Executive

Director

Chief Financial Officer



STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED JUNE 30, 2020

	Capital Reserve		Surplus on Revaluation of Property, Plant and Equipment	Unrealized gain / (loss) due to change in fair value of investment through other Comprehanssive Income	Unappropriated Profit/Accumulated (Loss)	Total
	Share Capital	Capital Reserve				
Balance as on June 30, 2018	450,780,390	39,386,665	393,488,231	146,447,375	(80,271,826)	949,830,835
Insurance of Right Shares	118,011,620					118,011,620
Final Cash Dividend					(45,078,039)	(45,078,039)
Net Profit for the year ended June 2019	--	--		--	52,671,854	52,671,854
Other Comprehanssive income			2,947,396	(48,707,200)		(45,759,804)
Total Comprehanssive income	--	--	2,947,396	--	52,671,854	6,912,050
Transfer to Profit and Loss account of incremental depreciation (net of tax)			(14,809,613)	--	14,809,613	
Balance as on June 30, 2019	568,792,010	39,386,665	381,626,014	146,447,375	(57,868,398)	#####
Balance as on June 30, 2018	568,792,010	39,386,665	381,626,014	146,447,375	(57,868,398)	#####
Net Profit for the year ended June 2020	--	--	--	2,700,500	22,404,807	22,404,807
Other Comprehanssive income			--	2,700,500		2,700,500
Total Comprehanssive income	--	--	--	2,700,500	22,404,807	25,105,307
Transfer to Profit and Loss account of incremental depreciation (net of tax)			(13,328,653)		13,328,653	
Balance as on June 30, 2020	568,792,010	39,386,665	368,297,361	149,147,875	(22,134,938)	#####

*The annexed notes form an integral part of these accounts.
The even dated auditors report hitherto is annexed.*

Chief Executive

Director

Chief Financial Officer



Last Six Years Results At A Glance

Particulars	2020	2019	2018	2017	2016	2015
Financial Position						
Paid -up Capital (Rs.)	568,792,010	568,792,010	450,780,390	214,657,330	214,657,330	214,657,330
Reserves (Rs.)	485,989,763	460,884,456	499,050,445	276,758,558	245,502,875	159,221,840
Fixed Assets - WDV (Rs.)	590,877,323	614,012,274	636,456,309	358,667,108	379,133,073	395,465,850
Investment (Rs.)	134,951,350	132,250,850	180,958,050	210,909,050	158,617,550	154,345,850
Current Assets (Rs.)	872,343,719	664,809,786	586,325,720	156,700,288	40,168,571	14,724,609
Current Liabilities (Rs.)	340,180,867	191,656,171	99,203,325	47,582,096	22,022,557	15,561,469
Income						
Sales	403,176,990	386,812,277	322,043,764	200,181,917	20,077,138	-
Net Profit/(Loss) for the year	22,404,807	52,671,854	77,800,009	77,847,285	(204,575)	(19,429,930)
Accumulated Profit/(Loss)	(22,134,938)	(57,868,398)	(80,271,826)	(143,391,777)	(129,787,885)	(140,404,945)
Statistics & Ratios						
Operating Profit/(Loss) Ratio(%)	16.16	19.24	31.53	37.03	5.54	-
Net Profit/(Loss) Ratio (%)	5.56	13.62	24.16	38.89	(1.02)	-
Current Ratio	2.56:1	3.47:1	5.91:1	3.29:1	1.82:1	0.95 : 1
Paid-up Value Per Share (Rs.)	10	10	10	10	10	10
Earning/(Loss) Per Share (Rs.)	0.39	0.93	1.50	2.34	(0.01)	(0.91)
Break value Per Share (Rs.)	18.54	18.10	21.07	22.89	11.57	10.93
Net Assets (Rs. in Million)	1054.78	1029.68	949.83	491.41	248.36	234.67
Cash Dividend (%)	-	-	-	-	-	-
Bonus Dividend (%)	-	-	-	10%	-	-



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

1 CORPORATE INFORMATION

Tri-Star Polyester Limited (the Company) was incorporated in Pakistan, as a public limited company on November 14, 1990, under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017) and its shares are listed in the Pakistan Stock Exchange in Pakistan. The Principal activity of the Company is manufacturing and sale of polyester filament yarn and Embroided Fabric and ready-to-wear garments

The Operations of the Polyester filament yarn remain discontinued during the year and since Long..

The geographical location and address of the company's business units, including mill/plant are as under:

The registered office of the company and manufacturing facilities is located at F/538, S.I.T.E., Karachi - 75700, Pakistan.

1.2 Summary of significant events and transactions in the current reporting period

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting period:

The Company' main unit to produce polyester filament yarn remain not in operation and the company is to manufacture during the year value added embroidered fabric as disclosed in note 1.

The Company obtained interest bearing loan from Related Parties during the year to meet the working capital requirements of the Company as disclosed in note 10.

A novel strain of corona virus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. These measures have resulted in an overall economic slowdown, disruptions to various business and significant volatility in the Pakistan Stock Exchange (PSX). However, currently, the potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. The extents of these impacts on the Company are unclear. The Company is conducting business with some modifications to employee working and cancellation of certain events, among other modifications while following all necessary Standard Operating Procedures (SOPs). The Company will continue to actively monitor the situation and may take further actions that alter its business operations as may be required by federal, provincial or local authorities or that are in the best interests of our employees, customers, partners, suppliers and stockholders. However, the management based on its assessment considered that there would be no significant impact that will adversely affect its businesses, results of operations and financial condition in future period.

Further, for a detailed discussion about the Company's performance, refer to the Directors' Report and respected note to the accounts.

2 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 Standard issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

Provisions of and directives issued under the Companies Act, 2017.

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

3 BASIS OF PREPARATION/MEASUREMENT

The financial statements have primarily been prepared under the historical cost convention without any adjustments for the effect of inflation or current values, except for the certain fixed assets which are stated on revalued amounts, financial assets and liabilities which are carried at their fair values, Further, accrual basis of accounting is followed except for cash flow information.

