



COLONY TEXTILE MILLS LIMITED

ANNUAL
REPORT

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In the Name of Almighty Allah The Most Beneficient
The Most Merciful

COLONY TEXTILE MILLS LIMITED
ACCOUNTS FOR THE YEAR
ENDED
JUNE 30, 2020

Vision

To be one of the largest Pakistani textiles supplier, fully equipped to cater to all needs of ever evolving global markets.

To explore and create growth opportunities to maximize return to all stakeholders.

Mission

To take the company to a new height where it is rated as the best in all spheres of business and everyone concerned feels proud of being its integral part.

Business Ethics and Practices

Our Core business is to produce and supply of Textile Products to local and international customers with best quality standards and efficient services. Customer satisfaction being our top priority, we follow the under mentioned business practices for the achievement of the desired results of customer satisfaction.

HUMAN RESOURCE DEVELOPMENT

We believe in individual respect and growth. Our employment and HR policies develop individuals without race, religion, gender or any discrimination factor. We provide equal opportunities to all the employees under a team based working environment. We provide all the possible support to all our employees to enhance their knowledge and vision keeping in view of their own limitations.

SOCIAL AND COMMUNITY COMMITMENTS

We believe in community development. We contribute our resources, both financial and ethical, in supporting all the deserving individuals of the society. We feel it is our responsibility to play our role in the development of the society and do maximum within our own limitations for the community at large.

RISK MANAGEMENT

Our risk management policies are geared to enhance share holders worth, improve credit worthiness and minimize credit risk while diversifying income, along with suppliers and customers base. We strongly believe in having an excellent relationship with our financial institutions as we take them as our business partners.

TRANSPARENT FINANCIAL POLICIES

Our financial policies are based on the principal of fairness and transparency. We are following all the applicable laws and best accounting practices while preparing the financial statements for the stakeholders.

CORPORATE GOVERNANCE

We as a responsible corporate citizen strongly adhere to the Corporate Governance principles and comply with the regulatory obligations enforced by regulatory agencies for improving corporate performance. We believe in up rightness of performance and expect it to be a fundamental responsibility of our employees to act in the best interest of the company without compromising on the rules and regulations enforced by the regulators.

MARKETING AND INDUSTRY PRACTICES

All our marketing policies are customer focused. We believe in One Window Solution and customer satisfaction. Our marketing policy is only based on these two parameters and to achieve this we ensure best quality and efficient response to customers. As a long term marketing strategy we are focusing on diversification, value addition of our products while making a close liaison with markets, customers and their needs.

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Company Information

Board Of Directors

Mr. Mughis A. Sheikh	(Chairman)
Mr. Fareed Mughis Sheikh	(Chief Executive Officer)
Mr. Muhammad Tariq	
Mr. Muhammad Atta ullah Khan	
Mr. Muhammad Ashraf Saif	
Mr. Abdul Hakeem Khan Qasuria	
Mr. Muhammad Ikram ul Haq	

Board Committees

Audit Committee

Mr. Muhammad Ashraf Saif	(Chairman)
Mr. Muhammad Atta ullah Khan	
Mr. Abdul Hakeem Khan Qasuria	

HR & Remuneration Committee

Mr. Muhammad Ashraf Saif	(Chairman)
Mr. Muhammad Ikram ul Haq	
Mr. Abdul Hakeem Khan Qasuria	

Other Management Committees

Executive Committee

Mr. Fareed Mughis Sheikh	(Chairman)
Mr. Muhammad Tariq	
Mr. Muhammad Atta ullah Khan	

Technical Committee

Mr. Fareed Mughis Sheikh	(Chairman)
Mr. Muhammad Tariq	
Mr. Muhammad Shoaib Khan	

Finance Committee

Mr. Fareed Mughis Sheikh	(Chairman)
Mr. Atta Mohyuddin Khan	
Mr. Bilal Ahmad Khan Niazi	

Social Compliance & Human Resource Committees

Mr. Fareed Mughis Sheikh	(Chairman)
Mr. Muhammad Atta ullah Khan	
Mr. Atta Mohyuddin Khan	

Company Information

Chief Financial Officer

Mr. Atta Mohyuddin Khan

Company Secretary

Mr. Muhammad Tayyab

Auditors

Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants

Legal Advisor

BNR
Advocates and Corporate Counsel

Tax Advisor

Riaz Ahmad & Company
Chartered Accountants

Registered Address

M. Ismail Aiwan-e-Science Building
205 Ferozepur Road, Lahore-54600
Phone : 042-35758970-2
Fax : 042-35763247
Email : corporate@colonytextiles.com
Website: www.colonytextiles.com

Share Registrar

Hameed Majeed Associates (Pvt.) Limited
HM House, 7 Bank Square
Lahore.
Phone: (042) 37235081-2, Fax: 042-37358817
Email : shares@hmaconsultants.com

Bankers

Bank Islami Pakistan Limited
Meezan Bank Limited
Faysal Bank Limited
Habib Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Silk Bank Limited
The Bank of Punjab
United Bank Limited
Summit Bank Limited

Notice of Annual General Meeting

Notice is hereby given that the 10th Annual General Meeting of Colony Textile Mills Limited will be held on Wednesday, October 28, 2020 at 10:00 hours at Ismail Aiwana-e-Science Building, 205-Ferozepur Road, Lahore to transact the following business:

1. To confirm the minutes of 9th Annual General Meeting held on October 28, 2019.
2. To receive, consider and adopt the Annual Audited Un-Consolidated and Consolidated Financial Statements of the Company for the year ended June 30, 2020 together with reports of the Auditors' and the Board thereon.
3. To appoint the Company's Auditors and to fix their remuneration for the next Financial Year 2020-21.
4. To elect seven (07) directors as fixed by the Board of Directors u/s 159(1) of the Companies Act, 2017. The retiring directors are:

i. Mr. Mughis A. Sheikh	ii. Mr. Fareed Mughis Sheikh
iii. Mr. Muhammad Tariq	iv. Mr. Muhammad Atta ullah Khan
v. Mr. Muhammad Ashraf Saif	vi. Mr. Abdul Hakeem Khan Qasuria
vii. Mr. Muhammad Ikram ul Haq	
5. Any other business with the permission of Chairman.

Statement of Material Facts as required under Section 166(3) of the Companies Act, 2017 concerning the manner of selection of Independent Directors is annexed.

By Order of the Board

Muhammad Tayyab
Company Secretary

Lahore:
October 06, 2020

NOTES:

- i. The Share Transfer Books of the Company will remain closed from October 21, 2020 to October 28, 2020 (both days inclusive).
- ii. A member eligible to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote. In case of a corporate entity, votes may be given through attorney or proxy. In both cases the instrument of proxy duly completed, must reach to the Registered Office of the Company not later than 48 hours before the time of holding Annual General Meeting.
- iii. The Annual Report is being transmitted to shareholders in the form of DVD instead of sending it in Book form in terms of SRO No. 470(I)/2016 dated May 31, 2016 and is also available at website of the Company at www.colonytextiles.com. Any Member requiring printed copy of Annual Report may send request using a standard Request Form placed on the Company's website.
- iv. In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 787 (I)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by post, are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website and send the form, duly signed by the shareholder, along with copy of his/her CNIC to the Company's Registered Office.
- v. Shareholders who could not collect their dividend/physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any.

Notice of Annual General Meeting

vi. Members can also avail video conference facility at their hometown. In this regard fill the application as per following format and submit to the registered address of the company. The video conference facility will be provided only If the company receives consent from members holding in aggregate 10% or more shareholding residing at geographical location at least 07 days prior to the date of general meeting. Upon receipt of request, the company shall arrange and intimate members regarding venue of video conference facility at least 5 days before the date of Annual General Meeting with guidelines to participate in video conference.

I / We----- of ----- being member of Colony Textile Mills Limited, holder of -----
----- Ordinary shares as per Register Folio # / CDC Account # / Participant Id # hereby opt for Video conference facility at -----.

Signature of shareholder

vii. Members can exercise their right to vote through e-voting or postal ballot subject to provisions of sections 142, 143, 144 and 145 of the Companies Act, 2017 and Regulation 11 of the "Companies (Postal Ballot) Regulations, 2018".

viii. Any person who intends to contest the election to the office of Directors, file a notice of his/her intention to contest the election as Director. The said notice is required to be received by the Company at its Registered Office not later than 14-days before the date of Annual General Meeting. The intention to contest the election of directors must accompanied with the following:

- a) Consent of the candidate to act as director on Form 28 duly completed and signed.
- b) Declaration of the candidate for being compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the eligibility criteria as set out in the Companies Act, 2017 to act as directors of the listed companies.
- c) Confirmation of candidate that he/she is not serving as director in more than seven listed companies simultaneously, provided that his/her limit shall not include the directorship in the listed subsidiaries.
- d) Detailed profile of the candidate along with copy of valid CNIC and contact/ mailing details.
- e) In case of an independent director, a declaration of the candidate as per the Listed Companies (Code of Corporate Governance) Regulations, 2019.
- f) Desirous candidate may contact the company at corporate@colonytextiles.com for any queries or assistance.

ix. The Members are again advised:

- i) To provide the copies of their valid CNIC's if not provided earlier to update the members register.
- ii) To notify the change of address immediately, if any.

STATEMENT OF MATERIAL FACTS UNDER SECTION 166(3) OF THE COMPANIES ACT, 2017

Section 166 of the Companies Act 2017 provides that a statement of material facts is annexed to the notice of the general meeting called for the purpose of election of directors which shall indicate the justification for choosing the appointee for appointment as an independent director. The Company is required to have at least [two] independent directors on its board in accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2019. The Company shall ensure that the Independent Directors will be elected in accordance with the procedures for election of directors laid down in Section 159 of the Companies Act, 2017. Once the contestants will file their consent to offer themselves for elections as independent director, the Company shall ensure that:

- i) Names of these contestants are included in the data bank maintained by Pakistan Institute of Corporate Governance (PICG) as authorized by SECP
- ii) These contestants meet the independence criteria as mentioned in Section 166(2) of the Companies Act, 2017 and
- iii) Experience, competencies and skills of the contestants shall be assessed.

CHAIRMANS' REVIEW

The Board consists of competent and efficient directors having immense experience in various sectors of the business.

The Board of Colony Textile Mills Limited consists of:

Mr. Mughis A. Sheikh (Chairman)
 Mr. Fareed Mughis Sheikh (Chief Executive Officer)
 Mr. Muhammad Tariq
 Mr. Muhammad Attaullah Khan
 Mr. Abdul Hakeem Khan Qasuria
 Mr. Muhammad Ashraf Saif
 Mr. Muhammad Ikram ul Haq

I feel honored to present you the annual review of the audited financial statements for the year ended June 30, 2020 and the overall performance of the Board. I would take this opportunity to invite you for the Annual General Meeting of the company,

The board is responsible for management of the company, formulates all significant policies and strategies. The board acknowledge its responsibility for Corporate and Financial Reporting Framework and is committed to good Corporate Governance. The Board is aware of the importance of its role in achieving the objectives of the company and devoted and focused towards company's values, mission and vision.

During the year, the Board of Directors focused on the future strategy and set the operational and financial targets. Despite being a very tough year from the start, the board has been focused in helping the company steer through these tough times by setting high standards and solution oriented environment. The Board regularly tracked the progress against the budgeted targets. The Board has carried out a review of its effectiveness and performance which is satisfactory.

During the financial year 2019-20, the board met six times. These meetings were conducted as per best practices and complying with all the regulatory requirements. In order to achieve the corporate objective, the board strictly monitored the performance of the sub committees to get maximum output. The board also monitored the quality standards of the company's products, compliance with best corporate practices and governance, stable and continual growth, encouraging diversity and ethical behavior and development of skills to attain advancement and excellence. The board is also well aware of its responsibilities for health safety and environment. We are very much satisfied with our efforts towards corporate social responsibility and are motivated to further extend it.

On behalf of the Board, I would like to thank our valued customers for their continued confidence in the company, the financial institutions for their support and our most valuable employees and executives for their dedication and hard work and loyalty.



Mughis A. Sheikh
 Chairman
 October 06, 2020

Directors' Report to the Members

On behalf of the Board of Directors, I present before you the annual report of the company along with audited financial statements for the year ended June 30, 2020. In compliance with the Code of Corporate Governance, these financial statements have been endorsed by the Chief Executive Officer and Chief Financial Officer of the company, recommended for approval by the Audit Committee of the Board and approved by the Board of Directors for presentation.

Your company has made sales of Rs. 17,700 million as compared to the last year sales of Rs. 23,123 million. The gross profit for the year is Rs. 946 million against previous year's gross profit of Rs. 1,728 million. The bottom line showed a net loss of Rs. 375 million with loss per share of Rs. 0.75 as compared to the net profit of Rs. 1,436 million with earnings per share of Rs. 2.88 for the last year.

This year was quite troublesome from the get go. The government revoked the zero-rated status of the textile industry and the whole supply chain was terribly shaken up. As our company is deeply rooted in the domestic markets with age-long linkages and penetration, our customer base simply refused to work under the new tax regime. Resultantly the whole commercial activity come to an almost stand-still and we were forced to substantially reduce our productions. It took months for the government to make the new system somewhat workable and the markets to operate with the colossal 17% - 20% sales tax and newly imposed regulations.

Just when things started looking up in the second half of the year, the Covid-19 pandemic raised its ugly head and we were forced to completely stop our operations for numerous weeks. Even when operations were started, it took months to build up to full capacity.

Under these dire circumstances it was a tough task to sustain the market pressures, financial constraints and the needs of our human resources, which is the back bone of our company. Your company has sailed through these tough times with the grace of Almighty and the help of all stakeholders but this crisis is not over as yet as a second wave of Corona Virus has started and the demand that was already sluggish has started declining again.

PRINCIPAL ACTIVITIES

The principal activities of the company is manufacturing and sale of yarn, fabrics, garments made ups and trading in real estate.

Spinning Segment

Spinning is our largest segment and was worst hit from the start of the year till the very end. All the markets reacted very strongly to the removal of the zero-rated regime and the Corona crisis. Needless to say, it's far from over as we see tough time ahead due to prevailing uncertainty. The local yarn demand has stayed sluggish and we anticipate it to stay lukewarm at best, till the fate of Corona is clear.

Weaving Segment

Weaving segment suffered greatly during the period as well. Initially due to withdrawal of zero-rated regime and then due to Covid-19. The supply and demand saw several swings during the year with strong longing for some good news that never come. Domestic as well as international demand has remained depressed with anticipated pressure due to second wave of Covid-19.

Real Estate Segment

There is no movement/ activity in real estate segment during the year.

StitchRite (Private) Limited - A Wholly Owned Subsidiary

StitchRite (Private) Limited is wholly owned subsidiary of Colony Textile Mills Limited, registered as export oriented unit. The focus of this initiative is to venture into the value added field of stitched garments and made ups. The product development process is in full swing and commercial production is expected to start in the coming year.

Directors' Report to the Members

DIRECTORS' LOAN

The Sponsor Directors are truly committed to the well being of the company, interest free Sub-ordinated loan of Rs. 120 million from an Executive Director still exists to support this financial situation.

A non-executive director has extended interest free loan of Rs. 265 million for the settlement of a financial liability in corresponding year still exists in the statement of financial position.

SETTLEMENT/PAYMENT OF FINANCIAL LIABILITIES

In continuation of your management's efforts to resolve all outstanding issues with the financial institutions, the portfolios with Habib Bank Limited and First Punjab Modaraba were rescheduled during this financial year.

DIVIDEND

Considering the financial results of the company for the year ended June 30, 2020 the management has not recommended any dividend in this year.

UNPAID DIVIDEND

In compliance with the provisions of Section 244 of the Companies Act, 2017, the Company in preceding year sent written notices to all concerned shareholders inviting claims of outstanding dividend for more than three years from the date on which these became due as of May 30, 2017. After the expiry of notice period, an advertisement was published in Newspapers for the information of shareholders inviting their claims. The complete detail regarding unclaimed dividend is available at website of the Company.

FUTURE OUTLOOK

At the start of the reported financial year the Government revoked the zero-rated status of the textile industry and imposed 17% - 20% sales tax without any strategy to overcome the problems resulting from this decision. After a lapse of one year and seeing all the havoc it has caused, there was a lot of hope that in the new Finance Act the government would reverse this decision but unfortunately the Government did not pay any heed. We believe that continuation of this tax regime will persistently cause rise in cost of production, increase price of finished goods, cause liquidity crunch due to delayed refunds, boost trade of smuggled goods and encourage massive tax evasion.

Covid-19 pandemic which disrupted global order is far from over. Second wave and its repercussions are being felt globally as well as in Pakistan. We foresee that the coming times would be testing for fragile economies like ours. Though the government did give some relief to various sectors to overcome the crises created by Corona but a lot of us were deprived from taking much benefit for one technical reason or the other.

Local cotton crop failure is a major setback that was faced by our industry this year and the current year is no different. Mills were forced to import expensive cotton and it seems that same would be done in the current year. If the government does not take an urgent and serious view of the situation, it would be an irreparable damage.

The fragile state of our economy, high rate of inflation, political instability and uncertainty are some major challenges faced now and will continue to confront us in the foreseeable future.

Your company is geared up to face the current multifaceted and mounting perils and has planned to implement measures across the board to tackle the market threats. We are committed to maintain optimum quality, product diversification, exploring new markets and achieving higher production efficiencies to mitigate challenges at hand.

SAFETY, HEALTH AND ENVIRONMENT

The company maintains working conditions which are safe and without risk to the health of all employees and public at large. Our focus remains on improving all aspects of safety specially with regards to the safe production, delivery, storage and handling of the materials. Your company always ensures environmental preservation and adopts all possible means for environment protection.

Directors' Report to the Members

CORPORATE SOCIAL RESPONSIBILITY

Your company has very distinct Corporate and Social Responsibility (CSR) policy in fulfilling its responsibilities of securing the community within which it operates. We add substantially to the national exchequer through the payment of various taxes, duties and levies and our export earnings contribute in country's foreign exchange position. We pride ourselves for being an equal opportunity employer. Your company is running initiatives in providing free meals to the less fortunate, medical consultation and free medication to the needy and clean drinking water. We take joy in stating that we have planted over 60,000 trees in our mills premises to make our surroundings healthy and green.

AUDIT COMMITTEE

This is the most prime and effective committee of the Board. It has a vital role in the compliance of internal controls to ensure safeguard of all the interest of the company, through monitoring of internal audit functions, risk management policies in the light of Terms of Reference developed by the Board. The committee recommends the appointment of the external auditors and also reviews the critical reporting made by the internal and external auditors.

The names of Members of Audit Committee are as under:

Name of Director	Category	Designation in Committee
Mr. Muhammad Ashraf Saif	Independent Director	Chairman
Mr. Muhammad Atta Ullah Khan	Non-Executive Director	Member
Mr. Abdul Hakeem Khan Qasuria	Non-Executive Director	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

The human resource committee determines the compensation packages for all cadres of the company's employees according to the terms of reference of Committee. The committee is also responsible to create and maintain conducive working environment that instill trust and ensure respect, fair treatment, development opportunity and grooming and make succession plans for all employees. We feel that human resource is key element in our business strategy.

The names of Members of HRR Committee are as under:

Name of Director	Category	Designation in Committee
Mr. Muhammad Ashraf Saif	Independent Director	Chairman
Mr. Abdul Hakeem Khan Qasuria	Non-Executive Director	Member
Mr. Muhammad Ikram ul Haq	Non-Executive Director	Member

The Board of Directors had also formed the following Management Committees and advised them their respective terms of reference to run the affairs of Company:

EXECUTIVE COMMITTEE

The executive committee is responsible for setting overall corporate objectives and strategies, identification of opportunities, monitoring the business strategies and plans and there after the successful implementation of those plans. One of the major roles of the committee is to change the management policies and role of the company as required under the changing requirements of local and international customers, keeping in view the strengths and weaknesses of the company, so that the best possible results could be achieved.

Directors' Report to the Members

The names of Members of Executive Committee are as under:

Name of Director	Designation in Company	Designation in Committee
Mr. Fareed M. Sheikh	Executive Director/CEO	Chairman
Mr. Muhammad Tariq	Executive Director	Member
Mr. Muhammad Atta Ullah Khan	Non-Executive Director	Member

TECHNICAL COMMITTEE

The technical committee acts in an advisory capacity to the CEO, provides recommendation relating to the technical affairs of the company, formulation of technical policies required under the code of corporate governance specially keeping in view the environment protection plans of the Government. It is also responsible for overall factory operations, achievement of desired quality, production targets and efficiency of the mechanical works. This is also empowered to deal with the day to day technical issues under authorized limits.

The names of Members of Technical Committee are as under:

Name of Director	Designation in Company	Designation in Committee
Mr. Fareed M. Sheikh	Executive Director/CEO	Chairman
Mr. Muhammad Tariq	Executive Director	Member
Mr. Muhammad Shoaib Khan	Director Technical	Member

FINANCE COMMITTEE

The role of the finance committee is to review and recommend the financial targets, annual and quarterly budgets, approval of the expenditures for amounts within its limits, investments of the surplus funds of the company and financial policies and controls including the policies required under the code of corporate governance. The committee works under the guidance of CEO.

The names of Members of Finance Committee are as under:

Name of Director	Designation in Company	Designation in Committee
Mr. Fareed M. Sheikh	Executive Director/CEO	Chairman
Mr. Atta Mohyuddin Khan	Chief Financial Officer	Member
Mr. Bilal Ahmed Khan Niazi	General Manager Finance	Member

SOCIAL COMPLIANCE AND HUMAN RESOURCE

A major factor in your company's success is its highly skilled and motivated workforce. Our strength comes from our people. We can rightly take pride in fact that Human Resources have always been given a high priority. Today, when we look back on past years, we can see that while our objectives may have changed along the way, our human resource policies have always been based on the underlying values of fairness, merit, equal opportunity and social responsibility. These values manifest themselves in our policies of recruitment, performance appraisal, training and development, health and safety and industrial relations.

Directors' Report to the Members

The names of Members of Social Compliance and Human Resource Committee are as under:

Name of Director	Designation in Company	Designation in Committee
Mr. Fareed M. Sheikh	Executive Director/CEO	Chairman
Mr. Muhammad Atta Ullah Khan	Non-Executive Director	Member
Mr. Atta Mohyuddin Khan	Chief Financial Officer	Member

BOARD OF DIRECTORS

The Board of Directors consist of seven members and responsible to manage the Company affairs in a transparent manner to achieve the sustainable growth of business.

Presently, the Board consists of seven male members, the requirement of gender representation on the Board will be met in due course of time.

Category wise composition of Board is as under:

Category	Number of Directors
Independent Directors	01
Non-Executive Directors	04
Executive Directors	02

Requirement of Code of Corporate Governance (the listed Companies (Code of Corporate Governance) Regulations, 2019) in respect of representation at least two Independent Directors on the Board will be complied with at the time of election of Directors.

During the year under review six meetings of the Board of Directors, four meetings of the audit committee and two meetings of human resource & remuneration committee were held. Attendance in the meetings by each director was as under:

Directors' Name	Board of Directors	Audit Committee	H.R.R. Committee
Mr. Mughis A. Sheikh	04	-	-
Mr. Fareed M. Sheikh	05	-	-
Mr. Muhammad Tariq	06	-	-
Mr. M. Atta Ullah Khan	06	04	-
Mr. M. Ashraf Saif	06	04	02
Mr. Abdul Hakeem Khan Qasuria	06	04	02
Mr. M. Ikram ul Haq	06	-	02

Code of Ethics and Business Practices has been developed and are communicated and acknowledged by each Director and employee of the company.

DIRECTORS' REMUNERATION

The company has a formal remuneration policy for its directors (Executive/Non-Executive) duly approved by board of directors. The policy has been designed as component of HR strategy and both are required to support overall business strategy. The board believes that policy is appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the company as well as to create congruence between directors, executives and shareholders.

Directors' Report to the Members

POLICIES AND PROCEDURES

The Board has established and implemented effective procedures and controls for business and support cycles after identification of related risks. These are reviewed periodically and updated in line with latest risk assessment and risks faced by the business.

BOARD EVALUATION

Pursuant to Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board of Directors approved comprehensive mechanism for evaluation of Board's own performance and its Committees. The terms of reference have been advised to Human Resource and Remuneration Committee for this purpose.

RELATED PARTY TRANSACTIONS

The company has presented all related party transactions before the Audit Committee and Board for their review and approval. These transactions have been approved by the Audit Committee and the Board in their respective meetings. The details of related party transactions have been provided in Note to the annexed financial statements for the year ended June 30, 2020.

CHAIRMAN'S REVIEW

The Board has considered the Chairman's Review to the Members and have also been annexed to the Annual Report.

CODE OF CONDUCT

The Directors of your Company have developed Code of Conduct with set procedures. Copies of Code have duly been acknowledged by all the concerned.

STATEMENT OF COMPLIANCE

Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 duly reviewed by the Auditors is attached with Annual Report.

PRINCIPAL RISKS

The Company exposed to principal risk, if any, is explained in the Notes to the Financial Statements at relevant section.

CORPORATE GOVERNANCE

The management ensures that all requirements of the Code of Corporate Governance were complied with. The statement of compliance with the best practices of Code of Corporate Governance is annexed.

PATTERN OF SHAREHOLDING AND INFORMATION UNDER CLAUSE XIX(i) OF THE CODE OF CORPORATE GOVERNANCE

The pattern of shareholding and information under clause XIX (i) of the Code of Corporate Governance as on June 30, 2020 is annexed.

Directors' Report to the Members

EXTERNAL AUDITOR

The present auditors M/S Tariq Abdul Ghani Maqbool & Company, Chartered Accountants, retire and audit committee and board of directors have recommended their reappointment for the ensuing year.

The auditors have conveyed that they have been assigned satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan and the firm is fully compliant with code of ethics issued by the International Federation of Accountants (IFAC). Further they are not rendering any related services to the company. The auditors have also confirmed that neither the firm nor any of their partners, their spouses and minor children at any time during the year held or traded in the shares of the company.

WEB PRESENCE

Annual and periodic financial statements of the Company are also available on www.colonytextiles.com

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

In compliance with the Code of Corporate Governance, we are giving below statements on Corporate and Financial Reporting Framework.

- The financial statements prepared by the management of the company, presents fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- The Board of Directors has adopted a vision and mission statement and a statement of overall corporate strategy.
- Proper books of account of the company as per statutory requirements have been maintained.
- Code of Ethics and Business Practice has been developed and are communicated and acknowledged by each director and employee of the company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applied in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has effectively implemented and monitored.
- Statement of Compliance with the Code of Corporate Governance is enclosed with this report and this report was found to be in order after review by the auditors.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no departure from the best practices of the code of corporate governance, as detailed in the listing regulations.

Directors' Report to the Members

- The company strictly complies with the standards of the safety rules and regulations. It also follows environmentally friendly policies.
- No material changes and commitments affecting the financial position of the company have occurred between the end of the financial year to which the balance sheet relates and the date of the Director's Report, except disclosed in the financial statements.
- Key operating and financial data of last six years is annexed in summarized form.
- The directors have not recommended any dividend in view of current financial scenario.
- Information about outstanding taxes and other Government levies are given in related note(s) to the accounts.
- The annexed audited accounts give the detail of outstanding taxes and levies.
- The company operates a contributory provident fund scheme for all employees and defined benefits gratuity fund scheme for its managerial and non-managerial staff. The net value of investment in their respective accounts is as under:

Provident Funds	Rs. 181.11 million
Gratuity Funds	Rs. 133.69 million
- The directors, CEO, CFO, Company Secretary and their spouses and minor children have made no transactions in the company's shares during the year.

POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date and before the financial statements were authorized to be issued, company has successfully rescheduled its financial liabilities with Habib Bank Limited.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements for the year ended June 30, 2020 of the Company and its subsidiary StitchRite (Private) Limited are attached.

ACKNOWLEDGEMENT

We would like to place on record our deep appreciation for the efforts of the executives, officers and other staff members for their hard work, cooperation and sincerity to the company in achieving the best possible results. The board also wishes to record the appreciation to all banks for their continued support to the company. The management is quite confident that these relations and cooperation will continue in the coming years.

On behalf of the Board of Directors



Muhammad Ikram ul Haq
Director



Fareed Mughis Sheikh
Chief Executive Officer

Lahore
October 06, 2020

Statement of Compliance of the Code of Corporate Governance for the Year ended June 30, 2020

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

Name of Company: Colony Textile Mills Limited

Year ending: June 30, 2020

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

- 1) The total number of directors are 07 as per the following:
 - a. Male: 07
 - b. Female: 00

(will be compliant in the forthcoming election of directors)
- 2) The composition of board is as follows:
 - a. Independent Director: 01
(number of Independent Directors will be increased to 02 in the forthcoming election of directors)
 - b. Non-Executive Directors: 04
 - c. Executive Directors: 02
- 3) The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
- 4) The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
- 5) The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained 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 Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
- 8) The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- 9) Three Board Members have completed Director's Training Program (DTP) or exempted from the training and three directors have been enrolled for DTP in September 2020. The Board will be compliant with the requirement of DTP within stipulated time.
- 10) The board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements at the respective dates of appointments in past except company secretary who was appointed this year.
- 11) Chief financial officer and chief executive officer duly endorsed the Financial Statements before approval of the board.

Statement of Compliance of the Code of Corporate Governance for the Year ended June 30, 2020

12) The board has formed committees comprising of members given below:

a. Audit Committee

Name of Director	Category	Designation in Committee
Mr. Muhammad Ashraf Saif	Independent Director	Chairman
Mr. Muhammad Atta Ullah Khan	Non-Executive Director	Member
Mr. Abdul Hakeem Khan Qasuria	Non-Executive Director	Member

b. HR and Remuneration Committee

Name of Director	Category	Designation in Committee
Mr. Muhammad Ashraf Saif	Independent Director	Chairman
Mr. Muhammad Ikram ul Haq	Non-Executive Director	Member
Mr. Abdul Hakeem Khan Qasuria	Non-Executive Director	Member

The Board has developed other Management Committees to run the affairs of the Company efficiently. The said Committees have been managed by suitable qualified persons with representation of Board Member(s) according to the requirements of respective committee.

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

14) The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

- a. Audit Committee: Quarterly during the year
- b. HR and Remuneration Committee: Twice during the year

15) The Board has set up an effective internal audit function; the members of internal audit team 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 requirements and the auditors have confirmed that they have observed IFAC guidelines in this regard.

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



MUGHISA. SHEIKH

Chairman

Lahore

October 06, 2020

Independent Auditors' Review Report of Colony Textile Mills Limited

Review Report on Statement of Compliance Listed Companies contained in (Code of corporate governance) Regulations, 2019

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

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

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

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

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

Further, we highlight below instance(s) of non-compliance with the requirement(s) of the Regulations as reflected in the paragraph references wherein it is stated in the Statement of Compliance:

Paragraph Reference	Description
(2)	There is only one independent director on the Board of Directors of the Company which is a non-compliance of Regulation 6 of the Regulations.
(1)	There is no female director in the board of directors of the Company which is a non-compliance of Regulation 7 of the Regulations.

October 06, 2020
Lahore


Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants

Independent Auditors' Report To The Members of Colony Textile Mills Limited Report on the Audit of The Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Independent Auditors' Report

To The Members of Colony Textile Mills Limited

Report on the Audit of The Financial Statements

Following are the Key audit matters:

Key audit matters

1) Covid – 19

The COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities particularly during the period from March 2020 to May 2020 in line with the directives of the Government. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in Pakistan.

The Company's operations were disrupted due to the circumstances arising from COVID-19 including the suspension of production, sales and operations; although for a short period of time.

In view of the unique nature of these events and its possible impacts on the business operations and financial reporting we considered this area as a key audit matter to identify specific risks in relation to the financial statements and devise our audit strategy accordingly.

Please also refer to note 52 to the consolidated financial statements.

2) Valuation of stock in trade

The total value of stock in trade as at the reporting date amounts to Rs. 4,608.93 million representing 17% of the Company's total current assets (2019: Rs. 4,705.94 million, 17% of the Company's total current assets). Stock in trade as at reporting date mainly includes raw material and finished goods. Refer note 26 to the financial statements.

The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads which are

- We discussed with the senior management about the impacts of COVID-19 related events on the business operations, financial condition, liquidity and operating performance of the Company.
- We identified key financial statement items which may require additional audit considerations due to the COVID-19 related conditions that prevailed during the latter part of the year. In this regard, we considered the realizable value of inventories and recoverability of trade receivables, which were impacted by the lockdowns imposed by the Government and distressed demand in global economy.
- We checked the sale of the inventories subsequent to the year end to evaluate the realisable value of inventory held as at 30 June 2020.
- We assessed the adequacy of allowance for net realizable value made in respect of the inventory held as at 30 June 2020.
- In respect of trade receivables, we checked the computations for expected credit losses as determined by the management in accordance with the requirements of IFRS-9 'Financial Instruments'. We evaluated the assumptions used by the management for such estimates including their reasonableness and the supporting economic and historical data used in this regard.
- We reviewed the terms of loans obtained, renewed and / or restructured by the Company to assess compliance with key terms and conditions, including any applicable debt covenants and reviewed the correct classification, treatment and disclosure of the same.

We assessed the appropriateness of management assumptions applied in calculating the value of stock in trade and validated the valuation by taking following steps:

- Assessed whether the Company's accounting policy for inventory valuation is in line with the applicable financial reporting standards;
- Attended the inventory count at the year-end and reconciled the physical inventory with the inventory lists provided to ensure the completeness of the data;

Independent Auditors' Report

To The Members of Colony Textile Mills Limited

Report on the Audit of The Financial Statements

incurred in bringing the inventories to its present location and conditions. Judgement has also been exercised by the management in determining the net realisable value (NRV) of raw material and finished goods and in determining the appropriate value of slow moving and obsolete stocks.

We identified this matter as key in our audit due to the judgement and assumption applied by the Company in determining the cost and NRV of stock in trade at the year-end.

3) Control environment relating to the financial reporting process and related IT systems

The IT control environment relating to the financial reporting process and the application controls of individual IT systems have an impact on the selected audit approach.

As the financial statements are based on extensive number of data flows from IT systems, consequently the financial reporting control environment is determined as a key audit matter.

4) Revenue

(Reference note No. 33)

The Company primarily generates revenue from sale of yarn, fabric, raw material, waste and real estate. During the year the company's revenue is Rs. 17,700 million which is 66% of the total assets.

We identified recognition of sales as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk of misstatement to meet expectations or targets.

- Assessed the historical costs recorded in the inventory valuation by checking purchase invoices on sample basis;
- Tested the reasonability of assumptions applied by the management in the allocation of labour and other various overhead costs to the inventories;
- Assessed the management determination of NRV of raw material thereon by performing tests on the subsequent purchase price; and - tested the cost of inventories for finished goods and performed NRV test to assess whether the cost of inventories exceeds their NRV, calculated by detailed review of subsequent sales invoices.

We reviewed the Company's disclosure in the financial statement in respect of stock in trade.

Our audit procedures included the following:

- Our key procedures included evaluation of the financial reporting process and related control environment, as well as testing of the effectiveness of controls including general IT controls. Our audit procedures focused on testing the reconciliation and approval controls as well as on evaluating the administration of access rights.
- Our audit procedures extensively consisted of several substantive procedures as well as data analysis relating to the most significant balances on the statement of profit or loss and statement of financial position.

Our audit procedures included the following:

- Evaluated management controls over revenue and checked their validation including controls to ensure that majority sales are made to tax filers.
- Performed verification of sales with underlying documentation including gate pass, delivery challan, stock register and sales invoice.
- Obtained confirmations from debtors on sample basis.
- Recalculated the commission as per Company's policy and performed verification over commission on sample basis if any exists.
- Analyzed market by comparing Company's sales volume with published data.
- Ensured that presentation and disclosures related to revenue are being addressed appropriately.

Independent Auditors' Report To The Members of Colony Textile Mills Limited Report on the Audit of The Financial Statements

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Independent Auditors' Report To The Members of Colony Textile Mills Limited Report on the Audit of The Financial Statements

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- 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 auditors' report is Shahid Mehmood.

Dated: 06 October, 2020
Lahore


Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Note	2020 Rupees ('000')	2019 Rupees ('000')
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital	8	5,300,000	5,300,000
Issued, subscribed and paid up capital	9	4,980,100	4,980,100
Reserve arising on amalgamation		3,156,388	3,156,388
Revaluation surplus on property, plant and equipment		19,594	19,594
Directors' loan	10	385,187	385,187
General reserves		4,702	4,702
Unappropriated profit		851,217	1,197,969
Surplus on remeasurement of investments		1,492	986
		9,398,680	9,744,926
Non-current liabilities			
Long term financing	11	7,599,183	7,671,381
Liabilities against assets subject to finance lease	12	21,380	10,787
Deferred liabilities	13	4,863,410	4,271,326
		12,483,973	11,953,493
Current liabilities			
Trade and other payables	14	1,289,910	1,058,672
Short term borrowings	15	3,328,787	3,188,296
Accrued mark up	16	217,947	309,783
Unclaimed dividend		94	94
Current portion of long term liabilities	17	430,598	640,975
Provision for taxation	18	251,625	277,024
		5,518,961	5,474,844
Contingencies and commitments	19	-	-
		27,401,614	27,173,263



Chief Financial Officer



Director

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Note	2020 Rupees ('000')	2019 Rupees ('000')
ASSETS			
Non-current assets			
Property, plant and equipment	20	18,145,471	18,461,959
Right of use assets	21	105,560	-
Investment property	22	779,925	629,886
Long term investments	23	214,689	191,341
Investment in subsidiary	24	1,000	-
Long term deposits		51,132	51,132
		<u>19,297,777</u>	<u>19,334,318</u>
Current assets			
Stores, spare parts and loose tools	25	275,667	397,346
Stock in trade	26	4,608,933	4,705,937
Trade debts	27	1,266,046	997,955
Loans and advances	28	716,430	502,000
Trade deposits and short term prepayments	29	255,832	233,660
Other financial assets	30	16	18
Tax refunds due from the Government	31	932,961	964,742
Cash and bank balances	32	47,952	37,287
		<u>8,103,837</u>	<u>7,838,945</u>
		<u>27,401,614</u>	<u>27,173,263</u>

The annexed notes from 01 to 55 form an integral part of these financial statements.



Chief Executive Officer

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees ('000')	2019 Rupees ('000')
Sales - net	33	17,700,292	23,123,399
Cost of sales	34	16,754,434	21,395,836
Gross profit		945,858	1,727,563
Operating expenses:			
Distribution cost	35	217,400	257,876
Administrative expenses	36	333,585	298,168
		550,985	556,044
Operating profit		394,873	1,171,519
Finance cost	37	968,611	506,075
Other operating charges	38	14,119	575,127
		982,730	1,081,202
Other income	39	417,818	2,134,109
(Loss) / profit before taxation		(170,039)	2,224,426
Taxation	40	205,023	788,641
(Loss) / profit after tax for the year		(375,062)	1,435,785
		Rupees	Rupees
(Loss) / earnings per share - basic and diluted	41	(0.75)	2.88

The annexed notes from 01 to 55 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees ('000')	2019 Rupees ('000')
(Loss) / profit for the year		(375,062)	1,435,785
Other comprehensive income:			
Items that will not be reclassified to statement of profit or loss:			
Surplus on revaluation of property, plant and equipment		-	6,950
Remeasurement gain / (loss) of defined benefit obligation	13.03	37,949	(12,789)
Deferred tax thereon		(9,639)	3,273
		28,310	(9,516)
Items that may be reclassified to statement of profit or loss:			
Net fair value gain / (loss) on investment measured at FVTOCI		506	(94)
Total comprehensive (loss) / income for the year		(346,246)	1,433,125

The annexed notes from 01 to 55 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees ('000')	2019 Rupees ('000')
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	50	1,467,794	1,819,566
Finance cost paid		(385,994)	(149,568)
Staff retirement benefit paid		(62,207)	(48,528)
Income tax paid		(217,668)	(187,350)
		(665,869)	(385,446)
Net cash generated from operating activities		801,925	1,434,120
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(659,981)	(947,577)
Proceeds from disposal of property, plant and equipment		15,327	9,224
Investment in subsidiary		(1,000)	-
Long term deposits		-	(162)
Net cash used in investing activities		(645,654)	(938,515)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances repaid		(273,576)	(304,458)
Lease rentals - net		(12,521)	(8,888)
Short term borrowings - net		140,491	(183,384)
Net cash used in financing activities		(145,606)	(496,730)
Net increase / (decrease) in cash and cash equivalents		10,665	(1,125)
Cash and cash equivalents at beginning of the year		37,287	38,412
Cash and cash equivalents at end of the year		47,952	37,287

The annexed notes from 01 to 55 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2020

	Share capital	Reserve arising on amalgamation	Revaluation surplus on property, plant and equipment	Directors' loan	Revenue reserves		Surplus on re-measurement of investments	Total
					General reserves	Unappropriated profit/(loss)		
	Rupees ('000')							
Balance as at 30 June 2018	4,980,100	3,156,388	12,644	120,000	4,702	(228,300)	1,080	8,046,614
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	1,435,785	-	1,435,785
Remeasurement of defined benefit obligation	-	-	-	-	-	(9,516)	-	(9,516)
Surplus on revaluation of property, plant and equipment	-	-	6,950	-	-	-	-	6,950
Net fair value gain on investment measured at FVTOCI	-	-	-	-	-	-	(94)	(94)
Total comprehensive income for the year	-	-	6,950	-	-	1,426,269	(94)	1,433,125
Directors' loan received during the year	-	-	-	265,187	-	-	-	265,187
Balance as at 30 June 2019	4,980,100	3,156,388	19,594	385,187	4,702	1,197,969	986	9,744,926
Total comprehensive income for the year								
Loss for the year	-	-	-	-	-	(375,062)	-	(375,062)
Remeasurement of defined benefit obligation	-	-	-	-	-	28,310	-	28,310
Surplus on revaluation of propriety, plant and equipment	-	-	-	-	-	-	-	-
Net fair value gain on investment measured at FVTOCI	-	-	-	-	-	-	506	506
Total comprehensive (loss) / income for the year	-	-	-	-	-	(346,752)	506	(346,246)
Directors' loan received during the year	-	-	-	-	-	-	-	-
Balance as at 30 June 2020	4,980,100	3,156,388	19,594	385,187	4,702	851,217	1,492	9,398,680

The annexed notes from 01 to 55 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.01** Colony Textile Mills Limited ("the Company") is a Public Company Limited by shares incorporated in Pakistan on 12 January 2011 under the provisions of the repealed Companies Ordinance, 1984 (now The Companies Act 2017). The Company is listed on Pakistan Stock Exchange Limited. The registered office of the company is located at M. Ismail Aiwan-i-Science, Ferozepur Road, Lahore, Pakistan. The principal activity of the company is manufacturing and sale of yarn, fabric, garments made ups and trading in real estate.

Geographical location and addresses of major business units including mills / plants of the Company are as under:

Location	Purpose
M. Ismail Aiwan-i-Science Building Ferozepur Road, Lahore	Head Office
4km Raiwind Manga Road, Raiwind, District Kasur	Weaving unit
Sher Shah Road Ismailabad, Multan	Spinning unit

2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

All significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed in the notes to these financial statements. For a detailed discussion about these significant transactions and events please refer to the Directors' report.

The Company has adopted IFRS 16 'Leases' (effective from annual period on or after January 1, 2019). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position. IFRS 16 supersedes IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases-Inactives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are reflected in note 51.

3 BASIS OF PREPARATION

3.01 Statement of compliance

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

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

- 3.02** These are separate financial statements, where the investment in subsidiaries is shown at cost less accumulated impairment; consolidated financial statements are separately presented.

	Effective shareholding %
- Stitchrite (Private) Limited	100

3.03 Standards, interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

- **Standards, amendments to published standards and interpretations effective in current year**

The Company has adopted the following revised standards and amendments of IFRSs which became effective for the current year:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 16 Leases - original issue	January 01, 2019
IAS 19 Employee benefit (amendments) - Regarding the plan amendments, curtailments or settlement	January 01, 2019
IAS 28 Investment in associates and joint venture (amendments) - Regarding long-term interests in associates and joint ventures	January 01, 2019
IFRIC 23 Uncertainty over income tax treatments - It clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Company's financial statements.	January 01, 2019
IFRS 9 Financial instruments (amendments) - Prepayment Features with Negative Compensation. For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion - i.e. the cash flows are solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.	January 01, 2019

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year:

Annual Improvements to IFRSs (2015-2017) Cycle:

IFRS 3 & IFRS 11	'The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.'	January 01, 2019
IAS 12	'The amendments clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, OCI or equity.'	January 01, 2019
IAS 23	'The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.'	January 01, 2019

- Standards, interpretations and amendments to existing standards that are not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after their respective effective dates.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	January 01, 2020

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Standard or Interpretation		Effective Date (Annual periods beginning on or after)
IFRS - 7	Amendment to 'Financial Instruments : Disclosures' pertains to pre-replacement issues in the context of the IBOR reform.	January 01, 2020
IFRS - 9	Amendment to 'Financial Instruments' pertaining to pre-replacement issues in the context of the IBOR reform.	January 01, 2020
IFRS 16	Leases; to clarify the amendment providing lessees with an exemption from assessing whether a COVID-19-related rent concession (a rent concession that reduces lease payments due on or before 30 June 2021) is a lease modification	January 01, 2020
IAS 1	Presentation of financial statements (amendments) Regarding the classification of liabilities Regarding the definition of material	January 01, 2023 January 01, 2020
IAS 8	Accounting policies, change in accounting estimates and error (amendments) Regarding the definition of material	January 01, 2020
IFRS 4	Insurance contracts (amendments) Regarding the expiry date of the deferral approach	January 01, 2023
IAS 37	Provisions, contingent liabilities and contingent assets (amendments) Regarding the cost to include when assessing whether a contract is onerous	January 01, 2022
Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective from January 01, 2022:		
Annual Improvements to IFRSs (2018-2020) Cycle:		
IFRS 9	The amendment clarifies that an entity includes one fee paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.	January 01, 2022
IFRS 16	The amendment partially amends illustrative Example 13 accompanying IFRS16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease activities.	January 01, 2022
IAS 41	The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flow when measuring the fair value of a biological asset using a present value technique.	January 01, 2022
The above standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements except for the increased disclosures in certain cases.		
In addition to the above, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):		
IFRS 1	First-time Adoption of International Financial Reporting Standards	July 01 2009
IFRS 17	Insurance contracts	January 01, 2022
The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact on the Company's financial statements in the period of initial application.		

4 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

5 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value, investment on equity basis, certain liabilities at amortized cost, investment property and certain other investments at fair value. In these financial statements, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

6 JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards which requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made and in any future periods affected.

Significant management estimates in these financial statements relate to the useful life of property, plant and equipment, provisions for staff retirement benefits, doubtful receivables, slow moving inventory and taxation. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in the financial statements.

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

- Useful life of depreciable assets;
- Provision for doubtful receivables and slow moving stores, spares and loose tools;
- Provision for current tax and deferred tax;
- Staff retirement benefits;
- Net realisable value of stock-in-trade; and
- Expected credit losses.

However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustments to the carrying amounts of assets and liabilities in the next year.

7 SIGNIFICANT ACCOUNTING POLICIES

7.01 Staff retirement benefits

The Company operates two plans for its employees:

Defined contribution plan

The Company operates recognised defined contributory provident fund for all eligible employees to which monthly contributions are made to cover the obligation. The Company and its employees make equal monthly contributions at the rate of 8.33% of basic salary.