4 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors and authorized for issue on October 02, 2020.

5 STANDARDS, AMENDMENTS, INTERPRETATION AND IMPROVEMENTS APPLICABLE TO THE FINANCIAL STATEMENTS

5.1 New standards, amendments, interpretation and improvements effective during the current year

The Company has adopted the following standards, amendments, interpretation and improvements to International Financial Reporting Standards (IFRSs) which became effective for the current year:

Standards, Amendments or Interpretation

IFRS 9 - Prepayment Features with Negative Compensation (Amendments)

IFRS 14 - Regulatory Deferral Accounts

IFRS 16 - Leases

IFRS 16 - COVID 19 Related Rent Concessions (Amendments)

IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)

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

IFRIC 23 - Uncertainty over income tax treatments

Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle)

IFRS 3 - Business Combinations - Previously held Interests in a joint operation

IFRS 11 - Joint Arrangements - Previously held Interests in a joint operation

IAS 12 - Income Taxes - Income tax consequences of payments on financial instruments classified as equity

IAS 23 - Borrowing Costs - Borrowing costs eligible for capitalisation

The adoption of the above standards, amendments, interpretations and improvements to the accounting standards did not have any effect on the Company's financial statements except for IFRS 16. The impact of adoption of IFRS 16 and its amendments are described below:

5.2 IFRS 16 Leases

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 all leases under a single note on statement of financial position model.

The Company adopted IFRS 16 using the modified retrospective approach with the date of initial application of July 01, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Accordingly the information presented for prior years has not been restated. The Company elected to use the transition practical expedient allowing the standard to be applied only to lease contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term

The new accounting policy in respect of leases is disclosed in note 7.4 & 7.5 to these financial statements which do not effects the financial Statemnet of the Company

Standards, amendments and improvements to the approved accounting standards that are not yet effective

The following standards, amendments and improvements to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Amendments	Effective date (annual periods beginning on or after)
IFRS 3 -- Definition of a Business (Amendments)	01 January 2020
IFRS 3 -- Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 9 / IAS 39 / IFRS 7 -- Interest Rate Benchmark Reform (Amendments)	01 January 2020
Joint Venture (Amendment)	Not yet finalised
IAS 1 / IAS 8 -- Definition of Material (Amendments)	01 January 2020
IAS 1 -- Classification of Liabilities as Current or Non-current (Amendments)	01 January 2022*
IAS 16 -- Proceeds before Intended Use (Amendments)	01 January 2022
IAS 37 -- Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	01 January 2022

*The IASB has issued an exposure draft proposing to defer the effective date of the Amendments to IAS 1 to 01 January 2023.



Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9 -- Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022
IAS 41 -- Agriculture – Taxation in fair value measurements	01 January 2022

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 1 -- First time adoption of IFRSs	01 January 2004
IFRS 17 -- Insurance Contracts	01 January 2023

6 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

6.1 Property, plant and equipment

Estimates with respect to residual values and depreciable lives and pattern of flow of economic benefits are based on the recommendation of technical team of the Company. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of tangible fixed assets with a corresponding affect on the depreciation charge and impairment.

6.2 Taxation

In making the estimates for income taxes payable by the Company, the management considers applicable tax laws and the decisions of appellate authorities on certain cases issued in past. Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against which such losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

6.3 Stock-in-trade

The Company reviews the Net Realizable Value (NRV) of stock-in-trade to assess any diminution in the respective carrying values.



6.4 Provision for doubtful receivables

A provision for impairment of trade and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. These estimates and underlying assumptions are reviewed on an ongoing basis.

6.5 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the out come of the future events cannot be predicted with certainty. The company, based on the availability of the latest information, estimates at the value of contingent assets and liabilities which may differ on the occurrence/non occurrence of the uncertain future events.

7 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except application of new amendments and interpretations in the International Accounting Standards as described in note 5.

7.1 **Taxation**

Current Year

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or minimum tax on turnover or Alternate Corporate Tax whichever is higher and tax paid on final tax regime basis. Alternate Corporate Tax is calculated in accordance with the provisions of Section 113C of Income Tax Ordinance.

Deferred

Deferred tax is provided Proportionate to local sales using the liability method on all temporary differences at the balance sheet date, between the tax bases of assets and liabilities and their carrying amount for financial statements reporting purposes. Deferred tax liabilities are generally recognized for all temporary taxable differences.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the assets is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

7.2 **Property, Plant and Equipment**

Initial recognition

All items of property, plant and equipment are initially recorded at cost.

Subsequent measurement

Property, Plant and Equipment are stated at cost or revalued/adjusted amounts less accumulated depreciation and impairment losses, if any; except for lease hold land and capital works in progress which are stated at cost/revalued amounts accumulated up to the balance sheet date.

Land, buildings and leasehold improvements are measured at the revalued amount less accumulated depreciation and impairment loss (if any).



Revaluation

Any revaluation increase arising on the revaluation of land, buildings and leasehold improvements is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings and leasehold improvements is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revaluation buildings and leasehold improvements to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

Depreciation

Full Years Depreciation is charged on acquisition or transfer of assets from capital work in progress, while no depreciation is charged on assets disposed off during the year. Depreciation is charged to income using reducing balance method, at the rates specified in the annexed schedule in note no. 8 to the financial statements, whereby the cost/revalued amounts of asset is written off over its estimated useful life, reflecting the approximate value of the consumption of the respective assets economic benefits. The depreciation method and useful lives of the items of property, plant and equipment are reviewed periodically and altered if circumstances or expectations have changed significantly

The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Disposal

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised as other income in the statement of profit or loss. In case of the sale or retirement of a revalued items, the attributable revaluation surplus remaining in the surplus on revaluation of such item is transferred directly to the unappropriated profit.

Judgment and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

Repairs, renewals and maintenance

Major repairs and renewals are capitalized. Normal repairs and maintenance are charged as expense when incurred. Gains or losses on disposal or retirement of assets are determined as the difference between the sale proceeds and the carrying amounts of these assets, and are included in the income currently.