Defined benefit plan

The Company operates a defined benefit plan for all its eligible employees who have completed their minimum qualifying period of service with the Company. Provisions are made in the financial statements to cover obligation on the basis of actuarial valuation using the Projected Unit Credit Method. Any actuarial gain or loss is recognised immediately in statement of comprehensive income.

7.02 Taxation

Current

Provision for current taxation is based on applicable current rates of taxation after taking into account tax credits and rebates available, if any, under the provisions of Income Tax Ordinance, 2001. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalized during the year.

Deferred

Deferred tax liability is accounted for in respect of all taxable temporary differences at the statement of financial position date arising from difference between the carrying amount of the assets and liabilities in the financial statements and corresponding tax bases used in computation of taxable profits. Deferred tax assets are recognised for all deductible temporary differences, unused tax losses, provisions and tax credits to that extent it is probable that taxable profit will be available in future against which the deductible temporary differences can be utilized. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

Deferred tax is calculated at the rates that are expected to apply to the period when the asset is to be realized or liability is to be settled.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

7.03 Property, plant and equipment

Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses (if any) except freehold land which is stated at cost and fully depreciated assets which are carried at residual value. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is charged to statement of profit or loss by applying reducing balance method to write off the cost over estimated remaining useful life of assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from property, plant and equipment. Depreciation on addition to property, plant and equipment is charged from the date when asset is available for use up to the date of its de-recognition.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains / losses on disposal of fixed assets are included in current year's statement of profit or loss.

Subsequent costs are included in the asset's carrying amount are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and cost of the item can be measured reliably. All other repair and maintenance cost are charged to the statement of profit or loss during the year in which these are incurred.

Capital work in progress

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

Right of use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

Where the Company determines that the lease term of identified lease contracts is short term in nature i.e. with a lease term of twelve months or less at the commencement date, right of use assets is not recognised and payments made in respect of these leases are expensed in the statement of profit or loss.

7.04 Investment property

Property held to earn rentals and/or for capital appreciation is classified as investment property. Investment properties are initially measured at cost, including transaction cost. Subsequent to initial recognition, investment properties are stated at fair value, which effect market conditions at reporting date. Gains and losses arising from the change in fair value of properties are included in statement of profit or loss in the year in which they arise. Fair values are determined based on an annual revaluation performed by an independent valuer.

In case of change in use of property from owner occupied property to investment property that will be carried at fair value, Company has applied IAS 16 upto the date of change in use. The difference at that date between carrying amount and fair value has been accounted for in the same way as a revaluation surplus in accordance with IAS-16.

7.05 Financial instruments

Recognition

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

a) Financial assets

(i) Initial Measurement

The Company classifies its financial assets in to following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

(ii) Subsequent Measurement

Debt Investments at FVOCI:

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in statement of comprehensive income. On de-recognition, gains and losses accumulated in statement of comprehensive income are reclassified to the statement of profit or loss.

Equity Investments at FVOCI:

These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in statement of comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL:

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in statement of profit or loss.

Financial assets measured at amortized cost:

These assets are subsequently measured at amortized cost using the effective interest rate method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

b) Financial liabilities

Financial liabilities are classified as measured at amortized cost or at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit or loss. Any gain or loss on de-recognition is also recognised in the statement of profit or loss.

Financial liabilities are derecognised when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

c) Offsetting of financial assets and financial liabilities

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

d) Regular way purchases or sales of financial assets

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention on the market place. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

e) Derivatives

Derivative instruments held by the Company comprise of future and forward contracts in the capital and money markets. These are stated at fair value at the date of statement of financial position. The fair value of the derivatives is equivalent to the unrealised gain or loss from marking the derivatives using prevailing market rates at the date of statement of financial position. The unrealised gains are included in other assets while unrealised losses are included in other liabilities in the statement of financial position. The corresponding gains and losses are included in the statement of profit or loss.

7.06 Contingent liability

Contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or when there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

7.07 Stores, spares and loose tools

These are valued at lower of cost and net realizable value. Cost is calculated using moving average method except for items in transit which are valued at cost comprising invoice value plus other charges paid thereon till the statement of financial position date. Provision is made against obsolete items.

7.08 Stock in trade

Basis of valuation are as follows:

Particulars

Raw materials:

At mills

In-transit

Work in process

Finished goods

Waste

Real estate

At lower of weighted average cost and net realizable value

At cost accumulated to the statement of financial position date

At average manufacturing cost

At lower of average manufacturing cost and net realizable value

At net realizable value

At lower of cost and net realizable value

Cost in relation to work in process and finished goods represents the average manufacturing cost which consists of prime cost and attributable production overheads.

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

7.09 Trade debts and other receivables

Financial assets

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

Non-financial assets

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

7.10 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and at banks.

7.11 Borrowings

Loans and borrowings are recorded at the time of proceeds received. Financial charges are accounted for on the accrual basis. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to statement of profit or loss in the period in which these are incurred.

7.12 Trade and other payables

Financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Non-financial liabilities

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

7.13 Provisions

Provisions are recognised when the Company has a legal and constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle these obligations and a reliable estimate of the amounts can be made.

7.14 Impairment

Financial assets

The Company recognizes loss allowances for ECLs in respect of financial assets measured at amortized cost on date of initial recognition. The amount of expected credit loss is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial assets.

Impairment is recognised at an amount equal to lifetime expected credit losses for financial assets for which credit risk has increased significantly since initial recognition. For financial assets for which credit risk is low, impairment is recognised at an amount equal to 12 months' expected credit losses, with the exception of trade debts contract assets and lease receivables, for which the Company recognizes lifetime expected credit losses estimated using a provision matrix. The provision matrix is based on the Company's historical credit loss experience, adjusted for factors that are specific to counter parties, general economic conditions and an assessment for both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

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

Non financial assets

The carrying amount of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset's or group of assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment losses are recognised in the statement of profit or loss.

7.15 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognised when the goods are provided, and thereby the performance obligations are satisfied. The Company's contract performance obligations are fulfilled at the point in time when the goods are dispatched to the customer. Invoices are generated and revenue is recognised at that point in time, as the control has been transferred to the customers and is reduced for allowances such as taxes, duties, commissions, sales returns and discounts. Revenue from other sources is recognised on the following basis:

- Interest income on deposits with banks and other financial assets is recognised on accrual basis.
- Dividend income is recognised when the Company's right to receive dividend has been established.

7.16 Related parties

- a) Employees Provident Fund
- b) Directors and key management personnel
- c) Stitchrite (Private) Limited

7.17 Related party transactions

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related party of the Company are at arm's length prices using the comparable uncontrolled price method except in circumstances where it is in the interest of the Company not to do so.

7.18 Dividend

Dividend is recognised as liability in the period in which it is declared.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

7.19 Foreign currency translations

Transactions in foreign currencies are accounted for in Pak rupees at the rates of exchange prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at rates of exchange prevailing at the statement of financial position date and in case of forward exchange contracts at the committed rates. Gains or losses on exchange are charged to the statement of profit or loss.

7.20 Earnings per share (EPS)

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

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

7.21 Segment reporting

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

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

The Company has two reportable business segments. Spinning (Producing different quality of yarn using natural and artificial fibers) and Weaving (Producing different quality of fabric using yarn).

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

7.22 Share capital

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from the proceeds.

		2020	2019
	Note	Rupees ('000')	Rupees ('000')
8 AUTHORISED SHARE CAPITAL			
185,000,000 (2019: 185,000,000) ordinary shares of Rs. 10/- each		1,850,000	1,850,000
Capital of merged companies			
345,000,000 (2019: 345,000,000) ordinary shares of Rs. 10/- each		3,450,000	3,450,000
		<u>5,300,000</u>	<u>5,300,000</u>
9 ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
20,000 (2019: 20,000) ordinary shares of Rs. 10/- each issued as fully paid in cash shares		200	200
497,989,959 (2019: 497,989,959) fully paid in cash ordinary shares of Rs. 10/- each issued to the shareholders of amalgamated entities		4,979,900	4,979,900
		<u>4,980,100</u>	<u>4,980,100</u>

Fully paid ordinary shares, which have a par value of Rs. 10/-, carry one vote per share and carry right to dividends.

There are no rights, preferences and restrictions attached to any class of shares including restrictions on the distribution of the dividends and the repayment of capital.

- There are no shares reserved for issue under options and contracts for the sale of shares.

-There were no bonus shares or treasury shares issued during the year.

		2020	2019
	Note	Rupees ('000')	Rupees ('000')
10 DIRECTORS' LOAN			
Directors' loan	10.01	<u>385,187</u>	<u>385,187</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

10.01 This represents interest free loans from directors of the Company, payable at the discretion of the entity. They do not pass the liability test and thus recorded as equity at face value. They will not be re-measured subsequently. The decision by the entity at any time in future to deliver cash or any other financial asset to settle the directors' loan would be a direct debit to equity. The Company has applied TR-32 'Accounting Directors' Loan' issued by Institute of Chartered Accountants of Pakistan whose compliance was mandatory with effect from period beginning on or after 01 January 2016. Out of total loan, loan of Rs. 120 million is subordinated to the liabilities of financial institutions. During the previous year, terms and conditions of this loan are revised, thus reclassified this loan from non-current liabilities to equity.

11 LONG TERM FINANCING	Note	2020 Rupees ('000')	2019 Rupees ('000')
From banking companies-Secured			
Name of the Bank			
The Bank of Punjab	11.01	6,070,871	6,270,871
National Bank of Pakistan	11.02	835,435	875,435
Habib Bank Limited	11.03	175,451	99,962
Faysal Bank Limited	11.04	298,398	322,398
Silk Bank Limited	11.05	294,085	313,877
Soneri Bank Limited	11.06	61,844	74,982
Bank Islami Pakistan Limited (formerly KASB Bank Limited)	11.07	37,963	36,275
Standard Chartered Bank Limited	11.08	235,922	275,624
		<u>8,009,969</u>	<u>8,269,424</u>
Less: Current portion	17	<u>410,786</u>	<u>598,043</u>
		<u>7,599,183</u>	<u>7,671,381</u>

11.01 This loan facility was restructured on 31 December 2016. It is repayable from 31 December 2016 to 30 June 2032 including one year grace period. Markup is charged at cost of funds less administrative cost (2019: cost of funds less administrative cost) of the preceding quarter. This facility is secured by joint pari passu charge on fixed assets and current assets of the company, registered with SECP.

11.02 This loan facility was restructured on 09 April 2019. It is repayable from 01 July 2019 to 01 April 2034. Markup is chargeable at cost of funds (2019: Cost of fund). The loan is secured against first joint pari passu charge over fixed assets of the Company registered with SECP.

11.03 This loan has been restructured on 01 July 2019. It is repayable from 01 July 2019 to 01 July 2027. Markup is to be charged at cost of funds (2019: KIBOR plus 2.5%) provided by the bank. This loan is secured against joint pari passu hypothecation charge, existing ranking charge over plant and machinery and existing joint pari passu charge on current and fixed assets of the Company.

11.04 This loan facility was restructured on 09 November 2018. It is repayable from 30 December 2018 to 30 September 2028. Markup is charges at cost of funds (2019: Cost of funds) of the bank. The loan is secured against joint and ranking charge over present and future current assets of the Company registered with SECP.

11.05 This loan includes two facilities Term Finance-1 (TF-1) and Term Finance-2 (TF-2) amounting Rs. 272.19 million and Rs. 38.22 million respectively. Both loans were restructured on 15 January 2017. It is payable from 15 January 2018 to 15 October 2032. Markup is payable at Silk bank's cost of funds minus 2% (2019: Cost of funds minus 2%) . Term Finance-2 is interest free and recognized at amortized cost by discounting using effective rate of interest and related present value gain was recognized in the statement of profit or loss. Out of total loan amount of Rs. 38.22 million, present value adjustment is Rs. 16.32 million. Both the loans are secured against first joint pari passu charge and ranking charge over the assets of the Company registered with SECP.

11.06 This loan facility was restructured on 20 March 2019. It is repayable from March 2019 to December 2024. The loan is secured against hypothecation charge over property, plant and equipment and existing joint pari passu charge over fixed assets including land of the Company, registered with SECP. This loan facility is interest free and recognized at amortised cost by discounting using effective rate of interest and related present value gain was recognized in the statement of profit or loss. Out of total outstanding amount of Rs. 71.05 million, present value adjustment is Rs. 9.20 million.

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11.07 This loan facility was restructured on 22 December 2018. The loan is repayable from 30 March 2019 and ending on 31 December 2033. The loan is secured against joint pari passu charge on the assets of the Company registered with SECP. It is interest free and recognized at amortized cost by discounting using effective rate of interest and related present value gain was recognized in the statement of profit or loss. Out of total outstanding amount of Rs. 74.17 million, present value adjustment is Rs. 36.21 million.

11.08 This facility was created as a result of a restructuring made on 17 May 2019. The loan is repayable from 30 June 2019 and ending on 31 March 2024. This loan is secured against joint pari passu charge over current assets of the Company registered with SECP. This loan facility is interest free and recognized at amortized cost by discounting using effective rate of interest and related present value gain was recognized in the statement of profit or loss. Out of total outstanding amount of Rs. 260.54 million, present value adjustment is Rs. 24.62 million.

12 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2020 Rupees ('000')	2019 Rupees ('000')
Present value of minimum lease payments	12.01, 12.02	41,192	53,719
Less: Current portion	17	(19,812)	(42,932)
		<u>21,380</u>	<u>10,787</u>

12.01 This represents machinery under lease and sale and lease back agreements. The principal plus financial charges are payable over the lease period in quarterly installments as per respective agreements ending in the month of September 2025. The liability as at the date of financial position represents the present value of total minimum lease payments discounted at 8.40% to 13.86% (2019: 6.93% to 11.13%) per annum being the interest rates implicit in leases. The purchase option is available to the Company on payment of last installment and the Company intends to exercise this option. Reconciliation of minimum lease payments and their present values is given below:

12.02 Lease liability related to First Punjab Modaraba has been reviewed / restructured during the year on 15 November 2019. The principal amount of this loan is repayable in 33 equal installments starting from 16 January 2020 to 16 May 2025, with an upfront payment of Rs. 1 million. Implicit rate of interest on the lease is 8.40%. Deferred markup related to the lease is repayable in 11 bi-monthly installments starting from 16 September 2023 to 16 May 2025.

	Note	2020 Rupees ('000')	2019 Rupees ('000')
Not later than one year		19,111	42,885
Later than one year but not later than five years		40,448	45,643
Later than five years		-	6,366
		<u>59,559</u>	<u>94,894</u>
Less: Financial charges allocated to future periods		(18,367)	(41,175)
Present value of minimum lease payments	12.03	41,192	53,719
Less: Current portion		(19,812)	(42,932)
		<u>21,380</u>	<u>10,787</u>
12.03 Present value of minimum lease payments			
Due not later than one year		19,812	42,932
Due later than one year but not later than five years		21,380	10,787
		<u>41,192</u>	<u>53,719</u>

13 DEFERRED LIABILITIES

Deferred taxation	13.01	853,765	831,371
Deferred mark up	13.02	3,875,949	3,329,983
Staff retirement benefits	13.03	133,696	109,972
		<u>4,863,410</u>	<u>4,271,326</u>
13.01 Deferred taxation			
		853,765	831,371
		<u>853,765</u>	<u>831,371</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Deferred taxation

Comprises of the following:

Deferred tax liability on taxable temporary differences in respect of the following:

- Accelerated tax depreciation allowance

Deferred tax asset on deductible temporary differences in respect of the following:

Lease liabilities

Un-absorbed losses

Minimum tax available for carry forward

Provision for stores, spares and loose tools

Provision for doubtful debts

Provision for gratuity

Statement of Financial position		Statement of Profit or Loss		Statement of OCI	
2020	2019	2020	2019	2020	2019
Rupees ('000')					

2,818,697 2,589,711 228,986 106,777 - -

10,464	13,766	(3,302)	(1,667)	-	-
1,077,450	981,847	95,603	(570,033)	-	-
842,168	733,912	108,256	120,434	-	-
299	289	10	(8)	-	-
591	379	212	2	-	-
33,960	28,147	15,452	11,266	(9,639)	3,273
1,964,932	1,758,340	216,231	(440,006)	(9,639)	3,273
853,765	831,371	12,755	546,783	9,639	(3,273)

Deferred taxation has been provided using rate of taxation applicable to tax year 2021 under the provisions of Income Tax Ordinance, 2001 to the extent of income of the Company chargeable under normal tax regime.

13.02 Deferred mark up	Note	2020 Rupees ('000')	2019 Rupees ('000')
Opening balance		5,668,685	5,404,280
Provision during the year		674,453	1,434,986
		6,343,138	6,839,266
Less: paid / adjusted during the year		-	(1,170,581)
		6,343,138	5,668,685
Present value adjustment		(2,467,189)	(2,338,702)
		3,875,949	3,329,983

It represents markup deferred by Habib Bank Limited, Faysal Bank Limited, Bank of Punjab, National Bank of Pakistan, First Punjab Modaraba and Silk Bank Limited. It is payable starting from 16 September 2023 and maturing on 01 April 2034.

This deferred markup has been discounted using effective rate of interest and classified separately in non-current liabilities and related present value gain or loss is recognised in statement of profit or loss.

13.03 Staff retirement benefits - unfunded gratuity scheme	Note	2020 Rupees ('000')	2019 Rupees ('000')
(a) Amounts recognised in the statement of financial position:			
Present value of defined benefit obligation		133,696	109,972
Net liability at the end of the year		133,696	109,972
(b) Movement in net liability			
Net liability at beginning of the year		109,972	81,757
Charge for the year		123,880	63,954
		233,852	145,711
Remeasurements chargeable in other comprehensive income		(37,949)	12,789
Benefits paid during the year		(62,207)	(48,528)
Net liability at end of the year		133,696	109,972
(c) Changes in the present value of defined benefit obligation			
Defined benefit obligation at beginning of the year		109,972	81,757
Current service cost		94,877	58,785
Past Service cost		17,764	-
Interest cost		11,239	5,169
		233,852	145,711
Remeasurements chargeable in OCI		(37,949)	12,789
Benefits paid during the year		(62,207)	(48,528)
Present value of defined benefit obligation at end of the year		133,696	109,972

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees ('000')	2019 Rupees ('000')
(d) Charge for the year			
Current service cost		94,877	58,785
Interest cost		11,239	5,169
Past service cost		17,764	-
		<u>123,880</u>	<u>63,954</u>

The principal assumptions used in the actuarial valuation are as follows:

Discount rate	14%	9.00%
Expected rate of increase per annum in future salaries	9%	13.25%
Expected average remaining working life of employees	3 years	3 years
Expected mortality rate	SLIC 2001 - 2005 Setback 1 Year	SLIC 2001 - 2005 Setback 1 Year
Retirement assumptions	60 years	60 years

Sensitivity analysis for actuarial assumptions

The following table summarizes how the net defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of change in respective assumptions.

	Change in assumptions	Increase Rupees ('000') 2020	Decrease Rupees ('000') 2020
Discount rate	1%	127,006	141,407
Increase in future salaries	1%	141,878	126,441

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

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

Risk factors

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

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

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

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

14	TRADE AND OTHER PAYABLES	Note	2020 Rupees ('000')	2019 Rupees ('000')
	Trade creditors		266,609	312,250
	Accrued liabilities		549,753	417,797
	Security deposits		192	203
	Bills payables	14.01	44,384	75,373
	Advances from customers		11,906	60,826
	Withholding tax payable		97,713	156,306
	Out put tax payable		318,997	-
	Worker's profit participation fund	14.02	-	34,901
	Others		356	1,016
			<u>1,289,910</u>	<u>1,058,672</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

20 PROPERTY, PLANT AND EQUIPMENT

Note	2020 Rupees ('000')	2019 Rupees ('000')
20.01	18,013,019	18,330,300
20.04	132,452	131,659
	18,145,471	18,461,959

20.01 The following is a statement of operating fixed assets (tangible):

	Freehold land	Building on freehold land	Plant, machinery and equipment	Factory tools and equipment	Furniture and fixtures	Office and hospital equipment	Library books	Vehicles	Leased plant and machinery	Leased vehicles	Total
RUPEES ('000')											
At 30 June 2018											
Cost	1,547,635	3,669,081	20,048,809	455,139	44,522	37,342	44	129,758	169,348	11,354	26,113,032
Accumulated depreciation	-	(1,221,004)	(6,164,780)	(143,618)	(25,401)	(23,463)	(44)	(82,566)	(44,418)	(8,845)	(7,714,139)
Net book value	1,547,635	2,448,077	13,884,029	311,521	19,121	13,879	-	47,192	124,930	2,509	18,398,893
Year ended 30 June 2019											
Additions / transfers	-	21,306	492,586	1,633	2,389	3,588	-	46,108	-	-	567,580
Transfers from capital work in progress	-	45,407	299,359	-	-	-	-	-	-	-	344,766
Transfers from leased plant and machinery	-	-	-	-	-	-	-	2,509	-	(2,509)	-
Disposals / transfers											
Cost	(93,300)	(68,641)	-	-	-	-	-	(14,089)	-	-	(176,030)
Depreciation	-	33,845	-	-	-	-	-	10,717	-	-	44,562
Net book value	(93,300)	(34,796)	-	-	-	-	-	(3,372)	-	-	(131,468)
Depreciation charge for the year (Note No. 20.02)	-	(121,372)	(697,546)	(15,603)	(998)	(1,533)	-	(6,172)	(6,246)	-	(849,470)
Net book value as at 30 June 2019	1,454,335	2,358,622	13,978,428	297,551	20,512	15,904	-	86,265	118,684	-	18,330,301
Year ended 30 June 2020											
Additions	-	664	422,923	2,581	3,245	2,699	-	21,649	-	-	453,761
Transfers from capital work in progress and stores (Note No.20.05)	-	35,394	188,633	-	-	-	-	-	-	-	224,027
Transfers from leased plant and machinery	-	-	7,190	-	-	-	-	-	(7,190)	-	-
Transfer to Right of use assets	-	-	-	-	-	-	-	-	(111,494)	-	(111,494)
Disposals / transfers (Note No. 20.06)											
Cost	-	-	(52,846)	-	-	-	-	(9,864)	-	-	(62,710)
Depreciation	-	-	30,327	-	-	-	-	6,300	-	-	36,627
Net book value	-	-	(22,519)	-	-	-	-	(3,564)	-	-	(26,083)
Accumulated Depreciation transferred from leased assets	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year (Note No. 20.02)	-	(118,704)	(711,676)	(14,895)	(1,121)	(1,751)	-	(9,346)	-	-	(857,493)
Net book value as at 30 June 2020	1,454,335	2,275,976	13,862,979	285,237	22,636	16,852	-	95,004	-	-	18,013,019

NOTES TO THE FINANCIAL STATEMENTS

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14.01 Bills payable includes overdue amount of Rs. Nil (2019: 33.19 million) .

14.02 Worker's profit participation fund

	Note	2020 Rupees ('000')	2019 Rupees ('000')
Opening balance		34,901	-
Provision for the year		-	34,901
		<u>34,901</u>	<u>34,901</u>
Payment during the year		(34,901)	-
Closing balance		<u>-</u>	<u>34,901</u>

15 SHORT TERM BORROWINGS

Banking companies - secured	15.01	<u>3,328,787</u>	<u>3,188,296</u>
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15.01 Conventional short term borrowings are available from banking companies under markup arrangements. The rates of markup range from 5.06% to 17.86% per annum (2019: 3.57% to 15.69%). These are secured against pledge / hypothecation of stock-in-trade, hypothecation of stores and spares, lien over import / export documents, pari passu charge over present and future current assets and ranking charge over fixed assets of the company.

15.02 From the total aggregate short term facilities of Rs. 3,402.41million (2019:3,406.76 million), the amount of Rs 397.77 million (2019: Rs. 506.37 million) remained unutilized as at 30 June 2020.

16 ACCRUED MARK UP

	Note	2020 Rupees ('000')	2019 Rupees ('000')
Accrued mark up on:			
Long term financing		-	63,765
Liabilities against assets subject to finance lease		33,746	37,691
Short term borrowings		184,201	208,327
		<u>217,947</u>	<u>309,783</u>

17 CURRENT PORTION OF LONG TERM LIABILITIES

Long term financing	17.01	410,786	598,043
Liabilities against assets subject to finance lease		19,812	42,932
		<u>430,598</u>	<u>640,975</u>

17.01 Current portion of long term financing includes principal installments amounting to Rs. 9.77 million (2019: Rs.129.27 million) which became over due.

18 PROVISION FOR TAXATION

	Note	2020 Rupees ('000')	2019 Rupees ('000')
Opening balance		277,024	202,848
Add: Taxation - current	40	192,269	235,310
		<u>469,293</u>	<u>438,158</u>
Less: Tax payments / adjustments during the year		217,668	161,134
		<u>251,625</u>	<u>277,024</u>

19 CONTINGENCIES AND COMMITMENTS

Contingencies

19.01 The Company imported textile machinery in 2002 availing exemptions from customs duty and sales tax on import thereof under SROs. 554(I)/97, 987 (I)/99, and 439(I)/2001. The Company had submitted indemnity bonds in that year to the customs authorities in this regard. In case, the conditions of above mentioned SROs are violated, the amount of customs duty and sales tax exempted aggregating Rs. 89.51 million shall be recovered along with such penalties imposed in this regard under section 202 of the Customs Act, 1969. The conditions of the said SRO vis-a-vis export of 50% of additional production during first three years and 60% of the additional production during subsequent two years had been complied with. Audit of first three years had been conducted by the department and had given compliance certificate and audit of second period is in the process. Since, all the conditions have been complied with, no liability will accrue in this respect.

19.02 Bank guarantees amounting to Rs. 379.10 million (2019: Rs. 353.04 million).

	2020 Rs. in million	2019 Rs. in million
Commitments		
Under letters of credit for imports	<u>10.26</u>	<u>29.15</u>

NOTES TO THE FINANCIAL STATEMENTS

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	Freehold land	Building on freehold land	Plant, machinery and equipment	Factory tools and equipment	Furniture and fixtures	Office and hospital equipment	Library books	Vehicles	Leased plant and machinery	Leased vehicles	Total
RUPEES ('000')											
At 30 June 2019											
Cost	1,454,335	3,667,153	20,840,754	456,772	46,911	40,900	44	173,131	189,348	-	26,849,348
Accumulated depreciation	-	(1,308,531)	(6,862,326)	(159,221)	(26,399)	(24,996)	(44)	(86,866)	(50,664)	-	(8,519,047)
Net book value in Rupees	1,454,335	2,358,622	13,978,428	297,551	20,512	15,904	-	86,265	118,684	-	18,330,301
Annual rates (%) of depreciation 2019	-	5	5	5	5	10	15	10	5	10	
At 30 June 2020											
Cost	1,454,335	3,703,211	21,408,550	459,353	50,156	43,599	44	184,916	-	-	27,304,164
Accumulated depreciation	-	(1,427,235)	(7,545,571)	(174,116)	(27,520)	(26,747)	(44)	(89,912)	-	-	(9,291,145)
Net book value in Rupees	1,454,335	2,275,976	13,862,979	285,237	22,636	16,852	-	95,004	-	-	18,013,019
Annual rates (%) of depreciation 2020	-	5	5	5	5	10	15	10	5	10	
Depreciation charge for the year has been allocated as follows:											
20.02											
	2020			2019							
Cost of sales	Rupees ('000')			Rupees ('000')							
Administrative expenses	849,326			835,564							
	14,101			13,906							
	863,427			849,470							
	857,493										
	5,934										
	863,427										
Property, plant and equipment											
Right of use asset											
20.03 No impairment relating to operating fixed assets has been recognised in the current year.											
20.04											
	2020			2019							
Capital work in progress	Rupees ('000')			Rupees ('000')							
Plant and machinery	121,135			40,991							
Civil work	11,317			90,668							
	132,452			131,659							
Movement in capital work in progress											
Opening	131,659			96,428							
Additions during the year	106,219			379,997							
	237,878			476,425							
	(105,426)			(344,766)							
Transferred to operating assets	132,452			131,659							

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

20.05 Transfer to property, plant and equipment are represented by:

	2020	2019
	Rupees ('000')	Rupees ('000')
Building	35,394	45,407
Plant and machinery	188,633	299,359
	224,027	344,766

20.06 Disposal of property, plant and equipment

The following operating fixed assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Relationship of purchaser with the Company	Mode of disposal	Buyer's name
RUPEES ('000')								
Vehicles								
Toyota Corolla GLI LEE 09-1719	1,401	944	457	1,100	643	Third party	Negotiation	Mr. Akhtar Ali
Honda Civic LEB=07-7250	1,501	1,094	407	1,060	653	Third party	Negotiation	Mr. Adnan Haider Ali
Suzuki Cultas LWG-06-5182	560	424	136	415	279	Third party	Negotiation	Mr. Safdar Rama
Suzuki Cultas LED-07-3576	663	482	181	530	349	Third party	Negotiation	Mr. Safdar Rama
Suzuki Cultas LWG-06-5287	560	425	135	442	307	Third party	Negotiation	Mr. Safdar Rama
Corolla Altis 1.6 MN-13-903	2,105	1,042	1,063	1,700	637	Third party	Negotiation	Mr. Maqsood Ahmad
Toyota Corolla XLI LED-09-9617	1,284	857	427	830	403	Third party	Negotiation	Mr. Muhammad Amin
Corolla GLI MN-12-468	1,790	1,032	758	1,450	692	Third party	Negotiation	Mr. Yasir Naeem
Total	9,864.00	6,300	3,564	7,527	3,963			
Impaired plant & equipment								
	52,846	30,327	22,519	7,800	(14,719)	Third party	Negotiation	M/S Multiforms & Co.

20.07 Charge / mortgage on fixed assets has been disclosed in respective notes.

20.08 The Company's obligation under finance lease are secured by lessor's title to the leased assets, which have a carrying amount of Rs. 105.56 million (2019: Rs. 118.68 million).

20.09 Addition in plant and machinery includes capitalization of borrowing cost of Rs. 18.6 million (2019: Rs. 39.39 million).

20.10 Particulars of immovable assets of the Company are as follows:

Location	Addresses	Usage of immovable property	Total Area (Sq. ft.)	Covered Area (Sq. ft.)
Multan	Mouza Junglebhaera and mouza Muzafarabad Multan	Production Unit	6,917,232	2,993,438
Kasur	4km Raiwind Manga road, Raiwind, district Kasur	Production Unit	1,638,528	1,054,751

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

21	RIGHT OF USE ASSET	Note	2020 Rupees ('000')	2019 Rupees ('000')
	Present value of future lease payments	21.01	118,684	-
			<u>118,684</u>	<u>-</u>
	Net book value as at the beginning of the year		118,684	-
	Transfer to Property, plant and equipment		(7,190)	-
	Depreciation charged during the year		(5,934)	-
	Balance as at the end of the year		<u>105,560</u>	<u>-</u>

21.01 Right of use assets are recognised during the year due to adoption of IFRS 16, the opening balances are transferred from property, plant and equipment.

22	INVESTMENT PROPERTY	Note	2020 Rupees ('000')	2019 Rupees ('000')
	Opening balance	22.01	629,886	495,658
	Transfer from owner's occupied property	22.02	-	135,046
	Revaluation gain / (loss) recognised through statement of profit or loss		150,039	(818)
			<u>779,925</u>	<u>629,886</u>

22.01 During the year 2017, this property was reclassified from owner's occupied property to investment property as a result of change in use. The valuation was arrived at by reference to market evidence of transaction price for similar land, which gave rise to gain of Rs. 12.64 million.

22.02 During the year 2019, a property having carrying value of Rs. 128.09 million was transferred from owner occupied property to investment property giving rise to fair value gain of Rs. 6.95 million.

22.03 As of reporting date, the fair value of such investment property was determined by an independent external property valuer, Arif Evaluators, having appropriate recognised qualification and relevant experience. Forced sale value of above investment as at reporting date is Rs. 629.381 million.

23	LONG TERM INVESTMENTS	Note	2020 Rupees ('000')	2019 Rupees ('000')
	At fair value through statement of profit or loss designated on initial recognition			
	- Investment in Imperial Sugar Limited		212,722	189,880
	At fair value through other comprehensive income	23.01	1,967	1,461
			<u>214,689</u>	<u>191,341</u>

23.01 Investment - at fair value through other comprehensive income

	2020 No. of Shares / Bonds	2019 No. of Shares / Bonds	2020 Rupees ('000')	2019 Rupees ('000')
Quoted - at fair value				
Colony Woolen Mills Limited	70,506	70,506	282	282
Azgard Nine Limited	80,948	80,948	1,285	779
Colony Thal Textile Mills Limited	6	6	-	-
	<u>151,460</u>	<u>151,460</u>	<u>1,567</u>	<u>1,061</u>
Unquoted - at cost				
Government Compensation Bonds	400	400	400	400
	<u>151,860</u>	<u>151,860</u>	<u>1,967</u>	<u>1,461</u>

Government Compensation Bonds for Rs. 0.4 million (2019: Rs. 0.4 million) are receivable from the Federal Government in respect of shares held by the Company in the share capital of Multan Electric Supply Company Limited. The Company had challenged the withholding of these Bonds through writ petition filed in the Lahore High Court, Lahore, which is still pending for final adjudication.

24	INVESTMENT IN SUBSIDIARY	Note	2020 Rupees ('000')	2019 Rupees ('000')
	Investment in Stitchrite (Private) Limited	24.01	1,000	-
			<u>1,000</u>	<u>-</u>

24.01 Stitchrite (Private) Limited is a private company incorporated in Pakistan. As of the date of statement of financial position the company owns 100 percent shareholding of Stitchrite (Private) Limited.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

		2020 Rupees ('000')	2019 Rupees ('000')
25 STORES, SPARE PARTS AND LOOSE TOOLS	Note		
Stores		180,936	254,359
Spares		95,344	142,601
Loose tools		522	1,476
		<u>276,802</u>	<u>398,436</u>
Less: Provision for slow moving items	25.01	<u>1,135</u>	<u>1,090</u>
		<u>275,667</u>	<u>397,346</u>
25.01 Provision for slow moving items			
Opening balance		1,090	1,235
Provision made during the year		1,135	1,090
		<u>2,225</u>	<u>2,325</u>
Less: Provision written off during the year		1,090	1,235
Closing balance		<u>1,135</u>	<u>1,090</u>
26 STOCK IN TRADE			
Textile			
Raw material		1,288,638	2,000,067
Work in process		467,431	450,135
Finished goods		<u>2,687,864</u>	<u>2,090,735</u>
		<u>4,443,933</u>	<u>4,540,937</u>
Real Estate Business			
Land held for development and resale		<u>165,000</u>	<u>165,000</u>
		<u>4,608,933</u>	<u>4,705,937</u>
27 TRADE DEBTS			
Foreign - secured:			
Considered good		171,497	25,362
Local - unsecured:			
Considered good		1,094,549	972,593
Considered doubtful		<u>2,250</u>	<u>1,430</u>
		<u>1,268,296</u>	<u>999,385</u>
Less: Loss allowance for doubtful trade debts	27.01	<u>2,250</u>	<u>1,430</u>
		<u>1,266,046</u>	<u>997,955</u>
27.01 Provision for loss allowance			
Opening balance		1,430	1,570
Loss allowance charged during the year		2,250	1,430
		<u>3,680</u>	<u>3,000</u>
Less: Loss allowance written off during the year		1,430	1,570
Closing balance		<u>2,250</u>	<u>1,430</u>
28 LOANS AND ADVANCES			
Considered good:			
Secured:			
Loans to employees	28.01	81,322	87,868
Advances to:			
-Suppliers		409,697	226,406
-Stitchrite (Private) Limited (Subsidiary Company)	28.02	21,111	-
-Letters of credit fee, margin and expenses		<u>204,300</u>	<u>187,726</u>
		<u>716,430</u>	<u>502,000</u>
28.01 The advances are given to employees as per company's HR policy.			
28.02 Maximum aggregate amount outstanding during the year was Rs. 21.11 million (2019: Rs. nil)			
29 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Trade deposits		234,030	205,186
Other receivables		<u>21,802</u>	<u>28,474</u>
		<u>255,832</u>	<u>233,660</u>
30 OTHER FINANCIAL ASSETS			
Other financial assets	30.01	<u>16</u>	<u>18</u>
30.01 These include shares of listed companies classified at fair value through statement of profit or loss.			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

	2020 No. of Shares / Bonds	2019 No. of Shares / Bonds	Note	2020 Rupees ('000')	2019 Rupees ('000')
	<i>Quoted - at fair value</i>				
	89	89	Oil and Gas Development Company Limited	10	12
	250	250	Maple Leaf Cement Factory Limited	6	6
	<u>339</u>	<u>339</u>		<u>16</u>	<u>18</u>
31 TAX REFUNDS DUE FROM THE GOVERNMENT					
Sales tax				522,545	466,713
Income tax refundable / adjustable				<u>410,416</u>	<u>498,029</u>
				<u>932,961</u>	<u>964,742</u>
32 CASH AND BANK BALANCES					
Cash in hand				3,053	457
Cash at banks:					
-in current accounts				35,971	35,075
-in deposit accounts			32.01	<u>8,928</u>	<u>1,755</u>
				<u>47,952</u>	<u>37,287</u>
32.01 These carry profit / markup ranging from 5.55% to 13.5%(2019: 5.75% to 10%) per annum.					
33 SALES			Note	2020 Rupees ('000')	2019 Rupees ('000')
Local					
Yarn and Fabric				14,871,142	19,743,916
Raw material sales				83,888	11,137
Waste				<u>204,140</u>	<u>305,726</u>
				15,159,170	20,060,779
Export					
Yarn				15,378	168,799
Fabric				<u>2,564,482</u>	<u>2,177,962</u>
				<u>2,579,860</u>	<u>2,346,761</u>
Sale of real estate				-	<u>777,163</u>
				-	<u>777,163</u>
				17,739,030	23,184,703
Commission and duties				<u>(38,738)</u>	<u>(61,304)</u>
				<u>17,700,292</u>	<u>23,123,399</u>
33.01 Sales are shown net of sales tax, amounting Rs. 2,846 millions (2019: Nil).					
34 COST OF SALES					
Raw material consumed			34.01	10,927,775	13,209,994
Stores consumed				876,976	718,935
Staff salaries, wages and benefits			34.02	2,019,268	1,790,538
Power and fuel				2,520,618	2,667,247
Insurance				57,302	57,280
Rent, rates and taxes				5,422	4,607
Depreciation			20.02	849,326	835,564
Other charges				<u>112,172</u>	<u>51,599</u>
				17,368,859	19,335,764
Work in process:					
Opening				450,135	453,260
Closing				<u>(467,431)</u>	<u>(450,135)</u>
				<u>(17,296)</u>	<u>3,125</u>
Cost of goods manufactured				17,351,563	19,338,889

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees ('000')	2019 Rupees ('000')
Balance brought forward :		17,351,563	19,338,889
Finished goods:			
Opening stock		2,090,735	3,815,935
Closing stock		(2,687,864)	(2,090,735)
		(597,129)	1,725,200
Real estate:			
Opening stock		165,000	496,747
Closing stock		(165,000)	(165,000)
		-	331,747
		16,754,434	21,395,836
34.01 Raw material consumed			
Opening stock		2,000,067	649,392
Purchases including purchase expenses		10,216,346	14,560,669
		12,216,413	15,210,061
Closing stock		(1,288,638)	(2,000,067)
		10,927,775	13,209,994
34.02 Salaries, wages and other benefits include provision for staff retirement benefits for the year Rs. 85.68 million (2019: Rs. 63.95 million).			

	Note	2020 Rupees ('000')	2019 Rupees ('000')
35 DISTRIBUTION COST			
Staff salaries and benefits		30,627	22,028
Freight charges		57,563	97,361
Telecommunication		3,178	2,846
Export forwarding charges		111,766	129,008
Bank charges		2,790	2,002
Others		11,476	4,631
		217,400	257,876
36 ADMINISTRATIVE EXPENSES			
Staff salaries and benefits	36.01	229,037	189,955
Printing and stationery		712	727
Travelling and conveyance		14,475	16,289
Communication		7,771	6,557
Rent, rates and taxes		14,388	15,088
Repair and maintenance		11,367	12,329
Insurance		4,119	4,641
Advertisement		125	131
Fee and subscription		4,528	5,567
Loss allowance		2,250	1,430
Provision for slow moving stores, spares and loose tools		1,135	1,090
Entertainment		8,462	8,982
Auditors' remuneration	36.02	3,353	3,350
Donation	36.03	8,807	7,631
Legal and professional charges		7,329	8,629
Directors' meeting fee		210	160
Depreciation	20.02	14,101	13,906
Others		1,416	1,706
		333,585	298,168

36.01 Salaries, wages and other benefits include contribution to provident fund for the year Rs. 7.62 million (2019: Rs. 6.18 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

		2020 Rupees ('000')	2019 Rupees ('000')
36.02 Auditors' remuneration	Note		
Statutory audit fee		2,994	2,994
Half yearly review fee		259	256
CCG review fee		50	50
Out of pocket expenses		50	50
		<u>3,353</u>	<u>3,350</u>
36.03	No director or his / her spouse had any interest in the donees' fund.		
37 FINANCE COST			
Bank charges and commission		13,033	18,292
Mark up on inland bill discounting		39,225	28,199
Mark up on;			
- Long term finance		598,936	305,699
- Short term borrowings		312,300	148,719
- Liabilities against assets subject to finance lease		5,117	5,166
		<u>916,353</u>	<u>459,584</u>
		<u>968,611</u>	<u>506,075</u>
38 OTHER OPERATING CHARGES			
Loss on investment in IMSL		-	237,310
Unwinding of loans at amortised cost		14,119	-
Amortization of deferred mark up		-	337,817
		<u>14,119</u>	<u>575,127</u>
39 OTHER INCOME			
Income from financial assets			
Profit on deposits with banks		9,403	6,517
Amortization of deferred mark up		128,487	-
Loss on remeasurement of investments		(1)	(9)
Gain on restructuring from banking companies / financial institutions	39.01	90,623	2,001,899
Gain on long term investments		22,843	-
Gain on amortisation of long term loan		-	100,466
Income from other than financial assets			
(Loss) / gain on sale of property, plant and equipment	20	(10,755)	5,850
Gain / (loss) on revaluation of investment property	22	150,039	(818)
Exchange gain realised		4,624	3,681
Miscellaneous income		22,555	16,523
		<u>417,818</u>	<u>2,134,109</u>
39.01	This includes gain on restructuring of long-term financing and short-term borrowings from banking companies / financial institutions.		
40 TAXATION	Note	2020 Rupees ('000')	2019 Rupees ('000')
Taxation:			
-Current year		251,625	277,024
-Prior years		(59,356)	(41,714)
		<u>192,269</u>	<u>235,310</u>
Deferred		<u>12,754</u>	<u>553,331</u>
		<u>205,023</u>	<u>788,641</u>
- Income tax return has been filed to the income tax authorities up to and including tax year 2019 under the provisions of the Income Tax Ordinance, 2001.			
- Provision for taxation has been made in accordance with section 154 and 113 of the Income Tax Ordinance, 2001 ("The Ordinance"). There is no relation between aggregate tax expense and accounting profit. Accordingly, no numerical reconciliation has been presented.			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

41 EARNINGS PER SHARE	Note	2020	2019
Basic Earnings per share:			
Profit after taxation	Rupees ('000')	(375,062)	1,435,785
Weighted average number of ordinary shares	Number ('000')	498,010	498,010
Earning per share - basic and diluted	Rupees	(0.75)	2.88

Diluted earnings per share:

There is no dilutive effect on the basic earnings per share of the company because the company has no outstanding potential ordinary shares.

42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		EXECUTIVE DIRECTOR		NON-EXECUTIVES DIRECTORS		EXECUTIVES	
	2020	2019	2020	2019	2020	2019	2020	2019
	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')
Managerial remuneration	27,273	16,364	4,364	4,227	-	-	45,241	18,573
Retirement benefits	2,272	1,363	364	352	-	-	3,586	1,521
Medical	2,727	1,636	436	423	-	-	4,524	1,857
Meeting fee	-	850	-	-	210	160	-	-
	32,272	20,213	5,164	5,002	210	160	53,351	21,951
Number of Executives	1	1	1	1	5	5	23	8

42.01 Certain executives including Chief Executive Officer of the company are also provided with free use of Company's cars in accordance with their entitlements.

42.02 No remuneration was given to Non Executive Director except the fee paid for attending the meeting and as disclosed in note No. 36. Non Executive Directors include one independent director.

43 TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of directors, key management personnel and post employment benefits plan. Remuneration of Chief Executive Officer is disclosed in note No. 42. Other significant transactions with related parties are as follows:

Nature of transaction	Nature of Relationship	Note	2020 Rupees ('000')	2019 Rupees ('000')
Expense in relation to provident fund trust	Employees Fund	43.01	25,206	21,510
Investment in Stitchrite (Private) Limited	Subsidiary Company		1,000	-
Loan to Stitchrite (Private) Limited	Subsidiary Company		21,111	-
Loan from directors	Directors	10.00	-	265,187

43.01 The related party status of outstanding balances as at 30 June 2020 related to employee provident fund trust are included in trade and other payables amounting to Rs. 58.427 million (2019: Rs. 46.821 million). These are to be settled in the ordinary course of business.

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

Sr. No.	Company Name	Basis of relationship	Aggregate % of Shareholding in the Company
1	CTML Employees Contributory Provident Fund	Trustee	N/A
2	Stichrite (Private) Limited	Subsidiary	100%

44 PLANT CAPACITY AND ACTUAL PRODUCTION

Installed capacity

Spinning division:

Ring end spinning:

Installed capacity converted into 20s count	Kgs	124,807,256	124,807,256
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Open end spinning:

Installed capacity converted into 20s count	Kgs	4,571,171	4,571,171
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Weaving Division:

Installed capacity converted into square meter at 60 picks	Meters	118,195,436	118,195,436
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Actual production:

Spinning division:

Ring end spinning:

Actual production converted into 20s count	Kgs	97,011,385	118,812,554
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Open end spinning:

Actual production converted into 20s count	Kgs	3,270,245	4,257,867
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Weaving Division:

Actual production converted into square meter at 60 picks	Meters	94,672,367	111,322,197
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Reason for shortfall:

It is difficult to describe precisely the production capacity in spinning / weaving mills since it fluctuates widely depending on various factors such as count of yarn spun, twist and fiber blend and fabric construction etc. It also significantly varies based on the pattern of production adopted throughout the year. Difference of actual production with installed capacity is in normal course of business.

45 PROVIDENT FUND	Note	2020 Rupees ('000')	2019 Rupees ('000')
The following information is based on the latest audited financial statements of the trust:			
Size of the fund - Total assets		240,587	185,644
Cost of investments made	45.01	181,111	136,764
Percentage of investments made		75.28%	73.67%
Fair value of investments		181,111	136,764

45.01 The break-up of fair value of investments is:

	2020		2019	
	Rs. ('000')	Percentage	Rs. ('000')	Percentage
Loan to members	28,045	15%	21,874	16%
Bank balances	15,636	9%	2,010	1%
Government securities	137,430	76%	112,880	83%
	181,111	100%	136,764	100%

These investments out of provident fund trust have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

46 NUMBER OF EMPLOYEES		2020 Number	2019 Number
The total and average number of employees during the year and as at 30 June 2020 / 30 June 2019 are as follows:			
Average number of employees during the year	- factory	7,928	7,548
	- others	621	597
		8,549	8,145
Number of employees at the end of the year - factory		8,065	7,791
	- others	621	620
		8,686	8,411

47 FINANCIAL INSTRUMENTS

47.01 The Company has exposure to the following risks from its use of financial instruments:

- Credit risk

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

- Liquidity risk

- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. Further, quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from deposits, trade debts, loans, advances and other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

47.02 Financial assets as per statement of financial position

	2020 Rupees ('000')	2019 Rupees ('000')
Long term investment in IMSL	212,722	189,880
Long term deposits	51,132	51,132
Trade debts	1,266,046	997,955
Loans and advances	81,322	87,868
Trade deposits and short term prepayments	255,832	233,660
Cash and Bank balances	47,952	37,287
Investments measured at fair value through profit or loss		
Quoted - at fair value	16	18
Investment measured at fair value through other comprehensive income		
Quoted - at fair value	1,567	1,061
Unquoted - at cost	400	400
	<u>1,916,989</u>	<u>1,599,261</u>

The Company's credit risk exposures are categorized under the following headings:

Counter parties

The Company conducts transactions with the following major counterparties:

- Trade debtors

- Banks and other financial institutions

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

Credit risk related to trade debts

Trade debts are essentially due from local and foreign customers against sale of yarn, fabric and waste material and the Company does not expect these counterparties to fail to meet their obligations. The majority of sales to the Company's customers are made on specific terms. Customer credit risk is managed subject to established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on past experience with the customer. Outstanding customer receivables are regularly monitored and any shipments to foreign customers are generally covered by letters of credit.