7.3 Impairment of non-financial assets other than inventories

The assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognised in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The Company recognises the reversal immediately in the statement of profit or loss, unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.



7.4 Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received as applicable. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the right-of-use asset is depreciated using the straight line method over the shorter of the lease term and the asset's useful life. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

7.5 Lease Liability

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

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

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the commencement date of the lease if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset."

7.6 Investment

Investment at fair value through other comprehensive income are initially recognized at cost being the fair value of the consideration given including acquisition charges associated with. After initial recognition of investment are premeasured at fair value. Unrealized gains and losses on investment are recognized in other comprehensive income as required by IFRS 9 as the change in accounting policy fully disclosed in note 5.1.1 to the financial statements till the investment is sold or otherwise disposed off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income. Measurement made as per IFRS 9 and disclosed the fair value as Price Quoted in Pakistan stock exchange

7.7 Stores, Spares and Loose Tools

These are stated at the lower of cost and net realizable value (NRV). The cost of inventory is based on the FIFO basis. Items in transit are stated at cost accumulated up to the date of the balance sheet.

Stores, spares and loose tools are regularly reviewed by the management and any obsolete items are brought down to their NRV.

7.8 Stock-in-Trade

These are valued as follows:

- Raw Material : At lower of weighted average cost or net realizable value. Cost of raw material and components represents invoice value plus other charges paid thereon.
- Finished Goods : At lower of weighted average cost or net realizable value. Cost of finished goods comprises of prime cost and an appropriate portion of production overheads.
- Work-in-Process : At weighted average cost. This comprises the direct cost of raw materials, wages, and appropriate manufacturing overheads.



Stock-in-Transit : At cost accumulated upto the balance sheet date.

Packing Material : At lower of weighted average cost or net realizable value.

Net Realizable Value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make the sale.

Stock in trades are regularly reviewed by the management and any obsolete items are brought down to their NRV.

7.10 Trade Debts and other Receivables

Trade debts and other receivables are stated at original invoice amount less provision for doubtful debts, if any. Provision for doubtful debts / other receivables is based on the management's assessment of customers' outstanding balances and creditworthiness. Bad debts are written-off when identified.

7.11 Foreign Currency Translation

Transactions in foreign currencies are initially recorded using the rates of exchange ruling at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the exchange rates prevailing on the balance sheet date. In order to hedge its exposure to foreign exchange risks, the company enters into forward exchange contracts. Such transactions are translated at contracted rates. All exchange differences are included in the Profit and Loss Account.

7.12 Revenue Recognition

- Revenue from sales is recognized on dispatch of goods to customers.
- Dividend income is recognized on the basis of declaration by the investee company.
- Other Income/Scrap Sales is recognized on accrual Basis.

Gain on Sale of Fixed Assets is recorded when the title is transferred in favor of transferor.

Unrealized gains/(losses) arising on revaluation of securities classified as "financial assets at fair value through other comprehensive income" in the income statement in the period in which they arise.

7.13 Provisions

Provision is recognized in the balance sheet when the company has a legal or constructive obligation, and, as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and that a reliable estimate can be made for the amount of this obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

7.14 Financial Instruments

7.14.1 Financial asset

The financial assets of the Company mainly include trade debts, loans, deposits, long-term investments, other receivables and cash and bank balances.

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial

Trade debts and other financial assets are measured at amortised cost using the effective interest rate method less an allowance for expected credit losses, if any.

7.14.2 Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. For the purpose of subsequent measurement financial liabilities are either classified at amortized cost or fair value through profit or loss. The Company does not have any financial liability at fair value through profit or loss.

7.14.3 Impairment of financial assets - allowance for expected credit losses

Impairment of financial assets - allowance for expected credit losses ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

At each date of statement of financial position, the Company assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the respective asset.

The Company uses the standard's simplified approach and calculates ECL based on life time ECL on its financial assets. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment.

7.14.4 Offsetting of financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

7.14.5 Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are assessed at date of statement of financial position to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in the unconsolidated statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets.

7.15 Related Party Transaction

All transactions with related parties are carried out by the company at mark to market basis with the exception of loan taken from related parties which are interest/mark up free. Prices for these transactions are determined on the basis of admissible valuation methods.

7.16 Loan, Advances and other Receivables

Loans, advances and other receivables are recognized initially at cost, and subsequently at their amortized/ residual cost.

7.17 Short Term and Long Term Loans

Loans, advances and other receivables are recognized initially at cost, and subsequently at their amortized/residual cost.

7.18 Contingent Liability

A contingent liability is disclosed in the financial statements unless the possibility of an out flow of resources embodying economic benefits is remote.

7.19 Contingent Assets

A contingent asset is disclosed where inflow of economic benefits is probable.

7.20 Post Employment Benefits – Defined Benefit Plan

The Company operates an unfunded gratuity scheme for its staff.

7.21 Trade and Other Payables

Trade and other payables are stated at their cost.

7.22 Post Employment Benefits
Defined Benefit Plan

The Company operates an unfunded gratuity scheme for its staff. Provisions are made during the year, no Actuarial valuation made by the company due to the provision for the gratuity on initial stage and the manager is of the opinion actuarial valuation will be done in coming financial year. therefore the provision for the same has been made during the year represents actual amount payable to employees.

7.23 Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

7.24 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, bank balances

7.25 Dividend and Appropriation to reserves

Dividend and appropriation to reserve are recognised in the financial statements in the period in which these are approved.

8 Issued, Subscribed and Paid-up Capital

No. of Ordinary Shares of Rs. 10/- each

2020	2019		2020	2019
			Rupees	
19,693,333	19,693,333	Fully Paid in cash	196,933,330	196,933,330
3,918,973	3,918,973	Issued as fully paid bonus shares	39,189,730	39,189,730
21,465,733	21,465,733	Right Shares issued	214,657,330	214,657,330
		further share issued other the right issued		
<u>11,801,162</u>	<u>11,801,162</u>	Loan converted into shares	<u>118,011,620</u>	<u>118,011,620</u>
<u>56,879,201</u>	<u>56,879,201</u>		<u>568,792,010</u>	<u>568,792,010</u>

154,874 (2019: 4,254,874) ordinary shares held by Related Company's.



		2020	2019
		Rupees	
		Numbers	Numbers
8.1 Reconciliation of number of shares outstanding			
Ordinary shares			
Number of shares outstanding at the beginning of the year		56,879,201	45,078,039
Right Shares Issued for cash (against loan)		-	11,801,162
Bonus Share issued during the year		-	-
Number of shares outstanding at the end of the year		<u>56,879,201</u>	<u>56,879,201</u>
9 Surplus on Revaluation of Property, Plant and Equipment			
Opening Balance	9.1	381,626,014	393,488,231
Surplus arising due to Revaluation - net of tax	
Transfer to Profit and Loss account of incremental depreciation (net of tax)			
Related Deferred tax Liability		(13,328,653)	(14,809,613)
- Rate difference adjustments and Other		..	2,947,396
		<u>368,297,361</u>	<u>381,626,014</u>

9.1 The following fixed assets of the Company were revalued on June 29, 2018. The revaluation was carried out by independent valuer M/s. Sadruddin Associates (Private) Limited (Fire, Marine, Motor & Machinery Erection & Breakdown, Surveyor, Loss Adjustors, Plant and Machinery Valuers, Industrial Property & Real Estate Appraisers.). Basis of revaluation are as follows:

Land

Valuation of land is determined by obtaining key market data from property brokers, dealers and estate agents to ascertain the Present market value considering its location and market potential.

Building

Revalued amount of building has been determined is simple. After taking into account the re-statement value have been computed after applying present market rate of construction.

Plant and Machinery

Revalued amount of plant and machinery has been determined by Physically inspected the Plant and Machinery. The age, make, origin condition etc. has been taken into account, to arrive at the present market value. At the time of our survey/ inspection, we observed that plant/machinery were in operational Condition. the Present value has been computed after application of suitable appreciation/depreciation factors, Rate of inflation and devaluation has been considered for optimum and closest approximate result of the valuation of entire machinery for obtaining the nearest value have taken 5% to 10% installation charges and add other levies to start and Complete the machinery.

The revaluation has resulted in increase in surplus and corresponding carrying amounts of Land, Building and Plant & Machinery Rs. 231.342 million.

	WDV as June 30, 2018	Revalued Amounts as per revaluation Report	Revaluation Surplus
	Rupees		
Lease hold land	150,000,000	260,000,000	110,000,000
Factory building on lease hold land	88,736,050	193,485,434	104,749,384
Plant & machinery	90,206,730	106,799,100	16,592,370
Surplus on Revaluation	<u>328,942,780</u>	<u>560,284,534</u>	<u>231,341,754</u>

year	Revaluers name	Surplus Arises (Net)
2013	M/s Sadruddin Associates (Pvt) Ltd	190,020,694
2018	M/s Sadruddin Associates (Pvt) Ltd	231,341,754

The revaluation surplus on property, plant and equipment is a capital reserve, and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

		2020	2019
		Rupees	
10 Long term Loan from Associated and related Parties.			
Loan from Associated Undertaking - unsecured - interest free	10.1	53,050,000	40,000,000
Director Loan - Unsecured - interest free	10.1	7,321,000	-
Loan from Sponsors - unsecured , Interest free	10.1	32,470,000	-
		<u>92,841,000</u>	<u>40,000,000</u>
10.1	The above loans are unsecured and interest bearing @ 14% (2019: 12%) per annum. The above loans has been acquired from Related Parties to meet the working Capital requirements of the Company.		
11 Diminishing Musharka Finance Facility			
Opening Balance	11.1	138,000,000	138,000,000
Paid during the year		(11,500,000)	-
		<u>126,500,000</u>	<u>138,000,000</u>
Maturity During the year		46,000,000	46,000,000
Less: Current Portion		34,500,000	-
Over due Portion		<u>46,000,000</u>	<u>92,000,000</u>
11.1	Diminishing Musharika Finance Facility has been obtained from Al Baraka Bank (Pakistan) Limited. After one years and three months Grace Period Musharika is payable in four years starting from August 16, 2020 and the last installment will be on May 16, 2022 inclusive of one year grace period, payable in twelve equal quarterly installments of principal amount Rs 11.500 million each exclusive of profit share. It carries profit ranging from Rs. 3,099,215 to Rs. 249,846 quarterly i.e. (Profit @ 3 month KIBOR+250bps) and secured against 1st equitable charge over all present and future assets of the company (Including Land, Building, Plant and Machinery) of the Company.		
12 Deferred taxation			
Liability / (asset) balances arising in respect of:			
Accelerated tax depreciation		31,813,914	30,469,060
Provisions and others		(539,997)	(247,700)
Accumulated tax losses and available tax credits		(12,980,094)	(23,560,203)
		<u>18,293,823</u>	<u>6,661,157</u>
Deferred tax liability in respect of:			
- Revaluation net of related depreciation		48,996,876	54,440,973
		<u>67,290,699</u>	<u>61,102,130</u>
13 Provision for Gratuity			
Balance at the beginning of the year		854,137	334,458
Provision made during the year	13.1	1,054,589	730,124
		<u>1,908,726</u>	<u>1,064,582</u>
Payment/ Adjusted during the year		46,668	210,445
		<u>1,862,058</u>	<u>854,137</u>
13.1	The Company has started and provided Gratuity during the Current year therefore the actuarial valuation of the same not done by the company it will be done in next financial year.		