Trade receivables are non-interest bearing and are generally on 60 to 90 days credit terms.

Impairment losses

The aging of trade debts and loans to employees at the reporting date was:

	2020 Rupees ('000')	2019 Rupees ('000')
0 to 30 days	404,210	868,658
31 to 180 days	538,947	211,505
181 to 360 days	401,960	4,230
Over one year	2,250	1,430
	<u>1,347,367</u>	<u>1,085,823</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Trade debts include debtors with a carrying amount of Rs. 2.25 million (2019: Rs. 1.430 million) which are past due at the reporting date but not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Concentration of credit risk

Trade debts consist of a large number of diversified customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable where appropriate. Geographically, there is no concentration of credit risk.

Credit risk related to banks and other financial institutions

Credit risk on balances with banks is managed by management in accordance with the Company's policy. Excess funds are placed in deposits with reputable banks and financial institutions.

47.03 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of statement of financial position liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer. Management has rescheduled the loan financing with The Bank of Punjab and is also in process of rescheduling with National Bank of Pakistan. Furthermore, support from sponsors in the form of interest free loans to meet liquidity shortfall is also contributory to minimize liquidity risk.

The Company manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note No. 15.02 is a list of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

47.03.1 Liquidity risk table

Financial liabilities in accordance with their contractual maturities are presented below:

	30 June 2020						
	Interest/mark-up bearing			Non interest/mark-up bearing			
	Maturity within one year	Maturity after one year	Sub Total	Maturity within one year	Maturity after one year	Sub Total	Total
	Rupees ('000')						
Financial Liabilities:							
Financial liabilities measured at amortized cost	-	-	-	-	3,875,949	3,875,949	3,875,949
Long term financing	410,786	7,599,183	8,009,969	-	-	-	8,009,969
Director's loan	-	-	-	-	385,187	385,187	385,187
Liabilities against assets subject to finance lease	19,812	21,380	41,192	-	-	-	41,192
Short-term borrowings	3,328,787	-	3,328,787	-	-	-	3,328,787
Trade and other payables	-	-	-	1,180,291	-	1,180,291	1,180,291
Unclaimed dividend	-	-	-	94	-	94	94
Accrued mark up	217,947	-	217,947	-	-	-	217,947
	3,977,332	7,620,563	11,597,895	1,180,385	4,261,136	5,441,521	17,039,416

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Financial Liabilities:

Financial liabilities measured at amortized cost
Long term financing
Director's loan
Liabilities against assets subject to finance lease
Short-term borrowings
Trade and other payables
Unclaimed dividend
Accrued mark up

30 June 2019						
Interest/mark-up bearing			Non interest/mark-up bearing			
Maturity within one Year	Maturity after one Year	Sub Total	Maturity within one Year	Maturity after one Year	Sub Total	Total
Rupees ('000')						
-	-	-	-	3,329,983	3,329,983	3,329,983
598,043	7,671,381	8,269,424	-	-	-	8,269,424
-	-	-	-	385,187	385,187	385,187
42,932	10,787	53,719	-	-	-	53,719
3,188,296	-	3,188,296	-	-	-	3,188,296
-	-	-	841,634	-	841,634	841,634
-	-	-	94	-	94	94
309,783	-	309,783	-	-	-	309,783
4,139,054	7,682,168	11,821,222	841,728	3,715,170	4,556,898	16,378,120

Effective mark up / interest rates have been disclosed in respective notes to the financial statements.

47.04 Market risk

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

47.04.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Exposure to currency risk

The Company is exposed to currency risk on trade debts which are denominated in currency other than the functional currency of the Company. The Company's exposure to foreign currency risk is as follows:

Statement of financial position items

	2020		2019	
	Rupees ('000')	US \$ ('000')	Rupees ('000')	US \$ ('000')
Trade debts	171,497	1,021	25,362	156
L/C Margins	204,300	1,216	187,726	1,152

Off statement of financial position commitments

	2020		2019	
	Rupees ('000')	US \$ ('000')	Rupees ('000')	US \$ ('000')
Letter of credit	10,257	61	29,151	179

The following US Dollar exchange rates were applied during the year:

	2020	2019
	Rupees	Rupees
Average rate	165.53	142.94
Statement of financial position date rate	168.05	163.00

Sensitivity analysis - foreign currency

At 30 June 2020, if the Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, profit for the year would have been lower / higher by Rs. 23.79 million (2019: 12.11 million), as a result of foreign exchange gains / losses on translation of foreign currency trade debts. Profit / (loss) is more sensitive to movement in Rupee / foreign currency exchange rates in 2020 than 2019 because of average increase in foreign currency exchange rate during the year.

NOTES TO THE FINANCIAL STATEMENTS

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47.04.2 Interest rate risk

Interest / markup rate risk arises from the possibility that changes in interest / markup rates will affect the value of financial instruments. The Company has significant amount of interest based financial assets and financial liabilities which are largely based on variable interest / markup rates, therefore the Company has to manage the related finance cost which exposes it to the risk of 1 month, 3 months and 6 months KIBOR. Since the impact on interest rate exposure is significant to the Company, management is considering the alternative arrangement to manage interest rate exposure in future.

	Note	2020 Rupees ('000')	2019 Rupees ('000')
Fixed rate instruments			
There are no fixed rate instruments.			
Variable rate instruments			
Financial assets			
Cash in deposit accounts		8,928	1,755
Financial liabilities			
Long term finance		8,009,969	8,269,424
Short term finance		3,328,787	3,188,296
Liabilities against assets subject to finance lease		41,192	53,719
		<u>11,379,948</u>	<u>11,511,439</u>

Sensitivity analysis - interest rate

If interest rates had been 1 % higher / lower and all other variables were held constant, the Company's profit / (loss) for the year ended 30 June 2020 would have decreased / increased by Rs. 113.70 (2019: Rs. 116.3) million. This is mainly attributable to the Company's exposure to interest rates on its variable rate financial instruments.

47.04.3 Other price risk

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

47.04.4 Financial instruments by category

The Company finances its operation through equity, borrowings and management of working capital with a view to maintain an approximate mix between various sources of finance to minimize risk. Taken as a whole, the Company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

	Note	2020 Rupees ('000')	2019 Rupees ('000')
Financial assets as per statement of financial position			
Loan and receivable			
Long-term deposits		51,132	51,132
Trade debts		1,266,046	997,955
Loans and advances		81,322	87,868
Trade deposits and short term prepayments		255,832	233,660
Cash and Bank balances		47,952	37,287
Long term investment			
Investment in IMSL at fair value through statement of profit or loss		212,722	189,880
Fair value through profit or loss			
Quoted - at fair value		16	18
Fair value through other comprehensive income			
Quoted - at fair value		1,567	1,061
Unquoted - at cost		400	400
		<u>1,916,989</u>	<u>1,599,261</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Financial liabilities as per statement of financial position	Note	2020 Rupees ('000')	2019 Rupees ('000')
Financial liabilities measured at amortized cost		3,875,949	3,329,983
Long term finance		8,009,969	8,269,424
Director's loan		385,187	385,187
Liabilities against assets subject to finance lease		41,192	53,719
Short-term borrowings		3,328,787	3,188,296
Trade and other payables		1,180,291	841,634
Unclaimed dividend		94	94
Accrued mark up		217,947	309,783
		<u>17,039,416</u>	<u>16,378,119</u>

47.05 Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirements to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

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

47.05.1 Fair value hierarchy

Following are three levels in fair value hierarchy that reflects the significance of the inputs used in measurement of fair values of financial instruments.

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

Financial assets:	2020			
	Level 1	Level 2	Level 3	Total
	Rupees ('000')			
Financial investments: available for sale	16	-	-	16
Investment at fair value through profit or loss	212,722	-	-	212,722
Investment - available for sale	1,285	-	282	1,567
	<u>214,023</u>	<u>-</u>	<u>282</u>	<u>214,305</u>
Financial assets:	2020			
	Level 1	Level 2	Level 3	Total
	Rupees ('000')			
Financial investments: available for sale	18	-	-	18
Investment at fair value through profit or loss	189,880	-	-	189,880
Investment - available for sale	779	-	282	1,061
	<u>190,677</u>	<u>-</u>	<u>282</u>	<u>190,959</u>

48 CAPITAL MANAGEMENT

The Company's objectives, policies and processes for managing capital are as follows:

- The Company is not subject to any externally imposed capital requirements.
- The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
- Consistently with others in the industry, the company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e., share capital, reserves and unappropriated profit).
- The Company's strategy is to maintain its debt-to-adjusted capital ratio between 40% to 60%. The debt-to-adjusted capital ratios at 30 June 2020 and 30 June 2019 were as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees ('000')	2019 Rupees ('000')
Total debt		11,379,948	11,511,439
Less: cash and cash equivalents		44,899	36,830
Net debt		11,335,049	11,474,609
Total equity		9,398,680	9,744,926
Total capital employed		20,733,729	21,219,535
Gearing ratio (%)		54.67%	54.08%

49 NON ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There were no non-adjusting events after the statement of financial position date.

50 CASH GENERATED FROM OPERATIONS

CASH FLOWS FROM OPERATING ACTIVITIES

	Note	2020 Rupees ('000')	2019 Rupees ('000')
Profit / (loss) before taxation		(170,039)	2,224,426
Adjustments for:			
Provision for staff retirement benefits		123,880	63,954
Depreciation		863,427	849,470
Finance cost		968,611	506,075
Share of (gain) / loss from investment in IMSL		(22,843)	237,310
Loss on remeasurement of short term investments		1	9
Revaluation loss / (gain) on investment property		(150,039)	818
Provision for slow moving stores, spares and loose tools		1,135	1,090
Loss allowance for doubtful trade debts		2,250	1,430
Amortization of deferred mark up		(128,487)	337,817
Gain on restructuring from banking companies / financial institutions		(91,165)	(2,001,899)
Gain on amortisation of long term loan		14,119	(100,466)
Exchange gain realised		-	(3,681)
Gain on disposal of property, plant and equipment		10,755	(5,850)
		1,591,644	(113,924)
Operating cash flows before working capital changes		1,421,605	2,110,502
Changes in working capital:			
<i>(Increase) / decrease in current assets:</i>			
Stores, spares and loose tools		121,679	(125,132)
Stock-in-trade		97,004	709,397
Trade debts		(268,091)	(305,198)
Loans and advances		(214,430)	(189,057)
Tax refund due from government		31,781	(31,120)
Trade deposits and short term prepayments		(22,172)	(81,805)
<i>Increase / (decrease) in current liabilities:</i>			
Trade and other payables		300,418	(268,021)
		46,189	(290,936)
Cash generated from operations		1,467,794	1,819,566

51 CHANGE IN ACCOUNTING POLICY

51.01 IFRS 16 'Leases'

The company applied IFRS 16 'Leases' for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have a significance impact for leases where the Company is the Lessor.

IFRS 16 introduced a single, on balance sheet accounting model for leases. As a result the Company, as a lessee, has recognised right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments.

IFRS 16 establishes principle for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that leases provide relevant information that faithfully represents those transactions. The standard provides a single accounting model, requiring lessee to recognise assets and liabilities for all leases unless the lease term is 12 months or less or do not contain a purchase option (short-term leases) and, lease contracts for which the underlying asset has a low value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Under IFRS 16, assets leased by the company are being recognised on the statement of financial position of the company with a corresponding liability. As a rule, lease expenses are no longer recorded in the statement of profit or loss from July 01, 2019. Instead, depreciation and interest expenses are recorded stemming from the newly recognized leases assets and leases liabilities.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 July 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. The Company elected to use the transition practical expedient allowing the standard to be applied only to 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 leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The adoption of IFRS 16 did not have material impact on the amounts recognised in the statement of financial position, statement of profit or loss, statement of cash flows or earnings per share as the Company does not have any operating lease contract which is not short term or of immaterial value.

52 Impact of COVID 19 on the financial statements

On 30 January 2020, the World Health Organization (WHO) declared the outbreak a "Public Health Emergency of International Concern" and on 11 March 2020, the WHO declared the COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many countries, including Pakistan, have taken stringent steps to help contain further spread of the virus. While these events and conditions have resulted in

The Company's revenue is earned from both local within Pakistan and international markets. COVID-19 is expected to bear an impact in the given situation as the Company caters the needs of different levels of the textile supply chain both locally and internationally. Though the business and orders have started growing in the domestic and international markets but the volumes are limited and margins are low. As the second wave is anticipated, it is expected that the market would stay volatile and demand would stay sluggish. However, extent and duration of such impact remains uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of COVID-19 and the extent and effectiveness of containment actions taken. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorization of these financial statements. However, financial impact of COVID-19 on the Company's financial statements mainly include disruption of production and sales. Under the directives of State Bank of Pakistan, financial institutions have provided limited assistance in the form of deferral of payments of long-term liabilities. Further, COVID-19 has no impact on the presented amounts and disclosures.

53. SEGMENT INFORMATION

	Spinning		Weaving		Real estate		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
----- Rupees ('000') -----								
Sales:								
Total	13,863,032	18,351,043	4,285,325	4,196,465	-	775,806	18,148,357	23,323,314
Intersegment	(448,065)	(199,915)	-	-	-	-	(448,065)	(199,915)
	13,414,967	18,151,128	4,285,325	4,196,465	-	775,806	17,700,292	23,123,399
Cost of Sales	12,690,382	17,236,049	4,064,052	3,828,040	-	331,747	16,754,434	21,395,836
Gross profit	724,585	915,079	221,273	368,425	-	444,059	945,858	1,727,563
Distribution Cost	156,310	181,029	61,090	76,847	-	-	217,400	257,876
Administrative expenses	236,830	208,718	96,755	79,294	-	10,156	333,585	298,168
	393,140	389,747	157,845	156,141	-	10,156	550,985	556,044
	331,445	525,332	63,428	212,284	-	433,903	394,873	1,171,519
Finance cost	669,597	354,252	299,014	151,823	-	-	968,611	506,075
Profit before unallocated income and expenses	(338,152)	171,080	(235,586)	60,461	-	433,903	(573,738)	665,444

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Unallocated income and expenses

Other operating charges	14,119	575,127
Other Income	417,818	2,134,109
(Loss) / profit before tax	(170,039)	2,224,426
Taxation	205,023	788,641
(Loss) / profit after tax for the year	(375,062)	1,435,785
Other comprehensive income:		
Remeasurement gain / (loss) of defined benefit obligation	28,310	(9,516)
Surplus on revaluation of property, plant and equipment	-	6,950
Net fair value gain / (loss) on investment through FVOCI	506	(94)
Total comprehensive (loss) / profit for the year	(346,246)	1,433,125

Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Total	
	2020	2019	2020	2019	2020	2019
	Rupees ('000')					
Total assets for reportable segments	10,220,577	10,266,809	8,030,454	8,195,150	18,251,031	18,461,959
Unallocated assets:						
Investment property					779,925	629,886
Long term investments					214,689	191,339
Investment in subsidiary					1,000	-
Cash and bank balances					47,952	37,287
Other corporate assets					8,107,017	7,852,790
Total assets as per statement of financial position					27,401,614	27,173,263
Unallocated liabilities:						
Directors' loan					385,187	385,187
Provision for taxation					251,625	277,024
Other corporate liabilities					26,764,802	26,511,052
Total liabilities as per statement of financial position					27,401,614	27,173,263

53.01 Geographical information

The Company's revenue from external customers by geographical locations is detailed below:

	Spinning		Weaving		Total	
	2020	2019	2020	2019	2020	2019
	Rupees ('000')					
Europe	-	-	1,213,776	1,232,049	1,213,776	1,232,049
USA	-	-	69,475	-	69,475	-
Africa	-	-	137,648	-	137,648	-
Asia	15,378	168,799	1,200,894	984,629	1,216,272	1,153,428
	15,378	168,799	2,621,793	2,216,678	2,637,171	2,385,477

54 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been approved and authorized for issue on 06 October 2020 by the Board of Directors of the Company.

55 GENERAL

- Figures have been rounded off to the nearest Rupees in thousand except where stated otherwise.
- Corresponding figures have been rearranged/reclassified, wherever necessary, to facilitate comparison.



Chief Financial Officer



Director



Chief Executive Officer



In the Name of Almighty Allah The Most Beneficient
The Most Merciful

**COLONY TEXTILE MILLS LIMITED
CONSOLIDATED ACCOUNTS FOR THE YEAR
ENDED
JUNE 30, 2020**

Independent Auditors' Report

To The Members of Colony Textile Mills Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Colony Textile Mills Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 30 June 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Independent Auditors' Report

To The Members of Colony Textile Mills Limited

Report on the Audit of Consolidated Financial Statements

Following are the Key audit matters:

Key audit matters

1) COVID – 19

The COVID -19 pandemic caused significant and unprecedented curtailment in economic and social activities particularly during the period from March 2020 to May 2020, in line with the directives of the Government. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in Pakistan.

The Group's operations were disrupted due to the circumstances arising from COVID-19 including the suspension of production, sales and operations; although for a short period of time.

In view of the unique nature of these events and its possible impacts on the business operations and financial reporting, we considered this area as a key audit matter to identify specific risks in relation to the financial statements and devise our audit strategy accordingly.

Please also refer to note 52 to the consolidated financial statements

2) Valuation of stock-in-trade

The total value of stock in trade as at the reporting date amounts to Rs. 4,608.93 million representing 16% of the Company's total current assets (2019: Rs. 4,705.94 million, 17% of the Company's total current assets). Stock in trade as at reporting date mainly includes raw material and finished goods. Refer note 26 to the consolidated financial statements.

The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads which are

- We discussed with the senior management about the impacts of COVID-19 related events on the business operations, financial condition, liquidity and operating performance of the Group.
- We identified key financial statement items which may require additional audit considerations due to the COVID-19 related conditions that prevailed during the latter part of the year. In this regard, we considered the realizable value of inventories and recoverability of trade receivables, which were impacted by the lockdowns imposed by the Government and distressed demand in global economy.
- We checked the sale of the inventories subsequent to the year end to evaluate the realizable value of inventory held as at 30 June 2020.
- We assessed the adequacy of allowance for net realizable value made in respect of the inventory held as at 30 June 2020.
- In respect of trade receivables, we checked the computations for expected credit losses as determined by the management in accordance with the requirements of IFRS-9 'Financial Instruments'. We evaluated the assumptions used by the management for such estimates including their reasonableness and the supporting economic and historical data used in this regard.
- We reviewed the terms of loans obtained, renewed and / or restructured by the Group to assess compliance with key terms and conditions, including any applicable debt covenants and reviewed the correct classification, treatment and disclosure of the same.

Our audit procedures included the following:

We assessed the appropriateness of management assumptions applied in calculating the value of stock in trade and validated the valuation by taking following steps:

- Assessed whether the Company's accounting policy for inventory valuation is in line with the applicable financial reporting standards;
- Attended the inventory count at the year-end and reconciled the physical inventory with the inventory lists provided to ensure the completeness of the data;

Independent Auditors' Report

To The Members of Colony Textile Mills Limited

Report on the Audit of Consolidated Financial Statements

incurred in bringing the inventories to its present location and conditions. Judgement has also been exercised by the management in determining the net realisable value (NRV) of raw material and finished goods and in determining the appropriate value of slow moving and obsolete stocks.

We identified this matter as key in our audit due to the judgement and assumption applied by the Group in determining the cost and NRV of stock in trade at the year end.

3) Control environment relating to the financial reporting process and related IT systems

The IT control environment relating to the financial reporting process and the application controls of individual IT systems have an impact on the selected audit approach.

As the financial statements are based on extensive number of data flows from IT systems, consequently the financial reporting control environment is determined as a key audit matter.

4) Revenue

(Reference note No. 33)

The Company primarily generates revenue from sale of yarn, fabric, raw material, waste and real estate. During the year the company's revenue is Rs. 17,700 million which is 66% of the total assets.

We identified recognition of sales as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk of misstatement to meet expectations or targets.

- Assessed the historical costs recorded in the inventory valuation by checking purchase invoices on sample basis;
- Tested the reasonability of assumptions applied by the management in the allocation of labour and other various overhead costs to the inventories;
- Assessed the management determination of NRV of raw material thereon by performing tests on the subsequent purchase price; and - tested the cost of inventories for finished goods and performed NRV test to assess whether the cost of inventories exceeds their NRV, calculated by detailed review of subsequent sales invoices.

We reviewed the Group's disclosure in the financial statement in respect of stock in trade.

Our audit procedures included the following:

- Our key procedures included evaluation of the financial reporting process and related control environment, as well as testing of the effectiveness of controls including general IT controls. Our audit procedures focused on testing the reconciliation and approval controls as well as on evaluating the administration of access rights.
- Our audit procedures extensively consisted of several substantive procedures as well as data analysis relating to the most significant balances on the statement of profit or loss and statement of financial position.

Our audit procedures included the following:

- Evaluated management controls over revenue and checked their validation including controls to ensure that majority sales are made to tax filers.
- Performed verification of sales with underlying documentation including gate pass, delivery challan, stock register and sales invoice.
- Obtained confirmations from debtors on sample basis.
- Recalculated the commission as per Group's policy and performed verification over commission on sample basis if any exists.
- Analyzed market by comparing Company's sales volume with published data.
- Ensured that presentation and disclosures related to revenue are being addressed appropriately.

Independent Auditors' Report To The Members of Colony Textile Mills Limited Report on the Audit of Consolidated Financial Statements

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

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

Independent Auditors' Report To The Members of Colony Textile Mills Limited Report on the Audit of Consolidated Financial Statements

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Shahid Mehmood.

Dated: 06 October, 2020
Lahore


Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Note	2020 Rupees ('000')	2019 Rupees ('000')
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital	9	5,300,000	5,300,000
Issued, subscribed and paid up capital	10	4,980,100	4,980,100
Reserve arising on amalgamation		3,156,388	3,156,388
Revaluation surplus on property, plant and equipment		19,594	19,594
Directors' loan	11	385,187	385,187
General reserves		4,702	4,702
Unappropriated profit		845,182	1,197,969
Surplus on remeasurement of investments		1,492	986
		<u>9,392,645</u>	<u>9,744,926</u>
Non-current liabilities			
Long term financing	12	7,599,183	7,671,381
Liabilities against assets subject to finance lease	13	21,380	10,787
Deferred liabilities	14	4,863,410	4,271,326
		<u>12,483,973</u>	<u>11,953,493</u>
Current liabilities			
Trade and other payables	15	1,294,867	1,058,672
Short term borrowings	16	3,328,787	3,188,296
Accrued mark up	17	217,947	309,783
Unclaimed dividend		94	94
Current portion of long term liabilities	18	430,598	640,975
Provision for taxation	19	251,638	277,024
		<u>5,523,931</u>	<u>5,474,844</u>
Contingencies and commitments	20	-	-
		<u>27,400,549</u>	<u>27,173,263</u>



Chief Financial Officer



Director

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Note	2020 Rupees ('000')	2019 Rupees ('000')
ASSETS			
Non-current assets			
Property, plant and equipment	21	18,149,162	18,461,959
Right of use assets	22	105,560	-
Investment property	23	779,925	629,886
Long term investments	24	214,689	191,341
Long term deposits		51,132	51,132
		<u>19,300,468</u>	<u>19,334,318</u>
Current assets			
Stores, spare parts and loose tools	25	277,745	397,346
Stock in trade	26	4,608,933	4,705,937
Trade debts	27	1,267,062	997,955
Loans and advances	28	706,326	502,000
Trade deposits and short term prepayments	29	255,832	233,660
Other financial assets	30	16	18
Tax refunds due from the Government	31	935,096	964,742
Cash and bank balances	32	49,071	37,287
		<u>8,100,081</u>	<u>7,838,945</u>
		<u>27,400,549</u>	<u>27,173,263</u>

The annexed notes from 01 to 55 form an integral part of these financial statements.