		2020	Rupees	2019
14	Trade and Other Payables			
	Trade Creditors	138,938,036		53,456,882
	Accrued Expenses	61,271,986		38,345,604
	Zakat Payable	2,661,256		2,661,256
	Others	2,679,997		11,491,227
		<u>205,551,275</u>		<u>105,954,969</u>
14.1	Others			
	With holding tax payable	195,984		8,138,748
	Workers Profit Participation fund	2,028,916	14.1.1	3,104,248
	Others	455,097		248,231
		<u>2,679,997</u>		<u>11,491,227</u>
14.1.1	Workers Profit Participation fund			
	Opening Balance	3,104,248		4,142,981
	Provided during the year	2,028,916		3,104,248
		<u>5,133,163</u>		<u>7,247,229</u>
	Distributed during the year	(3,104,248)		(4,142,981)
		<u>2,028,916</u>		<u>3,104,248</u>
15	Provision for Taxation			
	Balance at the beginning	4,835,153		4,025,547
	Less: Adjustments	(4,835,153)	15.1	(4,025,547)
	<u>Add: Provisions for Taxation</u>			
	Current year	9,834,471		4,835,153
		<u>9,834,471</u>		<u>4,835,153</u>

15.1 The income tax returns of the company has been filed up to tax year 2019 to income tax department and the assessments of the company have been finalized up to and including the tax year 2018. However, the commissioner of income tax may at any time during a period of five years from the date of filling of return may select the deemed assessment for audit.

Management had a practice of recording tax expense based on the generally accepted interpretation of tax laws and accordingly sufficient provision in respect of taxation for last three years has been provided in these financial statements.

Subsequent to the amendment of section 5(A) of the Income tax Ordinance, 2001, tax at the applicable rate shall be imposed on every public company which derives profit for the year. However, this tax shall not apply in case of a company which distributes at least specified percentage of after tax profits within six months of the end of the tax year in the form of cash dividend. Liability in respect of such tax, if any, is recognized when the prescribed time period for distribution of dividend expires.

Adequate provision for tax has been provided in these financial statements for the current year in accordance with requirements laid under Income Tax Ordinance, 2001 (ITO 2001). The provision made by the Company for tax years 2017 2018 and 2019 amount to Rs. 2.002 million ,Rs. 4.026 million and Rs. 4.835, respectively. The provision for current year tax represents on taxable income on turn over basis at the rate Decribed in Income tax Ordinance 2001. The Company fled returns of income on due dates as prescribed in accordance with the requirements laid under Income Tax Ordinance, 2001. Accordingly, tax expense as per the assessment for tax years 2017, 2018 and 2019 amount to Rs. 2.008 ,Rs. 4.026 million and 4.957 respectively.



16 Contingencies and Commitments

Guarantees issued by banks
Letters of Credit in respect of committed capital expenditures
Letters of Credit for other than capital expenditures

nil million	nil million
nil million	nil million
nil million	nil million

16.1 Contingent assets as disclosed in note 19.1.

17 Tangible Fixed Assets

Property, Plant and Equipment

	2020	2019
	Rupees	
	590,877,323	614,012,274
	<u>590,877,323</u>	<u>614,012,274</u>

Property, Plant and Equipment - At cost less accumulated depreciation

Particulars	Cost/Revaluation				Rate %	Depreciation			Written Down Value As At June 30, 2020
	As at July 01, 2019	Additions / Transfers/ (Deletion)	Revaluation	As at June 30, 2020		As at July 01, 2019	For the year: 2019 (Deletion)	As at June 30, 2020	
	Rupees					Rupees			
Owned									
Assets Polyester Filament Yarn									
Lease hold land	260,000,000	--	--	260,000,000	--	--	--	--	260,000,000
Factory Building on lease hold land	286,635,517	--	--	286,635,517	10	108,492,455	17,814,306	126,306,761	160,328,756
Plant and Machinery									
Fiber Chips Unit including value added Embroidered Fabric Machinery 17.1	502,399,559	3,132,285	--	505,531,844	10	367,805,987	13,772,586	381,578,572	123,953,272
Electrical Installations	8,079,384	22,160	--	8,101,544	10	6,293,636	180,791	6,474,427	1,627,117
Furniture and Fixture	10,916,371	3,282,864	--	14,199,235	10	2,400,420	1,179,882	3,580,301	10,618,934
Office Equipments	1,750,337	247,645	--	1,497,982	10	687,362	81,062	768,424	729,558
Air Conditioner and Refrig.	15,008,422	559,000	--	15,567,422	10	3,128,858	1,243,856	4,372,714	11,194,708
Vehicles	6,826,755	55,500	--	6,882,255	20	3,305,754	715,300	4,021,054	2,861,201
Fork Lifter	630,735	--	--	630,735	20	629,019	343	629,362	1,373
Computers	2,232,696	1,170,267	--	3,402,963	10	513,204	288,976	802,180	2,600,783
Studio Equipments	851,170	1,500	--	852,670	10	172,811	67,986	240,797	611,873
Generators	6,535,345	5,555,555	--	12,090,900	10	1,327,562	1,076,334	2,403,896	9,687,004
Elevator	8,547,000	--	--	8,547,000	10	1,623,930	692,307	2,316,237	6,230,763
Fire Fighting Equipments	240,512	--	--	240,512	10	90,141	15,037	105,178	135,334
Gas Installations	883,124	--	--	883,124	10	553,515	32,961	586,476	296,648
2020	1,111,036,927	14,026,776	--	1,125,063,703		497,024,653	37,161,727	534,186,380	590,877,323
2019	1,093,656,999	17,379,928	--	1,111,036,927		457,200,690	39,823,963	497,024,653	614,012,274

17.1 its includes Plant and Machinery and other assets at cost of Value added Embroidered Fabric of Rs. 108.182 million and WDV Rs. 81.115 million

17.2 Allocation of Depreciation

Depreciation for the period has been allocated as follows:

Cost of Sales
Administrative and General Expense

Polyester Filament yarn		Value added Embroidered Fabric	
2020	2019	2020	2019
Rupees		Rupees	
27,643,247	30,714,719	5,941,075	5,633,416
108,284	122,064	3,469,122	3,353,764
<u>27,751,531</u>	<u>30,836,783</u>	<u>9,410,197</u>	<u>8,987,180</u>

17.3 Leasehold land and buildings are subject to a first charge against the loan of Rs. 138 million obtained from AlBaraka Bank (Pakistan) Limited (note 9). This charge will remain till May 16, 2022.

17.4 Particulars of immovable properties (i.e freehold land and building on freehold land) in the name of Company are as follows:

Location	Use of Immovable Location Property	Total Area
F-538, SITE , Karachi, Sindh	Manufacturing Facility	2 acres



17.5 Register of fixed assets of the company was illegally removed by the officials of the Income tax department at the time of conducting raid at the company's premises which has not yet been returned. Consequently the same remain not to be updated and could also not made available to the auditors.

17.6 Lease hold Land, Factory Building on lease hold land and Plant and Machinery were revalued on 29.06.2018 by M/s. Sadrudin Associates (Pvt) Ltd., a PBA approved valuer. The surplus on revaluation works out to Land, Building and Plant and Machinery by Rs. 231.342 million.

17.7 Had there been no revaluation the related figures of land, building and plant & machinery at June 30, 2020 would have been as follows:

2020				
	Cost	Accumulated Depreciation	Depreciation Charge during the Rupees	Written Down Value
Lease hold land	7,440,950	-	-	7,440,950
Factory building on lease hold land	30,979,497	28,949,421	203,008	1,827,068
Plant & machinery	565,415,437	413,754,785	15,166,065	136,494,586
Electrical Equipment	5,982,461	5,607,125	37,534	337,802
	609,818,345	448,311,331	15,406,608	146,100,407

2019				
	Cost	Accumulated Depreciation	Depreciation Charge during the Rupees	Written Down Value
Lease hold land	7,440,950	-	-	7,440,950
Factory building on lease hold land	30,979,497	28,723,857	225,564	2,030,076
Plant & machinery	565,415,437	396,903,602	16,851,183	151,660,652
Electrical Equipment	5,982,461	5,565,421	41,704	375,336
	609,818,345	431,192,880	17,118,451	161,507,014

17.8 The forced sale value of revalued assets is Rs. 448,227,000.

OPERATING FIXED ASSETS - At Cost Less Accumulated Depreciation										
Particulars	Cost/Revaluation				Rate %	Depreciation				Written Down Value As At June 30, 2019
	As at July 01, 2018	Additions / Transfers/ (Deletion)	Revaluation	As at June 30, 2019		As at July 01, 2018	Transfer/ (Deletion)	For the year	As at June 30, 2019	
Owned										
Assets Polyester Filament Yarn										
Lease hold land	260,000,000	-	-	260,000,000	-	-	-	-	-	260,000,000
Factory Building on lease hold land	282,184,216	4,451,301	-	286,635,517	10	88,698,782	-	19,793,674	108,492,455	178,143,062
Plant and Machinery										
Fiber Chips Unit including value added	499,302,895	3,096,564	-	502,399,559	10	352,851,145	-	14,954,841	367,805,987	134,593,573
Embroidered Fabric Machinery 15.1	-	-	-	-	10	-	-	-	-	-
Electrical Installations	7,276,200	803,184	-	8,079,384	10	6,095,220	-	198,416	6,293,636	1,785,748
Furniture and Fixture	4,283,908	6,632,463	-	10,916,371	10	1,454,203	-	946,217	2,400,420	8,515,951
Office Equipments	976,737	273,600	-	1,250,337	10	624,809	-	62,553	687,362	562,975
Air Conditioner and Refrig.	14,229,022	779,400	-	15,008,422	10	1,808,906	-	1,319,952	3,128,858	11,879,564
Vehicles	6,826,755	-	-	6,826,755	20	2,425,503	-	880,250	3,305,754	3,521,001
Fork Lifter	630,735	-	-	630,735	20	628,590	-	429	629,019	1,716
Computers	1,361,880	870,816	-	2,232,696	10	322,149	-	191,055	513,204	1,719,492
Studio Equipments	540,070	311,100	-	851,170	10	97,438	-	75,373	172,811	678,359
Generators	6,535,345	-	-	6,535,345	10	748,919	-	578,643	1,327,562	5,207,783
Elevator	8,547,000	-	-	8,547,000	10	854,700	-	769,230	1,623,930	6,923,070
Fire Fighting Equipments	79,112	161,400	-	240,512	10	73,433	-	16,708	90,141	150,371
Gas Installations	883,124	-	-	883,124	10	516,892	-	36,623	553,515	329,609
	1,093,656,999	17,379,928	1,111,036,927			457,200,690	99,823,963	497,024,653	497,024,653	614,012,274
	807,957,635	81,217,592	231,341,754	1,093,656,999		449,290,527	28,957,645	457,200,690	457,200,690	636,456,399
		(26,859,982)					(2,047,482)			

2020 Rupees 2019 Rupees

18 Long term Deposits

Karachi Electric Supply Corporation	14,975	14,975
Telephone	3,200	3,200
Pakistan Oxygen Limited	14,000	14,000
Sui Southern Gas Company	1,318,830	750,820
Al-Feroze (PVT) Ltd	1,755,000	1,755,000
Dolmen Real Estate Management (PVT) Ltd	1,677,000	1,677,000
Others	1,000	1,000
	4,784,005	4,215,995