Chief Executive Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees ('000')	2019 Rupees ('000')
Sales - net	33	17,700,343	23,123,399
Cost of sales	34	16,759,401	21,395,836
Gross profit		940,942	1,727,563
Operating expenses:			
Distribution cost	35	217,444	257,876
Administrative expenses	36	334,646	298,168
		552,090	556,044
Operating profit		388,852	1,171,519
Finance cost	37	968,612	506,075
Other operating charges	38	14,119	575,127
		982,731	1,081,202
Other income	39	417,818	2,134,109
(Loss) / profit before taxation		(176,061)	2,224,426
Taxation	40	205,036	788,641
(Loss) / profit after tax for the year		(381,097)	1,435,785
		Rupees	Rupees
(Loss) / earnings per share - basic and diluted	41	(0.77)	2.88

The annexed notes from 01 to 55 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees ('000')	2019 Rupees ('000')
(Loss) / profit for the year		(381,097)	1,435,785
Other comprehensive income:			
Items that will not be reclassified to statement of profit or loss:			
Surplus on revaluation of property, plant and equipment		-	6,950
Remeasurement gain / (loss) of defined benefit obligation	14.03	37,949	(12,789)
Deferred tax thereon		(9,639)	3,273
		28,310	(9,516)
Items that may be reclassified to statement of profit or loss:			
Net fair value gain / (loss) on investment measured at FVTOCI		506	(94)
Total comprehensive (loss) / income for the year		(352,281)	1,433,125

The annexed notes from 01 to 55 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees ('000')	2019 Rupees ('000')
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	50	1,473,784	1,819,566
Finance cost paid		(385,995)	(149,568)
Staff retirement benefit paid		(62,207)	(48,528)
Income tax paid		(219,803)	(187,350)
		(668,005)	(385,446)
Net cash generated from operating activities		805,779	1,434,120
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(663,716)	(947,577)
Proceeds from disposal of property, plant and equipment		15,327	9,224
Long term deposits		-	(162)
Net cash used in investing activities		(648,389)	(938,515)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances repaid		(273,576)	(304,458)
Lease rentals - net		(12,521)	(8,888)
Short term borrowings-net		140,491	(183,384)
Net cash used in financing activities		(145,606)	(496,730)
Net increase / (decrease) in cash and cash equivalents		11,784	(1,125)
Cash and cash equivalents at beginning of the year		37,287	38,412
Cash and cash equivalents at end of the year		49,071	37,287

The annexed notes from 01 to 55 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2020

	Share capital	Reserve arising on amalgamation	Revaluation surplus on property, plant and equipment	Directors' loan	Revenue reserves		Surplus on re-measurement of investments	Total
					General reserves	Unappropriated profit/(loss)		
Rupees ('000')								
Balance as at 30 June 2018	4,980,100	3,156,388	12,644	120,000	4,702	(228,300)	1,080	8,046,614
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	1,435,785	-	1,435,785
Remeasurement of defined benefit obligation	-	-	-	-	-	(9,516)	-	(9,516)
Surplus on revaluation of property, plant and equipment	-	-	6,950	-	-	-	-	6,950
Net fair value gain on investment measured at FVTOCI	-	-	-	-	-	-	(94)	(94)
Total comprehensive income for the year	-	-	6,950	-	-	1,426,269	(94)	1,433,125
Directors' loan received during the year	-	-	-	265,187	-	-	-	265,187
Balance as at 30 June 2019	4,980,100	3,156,388	19,594	385,187	4,702	1,197,969	986	9,744,926
Total comprehensive income for the year								
Loss for the year	-	-	-	-	-	(381,097)	-	(381,097)
Remeasurement of defined benefit obligation	-	-	-	-	-	28,310	-	28,310
Surplus on revaluation of property, plant and equipment	-	-	-	-	-	-	-	-
Net fair value gain on investment measured at FVTOCI	-	-	-	-	-	-	506	506
Total comprehensive (loss) / income for the year	-	-	-	-	-	(352,787)	506	(352,281)
Directors' loan received during the year	-	-	-	-	-	-	-	-
Balance as at 30 June 2020	4,980,100	3,156,388	19,594	385,187	4,702	845,182	1,492	9,392,645

The annexed notes from 01 to 55 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.01** Colony Textile Mills Limited ("the Holding Company") is a Public Company Limited by shares incorporated in Pakistan on 12 January 2011 under the provisions of the repealed Companies Ordinance, 1984 (now The Companies Act 2017). The Holding Company is listed on Pakistan Stock Exchange Limited. The registered office of the Holding Company is located at M. Ismail Aiwan-i-Science, Ferozepur Road, Lahore, Pakistan. The principal activity of the Holding Company is manufacturing and sale of yarn, fabric, garments made ups and trading in real estate.

Geographical location and addresses of major business units including mills / plants of the Holding Company are as under:

Location	Purpose
M. Ismail Aiwan-i-Science Building Ferozepur Road, Lahore	Head Office
4km Raiwind Manga Road, Raiwind, District Kasur	Weaving unit
Sher Shah Road Ismailabad, Multan	Spinning unit

2 THE GROUP AND ITS OPERATIONS

- The group consists of :

Colony Textile Mills Limited (the Holding Company)

Stitchrite (Private) Limited (the Subsidiary Company)

Stitchrite (Private) Limited was incorporated in Pakistan as on 11 October 2019 under the Companies Act, 2017 (XIX of 2017) limited by shares. The registered office of the Company is located at 221-2nd Floor, Karachi Cotton Association Building, I.I. Chandigarh Road, Karachi, North Karachi Town Sindh 74000. The Company is principally engaged in manufacturing and general trading of textile products.

- Stitchrite (Private) Limited

Effective Shareholding %
100

3 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE GROUP'S FINANCIAL POSITION AND PERFORMANCE

All significant transactions and events that have affected the consolidated statement of financial position and performance during the year have been adequately disclosed in the notes to these consolidated financial statements. For a detailed discussion about these significant transactions and events please refer to the Directors' report.

The Group has adopted IFRS 16 'Leases' (effective from annual period on or after January 01, 2019). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position. IFRS 16 supersedes IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases-In actives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

The details of new significant accounting policies adopted and the nature and effect of the changes are reflected in notes 4.03 and 51 to the consolidated financial statements.

4 BASIS OF PREPARATION

4.01 Statement of compliance

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

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

- 4.02** These consolidated financial statements comprise the consolidated statement of financial position of the company as at June 30, 2020 and the related consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows together with notes forming part thereof.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

4.03 Standards, interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to these consolidated financial statements covering annual periods, beginning on or after the following dates:

- Standards, amendments to published standards and interpretations effective in current year

The Holding Company has adopted the following revised standards and amendments of IFRSs which became effective for the current year:

Standard or Interpretation		Effective Date (Annual periods beginning on or after)
IFRS 16	Leases - original issue	January 01, 2019
IAS 19	Employee benefit (amendments) - Regarding the plan amendments, curtailments or settlement	January 01, 2019
IAS 28	Investment in associates and joint venture (amendments) - Regarding long-term interests in associates and joint ventures	January 01, 2019
IFRIC 23	Uncertainty over income tax treatments - It clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Group's financial statements.	January 01, 2019
IFRS 9	Financial instruments (amendments) - Prepayment Features with Negative Compensation. For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion - i.e. the cash flows are solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.	January 01, 2019

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year:

Annual Improvements to IFRSs (2015-2017) Cycle:

IFRS 3 & IFRS 11	The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.	January 01, 2019
IAS 12	The amendments clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, OCI or equity.	January 01, 2019
IAS 23	The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.	January 01, 2019

- Standards, interpretations and amendments to existing standards that are not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after their respective effective dates.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Standard or Interpretation		Effective Date (Annual periods beginning on or after)
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.		January 01, 2020
IFRS - 7	Amendment to 'Financial Instruments : Disclosures' pertains to pre-replacement issues in the context of the IBOR reform.	January 01, 2020
IFRS - 9	Amendment to 'Financial Instruments' pertaining to pre-replacement issues in the context of the IBOR reform.	January 01, 2020
IFRS 16	Leases; to clarify the amendment providing lessees with an exemption from assessing whether a COVID-19-related rent concession (a rent concession that reduces lease payments due on or before 30 June 2021) is a lease modification	January 01, 2020
IAS 1	Presentation of financial statements (amendments) Regarding the classification of liabilities Regarding the definition of material	January 01, 2023 January 01, 2020
IAS 8	Accounting policies, change in accounting estimates and error (amendments) Regarding the definition of material	January 01, 2020
IFRS 4	Insurance contracts (amendments) Regarding the expiry date of the deferral approach	January 01, 2023
IAS 37	Provisions, contingent liabilities and contingent assets (amendments) Regarding the cost to include when assessing whether a contract is onerous	January 01, 2022
Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective from January 01, 2022:		
Annual Improvements to IFRSs (2018-2020) Cycle:		
IFRS 9	The amendment clarifies that an entity includes one fee paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to de recognise a financial liability.	January 01, 2022
IFRS 16	The amendment partially amends illustrative Example 13 accompanying IFRS16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease activities.	January 01, 2022
IAS 41	The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flow when measuring the fair value of a biological asset using a present value technique.	January 01, 2022
The above standards, amendments and interpretations are either not relevant to the group's operations or are not expected to have significant impact on the group's financial statements except for the increased disclosures in certain cases.		
In addition to the above, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):		
IFRS 1	First-time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17	Insurance contracts	January 01, 2022
The Group expects that the adoption of the other amendments and interpretations of the standards will not have any material impact on the group's financial statements in the period of initial application.		

5 FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

6 BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value, investment on equity basis, certain liabilities at amortised cost, investment property and certain other investments at fair value. In these financial statements, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

7 JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in conformity with approved accounting standards which requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made and in any future periods affected.

Significant management estimates in these financial statements relate to the useful life of property, plant and equipment, provisions for staff retirement benefits, doubtful receivables, slow moving inventory and taxation. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in the financial statements.

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

- Useful life of depreciable assets;
- Loss allowance for doubtful receivables and slow moving stores, spares and loose tools;
- Provision for current tax and deferred tax;
- Staff retirement benefits;
- Net realisable value of stock-in-trade; and
- Expected credit losses.

However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the consolidated financial statements are not expected to result in material adjustments to the carrying amounts of assets and liabilities in the next year.

8 SIGNIFICANT ACCOUNTING POLICIES

8.01 Staff retirement benefits

The Holding Company operates two plans for its employees:

Defined contribution plan

The Holding Company operates recognised defined contributory provident fund for all eligible employees to which monthly contributions are made to cover the obligation. The Group and its employees make equal monthly contributions at the rate of 8.33% of basic salary.

Defined benefit plan

The Holding Company operates a defined benefit plan for all its eligible employees who have completed their minimum qualifying period of service with the Group. Provisions are made in the consolidated financial statements to cover obligation on the basis of actuarial valuation using the Projected Unit Credit Method. Any actuarial gain or loss is recognised immediately in statement of comprehensive income.

8.02 Taxation

Current

Provision for current taxation is based on applicable current rates of taxation after taking into account tax credits and rebates available, if any, under the provisions of Income Tax Ordinance, 2001. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalized during the year.

Deferred

Deferred tax liability is accounted for in respect of all taxable temporary differences at the statement of financial position date arising from difference between the carrying amount of the assets and liabilities in the consolidated financial statements and corresponding tax bases used in computation of taxable profits. Deferred tax assets are recognised for all deductible temporary differences, unused tax losses, provisions and tax credits to that extent it is probable that taxable profit will be available in future against which the deductible temporary differences can be utilized.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Deferred tax is calculated at the rates that are expected to apply to the period when the asset is to be realized or liability is to be settled. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

8.03 Property, plant and equipment

Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses (if any) except freehold land which is stated at cost and fully depreciated assets which are carried at residual value. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is charged to statement of profit or loss by applying reducing balance method to write off the cost over estimated remaining useful life of assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from property, plant and equipment. Depreciation on addition to property, plant and equipment is charged from the date when asset is available for use up to the date of its de-recognition.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains / losses on disposal of fixed assets are included in current year's statement of profit or loss.

Subsequent costs are included in the asset's carrying amount are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and cost of the item can be measured reliably. All other repair and maintenance cost are charged to the statement of profit or loss during the year in which these are incurred.

Capital work in progress

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

Right of use assets

The Group 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 re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

Where the Group determines that the lease term of identified lease contracts is short term in nature i.e. with a lease term of twelve months or less at the commencement date, right of use assets is not recognised and payments made in respect of these leases are expensed in the statement of profit or loss.

8.04 Investment property

Property held to earn rentals and/or for capital appreciation is classified as investment property. Investment properties are initially measured at cost, including transaction cost. Subsequent to initial recognition, investment properties are stated at fair value, which effect market conditions at reporting date. Gains and losses arising from the change in fair value of properties are included in statement of profit or loss in the year in which they arise. Fair values are determined based on an annual revaluation performed by an independent valuer.

In case of change in use of property from owner occupied property to investment property that will be carried at fair value, Company has applied IAS 16 upto the date of change in use. The difference at that date between carrying amount and fair value has been accounted for in the same way as a revaluation surplus in accordance with IAS-16.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

8.05 Financial instruments

Recognition

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument.

a) Financial assets

(i) Initial Measurement

The Group classifies its financial assets in to following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortised cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

(ii) Subsequent Measurement

Debt Investments at FVOCI:

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in statement of comprehensive income. On de-recognition, gains and losses accumulated in statement of comprehensive income are reclassified to the statement of profit or loss.

Equity Investments at FVOCI:

These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in statement of comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL:

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in statement of profit or loss.

Financial assets measured at amortised cost:

These assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss.

Financial assets are de recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

b) Financial liabilities

Financial liabilities are classified as measured at amortised cost or at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit or loss. Any gain or loss on de-recognition is also recognised in the statement of profit or loss.

Financial liabilities are de recognised when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

c) Offsetting of financial assets and financial liabilities

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

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

d) Regular way purchases or sales of financial assets

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention on the market place. Regular way purchases or sales of financial assets are recognised and de recognised on a trade date basis.

e) Derivatives

Derivative instruments held by the Group comprise of future and forward contracts in the capital and money markets. These are stated at fair value at the date of statement of financial position. The fair value of the derivatives is equivalent to the unrealised gain or loss from marking the derivatives using prevailing market rates at the date of statement of financial position. The unrealised gains are included in other assets while unrealised losses are included in other liabilities in the statement of financial position. The corresponding gains and losses are included in the statement of profit or loss.

8.06 Contingent liability

Contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group; or when there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

8.07 Stores, spares and loose tools

These are valued at lower of cost and net realizable value. Cost is calculated using moving average method except for items in transit which are valued at cost comprising invoice value plus other charges paid thereon till the statement of financial position date. Provision is made against obsolete items.

8.08 Stock in trade

Basis of valuation are as follows:

Particulars

Raw materials:

At mills

At lower of weighted average cost and net realizable value

In-transit

At cost accumulated to the statement of financial position date

Work in process

At average manufacturing cost

Finished goods

At lower of average manufacturing cost and net realizable value

Waste

At net realizable value

Real estate

At lower of cost and net realizable value

Cost in relation to work in process and finished goods represents the average manufacturing cost which consists of prime cost and attributable production overheads.

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

8.09 Trade debts and other receivables

Financial assets

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

Non-financial assets

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

8.10 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and at banks.

8.11 Borrowings

Loans and borrowings are recorded at the time of proceeds received. Financial charges are accounted for on the accrual basis. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to statement of profit or loss in the period in which these are incurred.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

8.12 Trade and other payables

Financial liabilities

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

Non-financial liabilities

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

8.13 Provisions

Provisions are recognised when the Group has a legal and constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle these obligations and a reliable estimate of the amounts can be made.

8.14 Impairment

Financial assets

The Group recognises loss allowances for ECLs in respect of financial assets measured at amortised cost on date of initial recognition. The amount of expected credit loss is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial assets.

Impairment is recognised at an amount equal to lifetime expected credit losses for financial assets for which credit risk has increased significantly since initial recognition. For financial assets for which credit risk is low, impairment is recognised at an amount equal to 12 months' expected credit losses, with the exception of trade debts contract assets and lease receivables, for which The Holding Company recognises lifetime expected credit losses estimated using a provision matrix. The provision matrix is based on the Holding Company's historical credit loss experience, adjusted for factors that are specific to counter parties, general economic conditions and an assessment for both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

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

Non financial assets

The carrying amount of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset's or group of assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment losses are recognised in the statement of profit or loss.

8.15 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Group are recognised when the goods are provided, and thereby the performance obligations are satisfied. The Group's contract performance obligations are fulfilled at the point in time when the goods are dispatched to the customer. Invoices are generated and revenue is recognised at that point in time, as the control has been transferred to the customers and is reduced for allowances such as taxes, duties, commissions, sales returns and discounts. Revenue from other sources is recognised on the following basis:

- Interest income on deposits with banks and other financial assets is recognised on accrual basis.
- Dividend income is recognised when the Group's right to receive dividend has been established.

8.16 Related parties

- a) Employees Provident Fund
- b) Directors and key management personnel
- c) Stitchrite (Private) Limited

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

8.17 Related party transactions

Transactions with related parties are based on the transfer pricing policy that all transactions between the Holding Company and the related party of the Holding Company are at arm's length prices using the comparable uncontrolled price method except in circumstances where it is in the interest of the Holding Company not to do so.

8.18 Dividend

Dividend is recognised as liability in the period in which it is declared.

8.19 Foreign currency translations

Transactions in foreign currencies are accounted for in Pak rupees at the rates of exchange prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at rates of exchange prevailing at the statement of financial position date and in case of forward exchange contracts at the committed rates. Gains or losses on exchange are charged to the statement of profit or loss.

8.20 Earnings per share (EPS)

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

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

8.21 Segment reporting

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

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

The Group has three reportable business segments. Spinning (Producing different quality of yarn using natural and artificial fibers), Weaving (Producing different quality of fabric using yarn) and Stitching (producing different stitched products).

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

8.22 Share capital

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from the proceeds.

	Note	2020 Rupees ('000')	2019 Rupees ('000')
9 AUTHORISED SHARE CAPITAL			
185,000,000 (2019: 185,000,000) ordinary shares of Rs. 10/- each		1,850,000	1,850,000
Capital of merged companies			
345,000,000 (2019: 345,000,000) ordinary shares of Rs. 10/- each		3,450,000	3,450,000
		<u>5,300,000</u>	<u>5,300,000</u>
10 ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
20,000 (2019: 20,000) ordinary shares of Rs. 10/- each issued as fully paid in cash shares		200	200
497,989,959 (2019: 497,989,959) fully paid in cash ordinary shares of Rs. 10/- each issued to the shareholders of amalgamated entities		4,979,900	4,979,900
		<u>4,980,100</u>	<u>4,980,100</u>

- Fully paid ordinary shares, which have a par value of Rs. 10/-, carry one vote per share and carry right to dividends.

- There are no rights, preferences and restrictions attached to any class of shares including restrictions on the distribution of the dividends and the repayment of capital.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

- There are no shares reserved for issue under options and contracts for the sale of shares.

-There were no bonus shares or treasury shares issued during the year.

11 DIRECTORS' LOAN	Note	2020 Rupees ('000')	2019 Rupees ('000')
Directors' loan	11.01	385,187	385,187

11.01 This represents interest free loans from directors of the Holding Company, payable at the discretion of the entity. They do not pass the liability test and thus recorded as equity at face value. They will not be re-measured subsequently. The decision by the entity at any time in future to deliver cash or any other financial asset to settle the directors' loan would be a direct debit to equity. The Holding Company has applied TR-32 'Accounting Directors' Loan' issued by Institute of Chartered Accountants of Pakistan whose compliance was mandatory with effect from period beginning on or after 01 January 2016. Out of total loan, loan of Rs. 120 million is subordinated to the liabilities of financial institutions. During the previous year, terms and conditions of this loan are revised, thus reclassified this loan from non-current liabilities to equity.

12 LONG TERM FINANCING	Note	2020 Rupees ('000')	2019 Rupees ('000')
From banking companies-Secured			
Name of the Bank			
The Bank of Punjab	12.01	6,070,871	6,270,871
National Bank of Pakistan	12.02	835,435	875,435
Habib Bank Limited	12.03	175,451	99,962
Faysal Bank Limited	12.04	298,398	322,398
Silk Bank Limited	12.05	294,085	313,877
Soneri Bank Limited	12.06	61,844	74,982
Bank Islami Pakistan Limited (formerly KASB Bank Limited)	12.07	37,963	36,275
Standard Chartered Bank Limited	12.08	235,922	275,624
		8,009,969	8,269,424
Less: Current portion	18	410,786	598,043
		7,599,183	7,671,381

12.01 This loan facility was restructured on 31 December 2016. It is repayable from 31 December 2016 to 30 June 2032 including one year grace period. Markup is charged at cost of funds (less administrative cost) of the preceding quarter. This facility is secured by joint pari passu charge on fixed assets and current assets of the company, registered with SECP.

12.02 This loan facility was restructured previous year on 09 April 2019. It is repayable from 01 July 2019 to 01 April 2034. Markup is chargeable at cost of funds (2019: Cost of fund). The loan is secured against first joint pari passu charge over fixed assets of the Company registered with SECP.

12.03 This loan has been restructured during the year in July 2019. It is repayable from 01 July 2019 to 01 July 2027. Markup is to be charged at cost of funds provided by the bank. This loan is secured against joint pari passu hypothecation charge, existing ranking charge over plant and machinery and existing joint pari passu charge on current and fixed assets of the Company.

12.04 This loan facility was restructured on 09 November 2018. It is repayable from 30 December 2018 to 30 September 2028. Markup is charges at cost of fund of the bank. The loan is secured against joint and ranking charge over present and future current assets of the Company registered with SECP.

12.05 This loan includes two facilities Term Finance-1 (TF-1) and Term Finance-2 (TF-2) amounting Rs. 293.125 million and Rs. 38.22 million respectively. Both loans were restructured on 15 January 2017. It is payable from 15 January 2018 to 15 October 2032. Markup is payable at Silk bank's cost of fund minus 2% . Term Finance-2 is interest free and recognised at amortised cost by discounting using effective rate of interest and related present value gain was recognised in the statement of profit or loss. Out of total loan amount of Rs. 38.22 million, present value adjustment is Rs. 17.46 million. Both the loans are secured against first joint pari passu charge and ranking charge over the assets of the Company registered with SECP.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

- 12.06** This loan facility was restructured on 20 March 2019. It is repayable from March 2019 to December 2024. The loan is secured against hypothecation charge over property, plant and equipment and existing joint pari passu charge over fixed assets including land of the Company, registered with SECP. This loan facility is interest free and recognised at amortised cost by discounting using effective rate of interest and related present value gain was recognised in the statement of profit or loss. Out of total loan amount of Rs. 82.37 million, present value adjustment was Rs. 9.39 million.
- 12.07** This loan facility was restructured on 22 December 2018. The loan is repayable from 30 March 2019 and ending on December 2033. The loan is secured against joint pari passu charge on the assets of the Company registered with SECP. It is interest free and recognised at amortised cost by discounting using effective rate of interest and related present value gain was recognised in the statement of profit or loss. Out of total loan amount of Rs. 74.47 million, present value adjustment is Rs. 38.19 million.
- 12.08** This facility was created as a result of a restructuring made on 17 May 2019. The loan is repayable from 30 June 2019 and ending on 31 march 2024. This loan is secured against joint pari passu charge over current assets of the Company registered with SECP. This loan facility is interest free and recognised at amortised cost by discounting using effective rate of interest and related present value gain was recognised in the statement of profit or loss. Out of total loan amount of Rs. 311.04 million, present value adjustment is Rs. 35.42 million.