	2020	2019
	Rupees	
19 Long Term Investment		
2,455,000 (2019: 2,455,000) N.I.T units	34,510,675	34,510,675
(Average cost price Rs. 14.0573)		
Market value as at June 30, are as under		
June 30 (2019: June 30) @ Rs. 54.97 . (Rs.53.87) per unit	100,440,675	97,740,175
	<u>134,951,350</u>	<u>132,250,850</u>
19.1	In, September 1996, the Income Tax Authorities raided the Company's premises and took away, by force, all the records, documents, and valuable securities, including FEBC's/Bearer NIT units of all the Group companies, which included the bearer NIT units of the company; without lawful authority and without making any inventory. This raid caused a serious disruption in the company's business. The company has filed a suit against the Income Tax Authorities in the Honorable High Court of Sind, challenging the said act as being illegal. The Honorable High Court of Sind, vide its Order dated July 31, 1998, held that the presence of irregularities and malafides in the act of the Income Tax Department cannot be ruled out. Further, the remaining two ingredients namely balance of convenience and causing irreparable loss and injury, also exists in favor of the company. Further, the Income Tax Department was directed to submit their report keeping in view the provisions of Section 146(c) of The Income Tax Ordinance, 1979, declaring how much more time they would need to return the impounded documents and records. The matter is now in evidence stage.	
19.2	The above investment of the company was illegally removed by the officials of the Income tax department at the time of conducting raid at the company's premises which has not yet been returned. Consequently the same remain to be updated and could also not be made available to the auditors for physical verification.	
20 Stores, Spares & Loose Tools		
Stores and Spares	823,456	1,775,182
Packing Material	604,730	470,278
Cops	1,207,948	1,207,948
Fuel, Oil and Lubricants	--	173,510
	<u>2,636,134</u>	<u>3,626,918</u>
21 Stock-in-Trade		
Raw Materials	252,143,714	214,723,392
Work in Process	22,385,002	21,189,901
Finished Goods	489,547,324	316,429,982
	<u>764,076,040</u>	<u>552,343,275</u>
22 Trade Debts - Considered Good		
Local Receivables - Considered Good (A Associated Party)	100,996,770	77,937,226
Considered Doubtful	--	--
	<u>100,996,770</u>	<u>77,937,226</u>
Provision for Doubtful debts	--	--
	<u>100,996,770</u>	<u>77,937,226</u>
22.1	The aging of debtors (Related Party) at the reporting date was:	
Up to one month	60,598,062	46,762,336
1 to 6 months	25,249,193	19,484,307
More than 6 months	15,149,516	11,690,584
More then one year	--	--
	<u>100,996,770</u>	<u>77,937,226</u>

22.2 Maximum amount due at any month during the year with Related Party amounting to Rs. 100.997 Million (2019: Rs.77.937 Million)

**23 Trade Deposits, Prepayments and Statutory Balances - Considered good**

Advance imports and others		35,683	224,926
Deposits		328,092	71,500
Sales Tax Refundable		486,819	100,328
Interest on term Deposits		13,860	--
Others		13,797	--
		<u>878,251</u>	<u>396,754</u>

2020 2019
Rupees

24 Cash and Bank Balances

Cash in Hand		788,848	25,702,856
Cash at Banks - Current Accounts	24.1	201,198	2,235,397
Term Deposit Certificates	24.2	<u>1,100,000</u>	--
		<u>2,090,046</u>	<u>27,938,253</u>

24.1 The Company has conventional banking relationships with all the banks except one which is on Islamic bank.

24.2 Term Deposit Receipts Carries Mark @ 7.30% per annum.

25 Sales

	Polyester Filament yarn		Value added Embroided Fabric		Total	
	2020	2019	2020	2019	2020	2019
	(Rupees)					
Gross Sales						
Local			461,272,182	410,735,015	461,272,182	410,735,015
			461,272,182	410,735,015	461,272,182	410,735,015
Less						
Sales Tax/Special Excise Duty			58,095,192	23,922,738	58,095,192	23,922,738
Sales Return						
Net Sales			<u>403,176,990</u>	<u>386,812,277</u>	<u>403,176,990</u>	<u>386,812,277</u>

26 Cost of Sales

	Note	Polyester Filament yarn		Value added Embroided Fabric		Total	
		2020	2019	2020	2019	2020	2019
		(Rupees)					
Raw material - opening stock		-	-	215,193,670	158,028,061	215,193,670	158,028,061
Purchases / Acquired		-	-	233,777,524	169,478,029	233,777,524	169,478,029
Raw material - closing stock		-	-	448,971,194	327,506,090	448,971,194	327,506,090
Raw material consumed		-	-	<u>(252,748,444)</u>	<u>(215,193,670)</u>	<u>897,942,388</u>	<u>655,012,180</u>
				196,222,750	112,312,420	196,222,750	112,312,420
Fuel and Power, Oil and Lubricant		-	-	49,422,532	37,680,332	49,422,532	37,680,332
Water		-	-	1,024,125	910,414	1,024,125	910,414
Salaries, Wages and Other Benefits	26.1	-	-	72,699,937	54,706,061	72,699,937	54,706,061
EOBI Contribution		-	-	1,107,831	1,071,182	1,107,831	1,071,182
SESSI Contribution		-	-	641,100	671,227	641,100	671,227
Store consumed		-	-	649,891	618,441	649,891	618,441
Conveyance Expenses		-	-	1,785,227	1,727,221	1,785,227	1,727,221
Freight Inward		-	-	788,775	89,290	788,775	89,290
Oil and Greece		-	-	11,030	9,030	11,030	9,030
Security Expenses		-	-	879,627	573,436	879,627	573,436
Repairs and Maintenance		-	-	3,949,757	3,569,944	3,949,757	3,569,944
Depreciation	17.2	27,643,247	30,714,719	5,941,075	5,633,416	33,584,322	36,348,135
		27,643,247	30,714,719	335,123,657	219,572,414	362,766,904	250,287,133
Work-in-Process - Opening		-	-	21,189,901	1,129,072	21,189,901	1,129,072
Work-in-Process - Closing		-	-	<u>(22,385,002)</u>	<u>(21,189,901)</u>	<u>(22,385,002)</u>	<u>(21,189,901)</u>
Cost of Goods Manufactured		27,643,247	30,714,719	333,928,556	199,511,585	361,571,803	230,226,304
Finished Goods - Opening		-	-	316,429,982	78,562,335	316,429,982	78,562,335
Finished goods Acquired		-	-	-	195,743,787	-	-
Finished Goods - Closing		-	-	<u>(489,547,324)</u>	<u>(316,429,982)</u>	<u>(489,547,324)</u>	<u>(316,429,982)</u>
		27,643,247	30,714,719	160,811,214	157,387,725	188,454,461	188,102,444