13 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2020 Rupees ('000')	2019 Rupees ('000')
Present value of minimum lease payments	13.01, 13.02	41,192	53,719
Less: Current portion	18	(19,812)	(42,932)
		<u>21,380</u>	<u>10,787</u>

- 13.01** This represents machinery under lease and sale and lease back agreements. The principal plus financial charges are payable over the lease period in quarterly installments as per respective agreements ending in the month of September 2025. The liability as at the date of financial position represents the present value of total minimum lease payments discounted at 8.40% to 13.86% (2019: 6.93% to 11.13%) per annum being the interest rates implicit in leases. The purchase option is available to The Holding Company on payment of last installment and The Holding Company intends to exercise this option. Reconciliation of minimum lease payments and their present values is given below:

- 13.02** Lease liability related to First Punjab Mudaraba has been reviewed/restructured during the year on 15 November 2019. The principal amount of this loan is repayable in 33 equal installments starting from 16 January 2020 to 16 May 2025, with an upfront payment of Rs. 1 million. Implicit rate of interest on the lease is 8.40%. Deferred markup related to the lease is repayable in 11 bi-monthly installments starting from 16 September 2023 to 16 May 2025.

	Note	2020 Rupees ('000')	2019 Rupees ('000')
Not later than one year		19,111	42,885
Later than one year but not later than five years		40,448	45,643
Later than five years		-	6,366
Later than five years		<u>59,559</u>	<u>94,894</u>
Less: Financial charges allocated to future periods		(18,367)	(41,175)
Present value of minimum lease payments	13.03	41,192	53,719
Less: Current portion		(19,812)	(42,932)
		<u>21,380</u>	<u>10,787</u>
13.03 Present value of minimum lease payments			
Due not later than one year		19,812	42,932
Due later than one year but not later than five years		21,380	10,787
Later than five years		-	-
		<u>41,192</u>	<u>53,719</u>

14 DEFERRED LIABILITIES

Deferred taxation	14.01	853,765	831,371
Deferred markup	14.02	3,875,949	3,329,983
Staff retirement benefits	14.03	133,696	109,972
		<u>4,863,410</u>	<u>4,271,326</u>

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

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14.01 Deferred taxation

Deferred taxation

Comprises of the following:

Deferred tax liability on taxable temporary differences in respect of the following:

- Accelerated tax depreciation allowance

Deferred tax asset on deductible temporary differences in respect of the following:

Lease liabilities

Un-absorbed losses

Minimum tax available for carry forward

Provision for stores, spares and loose tools

Provision for doubtful debts

Provision for gratuity

Statement of Financial position		Statement of Profit or Loss		Statement of OCI	
2020	2019	2020	2019	2020	2019
Rupees ('000')					

2,818,697	2,589,711	228,986	106,777	-	-
10,464	13,766	(3,302)	(1,667)	-	-
1,077,450	981,847	95,603	(570,033)	-	-
842,168	733,912	108,256	120,434	-	-
299	289	10	(8)	-	-
591	379	212	2	-	-
33,960	28,147	15,453	11,266	(9,639)	3,273
1,964,932	1,758,340	216,232	(440,006)	(9,639)	3,273
853,765	831,371	12,754	546,783	9,639	(3,273)

14.02 Deferred markup

Note

2020
Rupees ('000')

2019
Rupees ('000')

Opening balance

Provision during the year

Less: paid / adjusted during the year

Present value adjustment

5,668,685	5,404,280
674,453	1,434,986
6,343,138	6,839,266
-	(1,170,581)
6,343,138	5,668,685
(2,467,189)	(2,338,702)
3,875,949	3,329,983

It represents markup deferred by Habib Bank Limited, Faysal Bank Limited, Bank of Punjab, National Bank of Pakistan, First Punjab Modaraba and Silk Bank Limited. It is payable starting from 16 September 2023 and maturing on 01 April 2034.

This deferred markup has been discounted using effective rate of interest and classified separately in non-current liabilities and related present value gain or loss is recognised in statement of profit or loss.

14.03 Staff retirement benefits - unfunded gratuity scheme

Note

2020
Rupees ('000')

2019
Rupees ('000')

(a) Amounts recognised in the statement of financial position:

Present value of defined benefit obligation

Net liability at the end of the year

(b) Movement in net liability

Net liability at beginning of the year

Charge for the year

Remeasurements chargeable in other comprehensive income

Benefits paid during the year

Net liability at end of the year

(c) Changes in the present value of defined benefit obligation

Defined benefit obligation at beginning of the year

Current service cost

Past Service cost

Interest cost

Remeasurements chargeable in OCI

Benefits paid during the year

Present value of defined benefit obligation at end of the year

133,696	109,972
133,696	109,972
109,972	81,757
123,880	63,954
233,852	145,711
(37,949)	12,789
(62,207)	(48,528)
133,696	109,972
109,972	81,757
94,877	58,785
17,764	-
11,239	5,169
233,852	145,711
(37,949)	12,789
(62,207)	(48,528)
133,696	109,972

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees ('000')	2019 Rupees ('000')
(d) Charge for the year			
Current service cost		94,877	58,785
Interest cost		11,239	5,169
Past service cost		17,764	-
		<u>123,880</u>	<u>63,954</u>

The principal assumptions used in the actuarial valuation are as follows:

Discount rate	14.25%	9.00%
Expected rate of increase per annum in future salaries	8.50%	13.25%
Expected average remaining working life of employees	3 years	3 years
Expected mortality rate	SLIC 2001 - 2005 Setback 1 Year	SLIC 2001 - 2005 Setback 1 Year
Retirement assumptions	60 years	60 years

Sensitivity analysis for actuarial assumptions

The following table summarizes how the net defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of change in respective assumptions.

	Change in assumptions	Increase Rupees ('000') 2020	Decrease Rupees ('000') 2020
Discount rate	1%	127,006	141,406
Increase in future salaries	1%	141,878	126,441

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

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

Risk factors

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

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

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

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

15 TRADE AND OTHER PAYABLES	Note	2020 Rupees ('000')	2019 Rupees ('000')
Trade creditors		271,012	312,250
Accrued liabilities		550,234	417,797
Security deposits		192	203
Bills payables	15.01	44,384	75,373
Advances from customers		11,906	60,826
Withholding tax payable		97,786	156,306
Out put tax payable		318,997	-
Workers' profit participation fund		-	34,901
Others		356	1,016
		<u>1,294,867</u>	<u>1,058,672</u>

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

15.01 Bills payable includes overdue amount of Rs. Nil (2019: 33.19 million).

15.02 Workers' profit participation fund

	Note	2020 Rupees ('000')	2019 Rupees ('000')
Opening balance		34,901	-
Provision for the year		-	34,901
		<u>34,901</u>	<u>34,901</u>
Payments during the year		(34,901)	-
		<u>-</u>	<u>34,901</u>

16 SHORT TERM BORROWINGS

Banking companies - secured	16.01	<u>3,328,787</u>	<u>3,188,296</u>
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16.01 Conventional short term borrowings are available from banking companies under markup arrangements. The rates of markup range from 5.06% to 17.86% per annum (2019: 3.57% to 15.69%). These are secured against pledge / hypothecation of stock-in-trade, hypothecation of stores and spares, lien over import / export documents, pari passu charge over present and future current assets and ranking charge over fixed assets of the Holding Company.

16.02 From the total aggregate short term facilities of Rs. 3,383.4 million (2019: 2,324 million), the amount of Rs 862.45 million (2019: Rs. 17.03 million) remained unutilized as at 30 June 2020.

17 ACCRUED MARKUP

	Note	2020 Rupees ('000')	2019 Rupees ('000')
Accrued markup on:			
Long term financing		-	63,765
Liabilities against assets subject to finance lease		33,746	37,691
Short term borrowings		184,201	208,327
		<u>217,947</u>	<u>309,783</u>

18 CURRENT PORTION OF LONG TERM LIABILITIES

Long term financing	18.01	410,786	598,043
Liabilities against assets subject to finance lease		19,812	42,932
		<u>430,598</u>	<u>640,975</u>

18.01 Current portion of long term financing includes principal installments amounting to Rs. 17.74 million (2019: Rs.129.27 million) which became over due.

19 PROVISION FOR TAXATION

	Note	2020 Rupees ('000')	2019 Rupees ('000')
Opening balance		277,024	202,848
Add: Taxation - current	40	192,282	235,310
		<u>469,306</u>	<u>438,158</u>
Less: Tax payments / adjustments during the year		217,668	161,134
		<u>251,638</u>	<u>277,024</u>

20 CONTINGENCIES AND COMMITMENTS

Contingencies

20.01 The Holding Company imported textile machinery in 2002 availing exemptions from customs duty and sales tax on import thereof under SROs. 554(I)/97, 987 (I)/99, and 439(I)/2001. The Holding Company had submitted indemnity bonds in that year to the customs authorities in this regard. In case, the conditions of above mentioned SROs are violated, the amount of customs duty and sales tax exempted aggregating Rs. 89.51 million shall be recovered along with such penalties imposed in this regard under section 202 of the Customs Act, 1969. The conditions of the said SRO vis-a-vis export of 50% of additional production during first three years and 60% of the additional production during subsequent two years had been complied with. Audit of first three years had been conducted by the department and had given compliance certificate and audit of second period is in process. Since, all the conditions have been complied with, no liability is expected to accrue in this respect.

20.02 Bank guarantees amounting to Rs. 379.10 million (2019: Rs. 353.04 million).

	2020 Rs. in million	2019 Rs. in million
Commitments		
Under letters of credit for imports	<u>10.26</u>	<u>29.15</u>

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

21 PROPERTY, PLANT AND EQUIPMENT

Operating assets
Capital work in progress

Note
21.01
21.04

2020
Rupees ('000')

2019
Rupees ('000')

18,016,710
132,452
18,149,162

18,330,300
131,659
18,461,959

21.01 The following is a statement of operating fixed assets (tangible):

	Freehold land	Building on freehold land	Plant, machinery and equipment	Factory tools and equipment	Furniture and fixtures	Office and hospital equipment	Library books	Vehicles	Leased plant and machinery	Leased vehicles	Total
At 30 June 2018											
Cost	1,547,635	3,689,081	20,048,809	455,139	44,522	37,342	44	129,758	189,348	11,354	26,113,032
Accumulated depreciation	-	(1,221,004)	(6,164,780)	(143,618)	(25,401)	(23,463)	(44)	(82,566)	(44,418)	(8,845)	(7,714,139)
Net book value	1,547,635	2,468,077	13,884,029	311,521	19,121	13,879	-	47,192	124,930	2,509	18,398,893
Year ended 30 June 2019											
Additions / transfers	-	21,306	492,586	1,633	2,389	3,558.00	-	46,108	-	-	567,580
Transfers from capital work in progress	-	45,407	299,359	-	-	-	-	-	-	-	344,766
Transfers from leased plant and machinery	-	-	-	-	-	-	-	2,509	-	(2,509)	-
Disposals / transfers											
Cost	(93,300)	(68,641)	-	-	-	-	-	(14,089)	-	-	(176,030)
Depreciation	-	33,845	-	-	-	-	-	10,717	-	-	44,562
Net book value	(93,300)	(34,796)	-	-	-	-	-	(3,372)	-	-	(131,468)
Depreciation charge for the year (Note No. 21.02)	-	(121,372)	(697,546)	(15,603)	(988)	(1,533)	-	(6,172)	(6,246)	-	(849,470)
Net book value as at 30 June 2019	1,454,335	2,358,622	13,976,428	297,551	20,512	15,904	-	86,865	118,684	-	18,330,301
Year ended 30 June 2020											
Additions	-	664	423,986	2,581	4,056	3,065	-	23,134	-	-	457,496
Transfers from capital work in progress and stores (Note No.21.05)	-	35,394	188,633	-	-	-	-	-	-	-	224,027
Transfers from leased plant and machinery	-	-	7,190	-	-	-	-	-	(7,190)	-	-
Transfer to Right of use assets	-	-	-	-	-	-	-	-	(111,494)	-	(111,494)
Disposals / transfers (Note No. 21.06)											
Cost	-	-	(52,846)	-	-	-	-	(9,864)	-	-	(62,710)
Depreciation	-	-	30,327	-	-	-	-	6,300	-	-	36,627
Net book value	-	-	(22,519)	-	-	-	-	(3,564)	-	-	(26,083)
Accumulated depreciation transferred from leased assets	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year (Note No. 21.02)	-	(118,704)	(711,693)	(14,895)	(1,131)	(1,756)	-	(9,358)	-	-	(857,537)
Net book value as at 30 June 2020	1,454,335	2,275,976	13,864,035	285,237	23,437	17,213	-	96,477	-	-	18,016,710

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	Freehold land	Building on freehold land	Plant, machinery and equipment	Factory tools and equipment	Furniture and fixtures	Office and hospital equipment	Library books	Vehicles	Leased plant and machinery	Leased vehicles	Total
RUPEES ('000')											
At 30 June 2019											
Cost	1,454,335	3,667,153	20,840,754	456,772	45,911	40,900	44	173,131	169,348	-	26,849,348
Accumulated depreciation	-	(1,308,531)	(6,862,326)	(159,221)	(26,399)	(24,996)	(44)	(86,866)	(50,664)	-	(8,519,047)
Net book value in Rupees	1,454,335	2,358,622	13,978,428	297,551	20,512	15,904	-	86,265	118,684	-	18,330,301
Annual rates (%) of depreciation 2019	5	5	5	5	5	10	15	10	5	10	
At 30 June 2020											
Cost	1,454,335	3,703,211	21,409,623	459,353	50,967	43,965	44	186,401	-	-	27,307,899
Accumulated depreciation	-	(1,427,235)	(7,545,588)	(174,116)	(27,530)	(26,752)	(44)	(89,924)	-	-	(9,291,189)
Net book value in Rupees	1,454,335	2,275,976	13,864,035	285,237	23,437	17,213	-	96,477	-	-	18,016,710
Annual rates (%) of depreciation 2020	5	5	5	5	5	10	15	10	5	10	
Depreciation charge for the year has been allocated as follows:											
	2020					2019					
Cost of sales	Rupees ('000')					Rupees ('000')					
Administrative expenses	849,358					835,564					
	14,113					13,906					
	863,471					849,470					
Property, plant and equipment	857,537										
Right of use asset	5,934										
	863,471										
No impairment relating to operating fixed assets has been recognised in the current year.											
21.03											
21.04											
	2020					2019					
Capital work in progress	Rupees ('000')					Rupees ('000')					
Plant and machinery	121,135					40,991					
Civil work	11,317					90,668					
	132,452					131,659					
Movement in capital work in progress											
Opening	131,659					96,428					
Additions during the year	106,219					379,997					
	237,878					476,425					
	(105,426)					(344,766)					
Transferred to operating assets	132,452					131,659					

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

21.05 Transfer to property, plant and equipment are represented by:

	2020	2019
	Rupees ('000')	Rupees ('000')
Building	35,394	45,407
Plant and machinery	188,633	299,359
	224,027	344,766

21.06 Disposal of property, plant and equipment

The following operating fixed assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Relationship of purchaser with the Company	Mode of disposal	Buyer's name
RUPEES ('000')								
Vehicles								
Toyota Corolla GLI LEE 09-1719	1,401	944	457	1,100	643	Third party	Negotiation	Mr. Akhtar Ali
Honda Civic LEB-07-7250	1,501	1,094	407	1,060	653	Third party	Negotiation	Mr. Adnan Haider Ali
Suzuki Cultus LWG-06-5182	560	424	136	415	279	Third party	Negotiation	Mr. Safdar Rama
Suzuki Cultus LED-07-3576	663	482	181	530	349	Third party	Negotiation	Mr. Safdar Rama
Suzuki Cultus LWG-06-5287	560	425	135	442	307	Third party	Negotiation	Mr. Safdar Rama
Corolla Altis 1.6 MN-13-903	2,105	1,042	1,063	1,700	637	Third party	Negotiation	Mr. Maqsood Ahmad
Toyota Corolla XLI LED-09-9617	1,284	857	427	830	403	Third party	Negotiation	Mr. Muhammad Amin
Corolla GLI MN-12-468	1,790	1,032	758	1,450	692	Third party	Negotiation	Mr. Yasir Naeem
Total	9,864	6,300	3,564	7,527	3,963			
Impaired Plant and Equipment	52,846	30,327	22,519	7,800	(14,719)	Third party	Negotiation	M/S Multiforms & Co.

21.07 Charge / mortgage on fixed assets has been disclosed in respective notes.

21.08 The Company's obligation under finance lease are secured by lessor's title to the leased assets, which have a carrying amount of Rs. 105.56 million (2019: Rs. 118.68 million).

21.09 Addition in plant and machinery includes capitalization of borrowing cost of Rs. 18.6 million (2019: Rs. 39.39 million).

21.10 Particulars of immovable assets of the Company are as follows:

Location	Addresses	Usage of immovable property	Total Area (Sq. ft.)	Covered Area (Sq. ft.)
Multan	Mouza Junglehraera and mouza Muzafarabad Multan	Production Unit	6,917,232	2,993,438
Kasur	4km Raiwind Manga road, Raiwind, district Kasur	Production Unit	1,638,528	1,054,751

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

		2020	2019
	Note	Rupees ('000')	Rupees ('000')
22 RIGHT OF USE ASSET			
Present value of future lease payments	22.01	118,684	-
		<u>118,684</u>	<u>-</u>
Net book value as at the beginning of the year		118,684	-
Transfer to Property, plant and equipment		(7,190)	-
Depreciation charged during the year		<u>(5,934)</u>	<u>-</u>
Balance as at the end of the year		<u>105,560</u>	<u>-</u>

22.01 Right of use assets are recognised during the year due to adoption of IFRS 16, the opening balances are transferred from property, plant and equipment.

	Note	2020	2019
		Rupees ('000')	Rupees ('000')
23 INVESTMENT PROPERTY			
Opening balance	23.01	629,886	495,658
Transfer from owner's occupied property	23.02	-	135,046
Revaluation gain / (loss) recognised through statement of profit or loss		<u>150,039</u>	<u>(818)</u>
		<u>779,925</u>	<u>629,886</u>

23.01 During the year 2017, this property was reclassified from owner's occupied property to investment property as a result of change in use. The valuation was arrived at by reference to market evidence of transaction price for similar land, which gave rise to gain of Rs. 12.64 million.

23.02 During the year 2019, a property having carrying value of Rs. 128.09 million was transferred from owner occupied property to investment property giving rise to fair value gain of Rs. 6.95 million.

23.03 As of reporting date, the fair value of such investment property was determined by an independent external property valuer, Arif Evaluators, having appropriate recognised qualification and relevant experience. Forced sale value of above investment as at reporting date is Rs. 629.381 million.

	Note	2020	2019
		Rupees ('000')	Rupees ('000')
24 LONG TERM INVESTMENTS			
At fair value through statement of profit or loss designated on initial recognition			
- Investment in Imperial Sugar Limited		212,722	189,880
At fair value through other comprehensive income	24.01	<u>1,967</u>	<u>1,461</u>
		<u>214,689</u>	<u>191,341</u>

24.01 Investment - at fair value through other comprehensive income

	2020	2019	2020	2019
	No. of Shares / Bonds		Rupees ('000')	Rupees ('000')
Quoted - at fair value				
Colony Woolen Mills Limited	70,506	70,506	282	282
Azgard Nine Limited	80,948	80,948	1,285	779
Colony Thal Textile Mills Limited	6	6	-	-
	<u>151,460</u>	<u>151,460</u>	<u>1,567</u>	<u>1,061</u>
Unquoted - at cost				
Government Compensation Bonds	400	400	400	400
	<u>151,860</u>	<u>151,860</u>	<u>1,967</u>	<u>1,461</u>

Government Compensation Bonds for Rs. 0.4 million (2019: Rs. 0.4 million) are receivable from the Federal Government in respect of shares held by the Holding Company in the share capital of Multan Electric Supply Company Limited. The Holding Company had challenged the withholding of these Bonds through writ petition filed in the Lahore High Court, Lahore, which is still pending for final adjudication.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

			2020 Rupees ('000')	2019 Rupees ('000')
25 STORES, SPARE PARTS AND LOOSE TOOLS	Note			
Stores			182,889	254,359
Spares			95,374	142,601
Loose tools			617	1,476
			<u>278,880</u>	<u>398,436</u>
Less: Provision for slow moving items	25.01		<u>1,135</u>	<u>1,090</u>
			<u>277,745</u>	<u>397,346</u>
25.01 Provision for slow moving items				
Opening balance			1,090	1,235
Provision made during the year			<u>1,135</u>	<u>1,090</u>
			<u>2,225</u>	<u>2,325</u>
Less: Provision written off during the year			<u>1,090</u>	<u>1,235</u>
Closing balance			<u>1,135</u>	<u>1,090</u>
26 STOCK IN TRADE				
Textile				
Raw material			1,288,638	2,000,067
Work in process			467,431	450,135
Finished goods			<u>2,687,864</u>	<u>2,090,735</u>
			<u>4,443,933</u>	<u>4,540,937</u>
Real Estate Business				
Land held for development and resale			<u>165,000</u>	<u>165,000</u>
			<u>4,608,933</u>	<u>4,705,937</u>
27 TRADE DEBTS				
Foreign - secured:				
Considered good			171,497	25,362
Local - unsecured				
Considered good			1,095,565	972,593
Considered doubtful			<u>2,250</u>	<u>1,430</u>
			<u>1,269,312</u>	<u>999,385</u>
Less: Loss allowance for doubtful trade debts	27.01		<u>2,250</u>	<u>1,430</u>
			<u>1,267,062</u>	<u>997,955</u>
27.01 These are secured against irrevocable letters of credit.				
27.01 Provision for loss allowance				
Opening balance			1,430	1,570
Loss allowance charged during the year			<u>2,250</u>	<u>1,430</u>
			<u>3,680</u>	<u>3,000</u>
Less: Loss allowance written off during the year			<u>1,430</u>	<u>1,570</u>
Closing balance			<u>2,250</u>	<u>1,430</u>
28 LOANS AND ADVANCES				
Considered good:				
Secured:				
Loans to employees	28.01		81,327	87,868
Advances to:				
-Suppliers			409,697	226,406
-Letters of credit fee, margin and expenses			<u>215,302</u>	<u>187,726</u>
			<u>706,326</u>	<u>502,000</u>
28.01 The advances are given to employees as per company's HR policy.				
29 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS				
Interest accrued	20.2			
Term deposit with bank under lien				
Trade deposits			234,030	205,186
Other receivables			<u>21,802</u>	<u>28,474</u>
			<u>255,832</u>	<u>233,660</u>
30 OTHER FINANCIAL ASSETS				
Other financial assets	30.01		<u>16</u>	<u>18</u>
30.01 These include shares of listed companies classified at fair value through statement of profit or loss.				