26.1 Salaries, wages and other benefits include Rs.503,117(2019: Rs. 123,333) relating to staff retirement benefits.



27 Selling and Distribution Expenses

	Polyester Filament yarn		Value added Embroided Fabric		Total	
	2020	2019	2020	2019	2020	2019
Distribution and Selling Expenses				(Rupees)		
Advertisement Expenses	-	-	25,198,633	6,826,280	25,198,633	6,826,280
Dispatching Expenses	-	-	3,373,434	4,070,831	3,373,434	4,070,831
Conveyance Expenses	-	-	17,837	24,169	17,837	24,169
Sales Promotion	-	-	93,537	2,567,270	93,537	2,567,270
Salaries	-	-	12,591,308	9,780,268	12,591,308	9,780,268
Rent Expenses	-	-	28,871,398	34,194,605	28,871,398	34,194,605
Travelling Expenses	-	-	108,000	31,625	108,000	31,625
Electric Expenses	-	-	1,379,280	1,490,509	1,379,280	1,490,509
Telephone Expenses	-	-	148,177	120,174	148,177	120,174
Utility Expenses	-	-	8,657,876	8,724,271	8,657,876	8,724,271
	-	-	80,439,480	67,830,002	80,439,480	67,830,002

27.1 Salaries, wages and other benefits include Rs.nil relating to staff retirement benefits.

28 Administrative and General Expenses

Note	Polyester Filament yarn		Value added Embroided Fabric		Total	
	2020	2019	2020	2019	2020	2019
				(Rupees)		
Vehicle up Keep	-	-	1,016,357	700,150	1,016,357	700,150
Postage, Telephone and Telex	-	-	1,440,145	1,095,073	1,440,145	1,095,073
Printing and Stationery	-	-	783,960	647,538	783,960	647,538
Salaries and Benefits	28.1	-	39,199,503	25,143,496	39,199,503	25,143,496
Fees and Subscription	-	-	1,043,655	1,686,310	1,043,655	1,686,310
Depreciation	17.2	108,284	122,064	3,469,122	3,353,764	3,475,828
General Expenses	-	-	274,576	165,603	274,576	165,603
Computer Expenses	-	-	429,470	368,524	429,470	368,524
Entertainments Expenses	-	-	447,756	550,210	447,756	550,210
Travelling Expenses	-	-	2,867,960	3,690,153	2,867,960	3,690,153
Conveyance Expenses	-	-	513,350	1,097,474	513,350	1,097,474
Legal Fee & Expenses	-	-	522,440	1,795,000	522,440	1,795,000
Gratuity Expenses	-	-	1,054,589	730,124	1,054,589	730,124
Medical Expenses	-	-	63,103	35,353	63,103	35,353
Professional Fee	-	-	1,366,300	843,510	1,366,300	843,510
Registrar Services	-	-	194,255	193,925	194,255	193,925
Computer software	-	-	923,707	1,016,775	923,707	1,016,775
Security Expenses	-	-	45,818	455,507	45,818	455,507
Insurances	-	-	1,327,454	1,349,906	1,327,454	1,349,906
Trade Mark Maintenance	-	-	94,200	95,000	94,200	95,000
Rent Expenses	-	-	9,000,000	9,000,000	9,000,000	9,000,000
Periodical and Journals	-	-	-	22,235	-	22,235
Donation	28.2	-	945,000	1,055,000	945,000	1,055,000
Underwriting Commission	-	-	-	-	-	-
Site Maintenances	-	-	1,172,859	576,127	1,172,859	576,127
House Keeping Expenses	-	-	584,841	113,502	584,841	113,502
Fire Fighting Expenses	-	-	-	314,645	-	314,645
Auditors Remuneration	28.3	-	225,000	225,000	225,000	225,000
			108,284	122,064	69,005,420	56,319,904
					69,113,704	56,441,968

28.1 Salaries, wages and other benefits include Rs. 551,472 (2019: Rs. 271,825) relating to staff retirement benefits.



28.2 Donations

- 28.2.1 Donation of Rs. 10,000 was given to Habib Public School Alumni Association.
 28.2.2 Donation of Rs. 500,000 was given to Children First The Society.
 28.2.3 Donation of Rs. 200,000 was given to Friend of Pink Ribbon.
 28.2.4 Donation of Rs. 200,000 was given to Agha Khan Hospital.
 28.2.5 Donation of Rs. 35,000 was given to Kidney Centre Post Graduate Training Institute.

		2020	2019
		Rupees	
28.3 Auditors Remuneration			
Audit Fee		225,000	225,000
		<u>225,000</u>	<u>225,000</u>
29 Other Income			
Prior years Adjustments		42,201	--
Interest on Term Deposit		13,860	
Liabilities Written Back		--	11,757,889
		<u>56,061</u>	<u>11,757,889</u>
30 Finance Cost			
Bank Charges and Commission		2,089,154	3,193,930
Interest on Loan from Associated and Directors		8,324,592	4,800,000
Interest on Diminishing Musharka Finance Facility		14,233,348	16,116,866
		<u>24,647,094</u>	<u>24,110,796</u>
31 Taxation			
Current	15	(9,834,471)	(4,835,153)
Prior		(121,550)	--
Deferred	12	(6,188,569)	(1,473,701)
		<u>(16,144,590)</u>	<u>(6,308,854)</u>
32 Earnings Per Share - Basic and diluted			
Profit after Taxation		22,404,807	52,671,854
Weighted Average Number of Ordinary Shares at year end		56,879,201	56,879,201
Earning Per Share - Basic and diluted		0.39	0.93
		Rupees	

33 Remuneration of Chief Executive, Director and Executives

Particulars	2020			2019		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Managerial Remuneration	8,000,000	13,399,992	4,640,000	4,000,000	4,000,000	4,635,495
House rent allowance	3,200,000	5,360,004	1,856,000	1,600,000	1,600,000	2,085,973
Utilities allowance	800,000	1,340,004	464,000	400,000	400,000	521,494
Total	<u>12,000,000</u>	<u>20,100,000</u>	<u>6,960,000</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>7,242,961</u>
Number of persons	<u>1</u>	<u>2</u>	<u>2</u>	<u>1</u>	<u>2</u>	<u>2</u>

- 33.1 The Chief Executive Officer, Director and Executives of the company are provided with free use of company maintained cars and utilities at their residences.