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

2020 No. of Shares / Bonds	2019		Note	2020 Rupees ('000')	2019 Rupees ('000')
		<i>Quoted - at fair value</i>			
89	89	Oil and Gas Development Company Limited		10	12
250	250	Maple Leaf Cement Factory Limited		6	6
339	339			16	18
31 TAX REFUNDS DUE FROM THE GOVERNMENT					
Sales tax				523,994	466,713
Income tax refundable / adjustable				411,102	498,029
				935,096	964,742
32 CASH AND BANK BALANCES					
Cash in hand				3,117	457
Cash at banks:					
-in current accounts				37,026	35,075
-in deposit accounts			32.01	8,928	1,755
				49,071	37,287
32.01 These carry profit / markup ranging from 5.55% to 13.5%(2019: 5.75% to 10%) per annum.					
33 SALES					
			Note	2020 Rupees ('000')	2019 Rupees ('000')
Local					
Yarn and Fabric				14,871,142	19,743,916
Raw material sales				83,888	11,137
Waste				204,140	305,726
Mask				51	-
				15,159,221	20,060,779
Export					
Yarn				15,378	168,799
Fabric				2,564,482	2,177,962
				2,579,860	2,346,761
Sale of real estate				-	777,163
				-	777,163
				17,739,081	23,184,703
Commission and duties				(38,738)	(61,304)
				17,700,343	23,123,399
33.01 Sales are shown net of sales tax, amounting Rs. 2,846 millions (2019: Nil).					
34 COST OF SALES					
Raw material consumed		34.01		10,927,775	13,209,994
Stores consumed				876,159	718,935
Staff salaries, wages and benefits		34.02		2,020,063	1,790,538
Power and fuel				2,520,618	2,667,247
Insurance				57,302	57,280
Rent, rates and taxes				10,128	4,607
Depreciation		21.02		849,370	835,564
Other charges				112,172	51,599
Repair and maintenance				100	-
Chemical and dye				139	-
				17,373,826	19,335,764
				17,373,826	19,335,764
Work in process:					
Opening				450,135	453,260
Closing				(467,431)	(450,135)
				(17,296)	3,125
Cost of goods manufactured				17,356,530	19,338,889

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees ('000')	2019 Rupees ('000')
Balance brought forward :		17,356,530	19,338,889
Finished goods:			
Opening stock		2,090,735	3,815,935
Closing stock		(2,687,864)	(2,090,735)
		(597,129)	1,725,200
Real estate:			
Opening stock		165,000	496,747
Closing stock		(165,000)	(165,000)
		-	331,747
		16,759,401	21,395,836
34.01 Raw material consumed			
Opening stock		2,000,067	649,392
Purchases including purchase expenses		10,216,346	14,560,669
		12,216,413	15,210,061
Closing stock		(1,288,638)	(2,000,067)
		10,927,775	13,209,994
34.02 Salaries, wages and other benefits include provision for staff retirement benefits for the year Rs. 85.68 million (2019: Rs. 63.95 million).			
35 DISTRIBUTION COST	Note	2020 Rupees ('000')	2019 Rupees ('000')
Staff salaries and benefits		30,627	22,028
Freight charges		57,563	97,361
Telecommunication		3,178	2,846
Export forwarding charges		111,766	129,008
Bank charges		2,790	2,002
Advertisement expense		44	-
Others		11,476	4,631
		217,444	257,876
36 ADMINISTRATIVE EXPENSES			
Staff salaries and benefits	36.01	229,845	189,955
Printing and stationery		712	727
Travelling and conveyance		14,482	16,289
Communication		7,771	6,557
Rent, rates and taxes		14,388	15,088
Repair and maintenance		11,392	12,329
Insurance		4,119	4,641
Advertisement		125	131
Fee and subscription		4,568	5,567
Loss allowance		2,250	1,430
Provision for slow moving stores, spares and loose tools		1,135	1,090
Entertainment		8,463	8,982
Auditors' remuneration	36.02	3,528	3,350
Donation	36.03	8,807	7,631
Legal and professional charges		7,333	8,629
Directors' meeting fee		210	160
Depreciation	21.02	14,101	13,906
Others		1,417	1,706
		334,646	298,168
36.01 Salaries, wages and other benefits include contribution to provident fund for the year Rs. 7.62 million (2019: Rs. 6.18 million).			

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

		2020 Rupees ('000')	2019 Rupees ('000')
36.02 Auditors' remuneration	Note		
Statutory audit fee		3,169	2,994
Half yearly review fee		259	256
CCG review fee		50	50
Out of pocket expenses		50	50
		<u>3,528</u>	<u>3,350</u>
36.03	No director or his / her spouse had any interest in the donees' fund.		
37 FINANCE COST			
Bank charges and commission		13,034	18,292
Markup on inland bill discounting		39,225	28,199
Markup on;			
- Long term finance		598,936	305,699
- Short term borrowings		312,300	148,719
- Liabilities against assets subject to finance lease		5,117	5,166
		<u>916,353</u>	<u>459,584</u>
		<u>968,612</u>	<u>506,075</u>
38 OTHER OPERATING CHARGES			
Loss on investment in IMSL		-	237,310
Unwinding of loans at amortised cost		14,119	-
Amortization of deferred markup		-	337,817
		<u>14,119</u>	<u>575,127</u>
39 OTHER INCOME			
Income from financial assets			
Profit on deposits with banks		9,403	6,517
Exchange gain - realised			-
Amortization of deferred markup		128,487	-
Loss on remeasurement of investments		(1)	(9)
Gain on restructuring from banking companies / financial institutions	39.01	90,623	2,001,899
Gain on long term investments		22,843	-
Gain on amortisation of long term loan		-	100,466
Income from other than financial assets			
(Loss) / Gain on sale of property, plant and equipment	21	(10,755)	5,850
(Loss) / gain on revaluation of investment property	23	150,039	(818)
Exchange gain realised		4,624	3,681
Miscellaneous income		22,555	16,523
		<u>417,818</u>	<u>2,134,109</u>
39.01	This includes gain on restructuring of long-term financing and short-term borrowings from banking companies / financial institutions.		
40 TAXATION	Note	2020 Rupees ('000')	2019 Rupees ('000')
Taxation:			
-Current year		251,638	277,024
-Prior years		(59,356)	(41,714)
		<u>192,282</u>	<u>235,310</u>
Deferred		12,754	553,331
		<u>205,036</u>	<u>788,641</u>
Relationship between tax expense and accounting profit			
Profit for the year			
Tax @ 35%			
Effect of:			
Income subject to Final Tax Regime			
Permanent differences			
Prior year income tax			
- Income tax return has been filed to the income tax authorities up to and including tax year 2019 under the provisions of the Income Tax Ordinance, 2001.			
- Provision for taxation has been made in accordance with section 154 and 113 of the Income Tax Ordinance, 2001 ("The Ordinance"). There is no relation between aggregate tax expense and accounting profit. Accordingly, no numerical reconciliation has been presented.			

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

41 EARNINGS PER SHARE	Note	2020	2019
Basic Earnings per share:			
Profit after taxation	Rupees ('000')	(381,097)	1,435,785
Weighted average number of ordinary shares	Number ('000')	498,010	498,010
Earning per share - basic and diluted	Rupees	(0.77)	2.88

Diluted earnings per share:

There is no dilutive effect on the basic earnings per share of the Group because the Group has no outstanding potential ordinary shares.

42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		EXECUTIVE DIRECTOR		NON-EXECUTIVES DIRECTORS		EXECUTIVES	
	2020	2019	2020	2019	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Managerial remuneration	27,273	16,364	4,364	4,227	-	-	45,241	18,573
Retirement benefits	2,272	1,363	364	352	-	-	3,586	1,521
Medical	2,727	1,636	436	423	-	-	4,524	1,857
Meeting fee	-	850	-	-	210	160	-	-
	32,272	20,213	5,164	5,002	210	160	53,351	21,951
Number of Executives	1	1	1	1	5	5	23	8

42.01 Certain executives including Chief Executive Officer of the Group are also provided with free use of Company's cars in accordance with their entitlements.

42.02 No remuneration was given to Non Executive Director except the fee paid for attending the meeting and as disclosed in note No. 36. Non Executive Directors include one independent director.

43 TRANSACTIONS WITH RELATED PARTIES

The Holding Company in the normal course of business carries out transactions with various related parties which comprise of directors, key management personnel and post employment benefits plan. Remuneration of Chief Executive Officer is disclosed in note No. 42. Other significant transactions with related parties are as follows:

Nature of transaction	Nature of Relationship	Note	2020 Rupees ('000')	2019 Rupees ('000')
Expense in relation to provident fund trust	Employees Fund	43.01	25,206	21,510
Loan from directors	Directors	11.00	-	265,187

43.01 The related party status of outstanding balances as at 30 June 2020 are included in trade and other payables amounting to Rs. 58.427 million (2019: Rs. 46.821 million). These are to be settled in the ordinary course of business.

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

Sr. No.	Company Name	Basis of relationship	Aggregate % of Shareholding in The Company
1	CTML Employees Contributory Provident Fund	Trustee	N/A
2	Stitchrite (Private) Limited	Subsidiary	100%

44 PLANT CAPACITY AND ACTUAL PRODUCTION

Installed capacity

Spinning division:

Ring end spinning:

Installed capacity converted into 20s count	Kgs	124,807,256	124,807,256
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Open end spinning:

Installed capacity converted into 20s count	Kgs	4,571,171	4,571,171
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Weaving Division:

Installed capacity converted into square meter at 60 picks	Meters	118,195,436	118,195,436
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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

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Stitching Division:

Installed capacity based upon 5 pocket basic trouser	Pieces	24000/month	-
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Actual production:**Spinning division:****Ring end spinning:**

Total number of shifts			1,035
Number of spindles installed			221,656
Number of spindles worked			198,865
Actual production converted into 20s count	Kgs	97,011,385	118,812,554

Open end spinning:

Total number of shifts			
Number of rooters installed			
Number of rooters worked			
Actual production converted into 20s count	Kgs	3,270,245	4,257,867

Weaving Division:

Total number of shifts			
Number of weaving machines installed			
Number of weaving machines worked			
Actual production converted into square meter at 60 picks	Meters	94,672,367	111,322,197

Stitching Division:

Actual production based upon 5 pocket basic trouser	Pieces	-	-
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Reason for shortfall:

It is difficult to describe precisely the production capacity in spinning / weaving mills since it fluctuates widely depending on various factors such as count of yarn spun, twist and fiber blend and fabric construction etc. It also significantly varies based on the pattern of production adopted throughout the year. Difference of actual production with installed capacity is in normal course of business.

45 PROVIDENT FUND	Note	2020 Rupees ('000')	2019 Rupees ('000')
The following information is based on the latest audited financial statements of the trust:			
Size of the fund - Total assets		240,587	185,644
Cost of investments made	45.01	181,111	136,764
Percentage of investments made		75.28%	73.67%
Fair value of investments		181,111	136,764

45.01 The break-up of fair value of investments is:

	2020		2019	
	Rs. ('000')	Percentage	Rs. ('000')	Percentage
Loan to members	28,045	15%	21,874	16%
Bank balances	15,636	9%	2,010	1%
Government securities	137,430	76%	112,880	83%
	181,111	100%	136,764	100%

These investments out of provident fund trust have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

46 NUMBER OF EMPLOYEES

The total and average number of employees during the year and as at 30 June 2020 / 30 June 2019 are as follows:

		2020 Number	2019 Number
Average number of employees during the year	- factory	7,928	7,548
	- others	626	597
		8,554	8,145
		2020 Number	2019 Number
Number of employees at the end of the year - factory		8,065	7,791
	- others	632	620
		8,697	8,411

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

47 FINANCIAL INSTRUMENTS

47.01 the Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. Further, quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

47.02 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from deposits, trade debts, loans, advances and other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Financial assets as per statement of financial position	2020 Rupees ('000')	2019 Rupees ('000')
Long term investment in IMSL	212,722	189,880
Long term deposits	51,132	51,132
Trade debts	1,266,046	997,955
Loans and advances	81,322	87,868
Trade deposits and short term prepayments	255,832	233,660
Cash and bank balances	47,952	37,287
Investments measured at fair value through profit or loss		
Quoted - at fair value	16	18
Investment measured at fair value through other comprehensive income		
Quoted - at fair value	1,567	1,061
Unquoted - at cost	400	400
	<u>1,916,989</u>	<u>1,599,261</u>

the Group's credit risk exposures are categorized under the following headings:

Counter parties

the Group conducts transactions with the following major counterparties:

- Trade debtors
- Banks and other financial institutions

the Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. the Group's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

Credit risk related to trade debts

Trade debts are essentially due from local and foreign customers against sale of yarn, fabric and waste material and the Group does not expect these counterparties to fail to meet their obligations. The majority of sales to the Group's customers are made on specific terms. Customer credit risk is managed subject to established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on past experience with the customer. Outstanding customer receivables are regularly monitored and any shipments to foreign customers are generally covered by letters of credit.

Trade receivables are non-interest bearing and are generally on 60 to 90 days credit terms.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Impairment losses

The aging of trade debts and loans to employees at the reporting date was:

	2020 Rupees ('000')	2019 Rupees ('000')
0 to 30 days	404,210	868,658
31 to 180 days	538,947	211,505
181 to 360 days	401,961	4,230
Over one year	2,250	1,430
	<u>1,347,368</u>	<u>1,085,823</u>

Trade debts include debtors with a carrying amount of Rs. 2.25 million (2019: Rs. 1.430 million) which are past due at the reporting date but not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Concentration of credit risk

Trade debts consist of a large number of diversified customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable where appropriate. Geographically, there is no concentration of credit risk.

Credit risk related to banks and other financial institutions

Credit risk on balances with banks is managed by management in accordance with the Group's policy. Excess funds are placed in deposits with reputable banks and financial institutions.

47.03 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Management closely monitors the Group's liquidity and cash flow position. This includes maintenance of statement of financial position liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer. Management has rescheduled the loan financing with The Bank of Punjab and is also in process of rescheduling with National Bank of Pakistan. Furthermore, support from sponsors in the form of interest free loans to meet liquidity shortfall is also contributory to minimize liquidity risk.

The Group manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note No. 16.02 is a list of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

47.03.1 Liquidity risk table

Financial liabilities in accordance with their contractual maturities are presented below:

	30 June 2020						
	Interest/mark-up bearing			Non interest/mark-up bearing			
	Maturity within one year	Maturity after one year	Sub Total	Maturity within one year	Maturity after one year	Sub Total	Total
	Rupees ('000')						
Financial Liabilities:							
Financial liabilities measured at amortized cost	-	-	-	-	3,875,949	3,875,949	3,875,949
Long term financing	410,786	7,599,183	8,009,969	-	-	-	8,009,969
Director's loan	-	-	-	-	385,187	385,187	385,187
Liabilities against assets subject to finance lease	19,812	21,380	41,192	-	-	-	41,192
Short-term borrowings	3,328,787	-	3,328,787	-	-	-	3,328,787
Trade and other payables	-	-	-	1,185,175	-	1,185,175	1,185,175
Unclaimed Dividend	-	-	-	94	-	94	94
Accrued mark up	217,947	-	217,947	-	-	-	217,947
	3,977,332	7,620,563	11,597,895	1,185,269	4,261,136	5,446,405	17,044,300

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

	30 June 2019						
	Interest/mark-up bearing			Non interest/mark-up bearing			
	Maturity within one Year	Maturity after one Year	Sub Total	Maturity within one Year	Maturity after one Year	Sub Total	Total
	Rupees ('000')						
Financial Liabilities:							
Financial liabilities measured at amortized cost	-	-	-	-	3,329,983	3,329,983	3,329,983
Long term financing	598,043	7,671,381	8,269,424	-	-	-	8,269,424
Director's loan	-	-	-	-	385,187	385,187	385,187
Liabilities against assets subject to finance lease	42,932	10,787	53,719	-	-	-	53,719
Short-term borrowings	3,188,296	-	3,188,296	-	-	-	3,188,296
Trade and other payables	-	-	-	841,634	-	841,634	841,634
Unclaimed Dividend	-	-	-	94	-	94	94
Accrued mark up	309,783	-	309,783	-	-	-	309,783
	4,139,054	7,682,168	11,821,222	841,728	3,715,170	4,556,898	16,378,120

Effective mark up / interest rates have been disclosed in respective notes to the financial statements.

47.04 Market risk

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

47.04.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Exposure to currency risk

The Group is exposed to currency risk on trade debts which are denominated in currency other than the functional currency of the Group. The Group's exposure to foreign currency risk is as follows:

Statement of financial position items

	2020		2019	
	Rupees ('000')	US \$ ('000')	Rupees ('000')	US \$ ('000')
Trade debts	171,497	1,021	25,362	156
L/C Margins	215,302	1,281	187,726	1,152

Off statement of financial position commitments

	2020		2019	
	Rupees ('000')	US \$ ('000')	Rupees ('000')	US \$ ('000')
Letter of credit	10,257	61	29,151	179

The following US Dollar exchange rates were applied during the year:

	2020	2019
	Rupees	Rupees
Average rate	165.53	142.94
Statement of financial position date rate	168.05	163.00

Sensitivity analysis - foreign currency

At 30 June 2020, if the Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, profit for the year would have been lower / higher by Rs. 24.34 million (2019: 12.11 million), as a result of foreign exchange gains / losses on translation of foreign currency trade debts. Profit / (loss) is more sensitive to movement in Rupee / foreign currency exchange rates in 2020 than 2019 because of average increase in foreign currency exchange rate during the year.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

47.04.2 Interest rate risk

Interest / markup rate risk arises from the possibility that changes in interest / markup rates will affect the value of financial instruments. The Holding Company has significant amount of interest based financial assets and financial liabilities which are largely based on variable interest / markup rates, therefore the Group has to manage the related finance cost which exposes it to the risk of 1 month, 3 months and 6 months KIBOR. Since the impact on interest rate exposure is significant to The Group, management is considering the alternative arrangement to manage interest rate exposure in future.

	Note	2020 Rupees ('000')	2019 Rupees ('000')
Fixed rate instruments			
There are no fixed rate instruments.			
Variable rate instruments			
Financial assets			
Cash in deposit accounts		8,928	1,755
Financial liabilities			
Long term finance		8,009,969	8,269,424
Short term finance		3,328,787	3,188,296
Liabilities against assets subject to finance lease		41,191	53,719
		<u>11,379,947</u>	<u>11,511,439</u>

Sensitivity analysis - interest rate

If interest rates had been 1 % higher / lower and all other variables were held constant, the Group's profit / (loss) for the year ended 30 June 2020 would have decreased / increased by Rs. 113.71 (2019: Rs. 116.3) million. This is mainly attributable to the Group's exposure to interest rates on its variable rate financial instruments.

47.04.3 Other price risk

Other price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. the Group is not materially exposed to other price risk on financial assets and liabilities.

47.04.4 Financial instruments by category

The Group finances its operation through equity, borrowings and management of working capital with a view to maintain an approximate mix between various sources of finance to minimize risk. Taken as a whole, the Group's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

	Note	2020 Rupees ('000')	2019 Rupees ('000')
Financial assets as per statement of financial position			
Loan and receivable			
Long-term deposits		51,132	51,132
Trade debts		1,266,046	997,955
Loans and advances		81,322	87,868
Trade deposits and short term prepayments		255,832	233,660
Cash and bank balances		47,952	37,287
Long term investment			
Investment in IMSL at fair value through statement of profit or loss		212,722	189,880
Fair value through profit or loss			
Quoted - at fair value		16	18
Fair value through other comprehensive income			
Quoted - at fair value		1,567	1,061
Unquoted - at cost		400	400
		<u>1,916,989</u>	<u>1,599,261</u>

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

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Financial liabilities as per statement of financial position	Note	2020 Rupees ('000')	2019 Rupees ('000')
Financial liabilities measured at amortised cost		3,875,949	3,329,983
Long term finance		8,009,969	8,269,424
Director's loan		385,187	385,187
Liabilities against assets subject to finance lease		41,192	53,719
Short-term borrowings		3,328,787	3,188,296
Trade and other payables		1,185,175	841,634
Unclaimed dividend		94	94
Accrued markup		217,947	309,783
		<u>17,044,300</u>	<u>16,378,120</u>

47.05 Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Group is going concern and there is no intention or requirements to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

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

47.05.1 Fair value hierarchy

Following are three levels in fair value hierarchy that reflects the significance of the inputs used in measurement of fair values of financial instruments.

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices)

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

Financial assets:	2020			
	Level 1	Level 2	Level 3	Total
	Rupees ('000')			
Financial investments: available for sale	16	-	-	16
Investment at fair value through profit or loss	212,722	-	-	212,722
Investment - available for sale	1,285	-	282	1,567
	<u>214,023</u>	<u>-</u>	<u>282</u>	<u>214,305</u>
Financial assets:	2020			
	Level 1	Level 2	Level 3	Total
	Rupees ('000')			
Financial investments: available for sale	18	-	-	18
Investment at fair value through profit or loss	189,880	-	-	189,880
Investment - available for sale	779	-	282	1,061
	<u>190,677</u>	<u>-</u>	<u>282</u>	<u>190,959</u>

48 CAPITAL MANAGEMENT

The Group's objectives, policies and processes for managing capital are as follows:

- The Group is not subject to any externally imposed capital requirements.
- The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
- Consistently with others in the industry, the Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e., share capital, reserves and unappropriated profit).
- The Group's strategy is to maintain its debt-to-adjusted capital ratio between 40% to 60%. The debt-to-adjusted capital ratios at 30 June 2020 and 30 June 2019 were as follows:

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees ('000')	2019 Rupees ('000')
Total debt		11,379,948	11,511,439
Less: cash and cash equivalents		45,954	36,830
Net debt		11,333,994	11,474,609
Total equity		9,392,645	9,744,926
Total capital employed		20,726,639	21,219,535
Gearing ratio (%)		54.68%	54.08%

49 NON ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There were no non-adjusting events after the statement of financial position date.

50 CASH GENERATED FROM OPERATIONS

CASH FLOWS FROM OPERATING ACTIVITIES

	Note	2020 Rupees ('000')	2019 Rupees ('000')
(Loss) / profit before taxation		(176,061)	2,224,426
Adjustments for:			
Provision for staff retirement benefits		123,880	63,954
Depreciation		863,471	849,470
Finance cost		968,612	506,075
Share of (gain) / loss from investment in IMSL		(22,843)	237,310
Loss on remeasurement of short term investments		1	9
Revaluation loss / (gain) on investment property		(150,039)	818
Provision for slow moving stores, spares and loose tools		1,135	1,090
Loss allowance for doubtful trade debts		2,250	1,430
Amortization of deferred markup		(128,487)	337,817
Gain on restructuring from banking companies / financial institutions		(91,165)	(2,001,899)
Gain on amortisation of long term loan		14,119	(100,466)
Exchange gain realised		-	(3,681)
Gain on disposal of property, plant and equipment		10,755	(5,850)
		1,591,689	(113,924)
Operating cash flows before working capital changes		1,415,804	2,110,502
Changes in working capital:			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		119,601	(125,132)
Stock-in-trade		97,004	709,397
Trade debts		(268,091)	(305,198)
Loans and advances		(225,437)	(220,177)
Tax refunds due from government		31,781	-
Trade deposits and short term prepayments		(23,189)	(81,805)
Increase / (decrease) in current liabilities:			
Trade and other payables		326,487	(268,021)
		57,980	(290,936)
Cash generated from operations		1,473,784	1,819,566

51 CHANGE IN ACCOUNTING POLICY

51.01 IFRS 16 'Leases'

The Group applied IFRS 16 'Leases' for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have a significance impact for leases where the Group is the Lessor.

IFRS 16 introduced a single, on balance sheet accounting model for leases. As a result the Group, as a lessee, has recognised right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments.

IFRS 16 establishes principle for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that leases provide relevant information that faithfully represents those transactions. The standard provides a single accounting model, requiring lessee to recognise assets and liabilities for all leases unless the lease term is 12 months or less or do not contain a purchase option (short-term leases) and, lease contracts for which the underlying asset has a low value.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Under IFRS 16, assets leased by the Group are being recognised on the statement of financial position of the Group with a corresponding liability. As a rule, lease expenses are no longer recorded in the statement of profit or loss from July 01, 2019. Instead, depreciation and interest expenses are recorded stemming from the newly recognized leases assets and leases liabilities.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 July 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. the Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. the Group 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 leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The adoption of IFRS 16 did not have material impact on the amounts recognised in the statement of financial position, statement of profit or loss, statement of cash flows or earnings per share as the Group does not have any operating lease contract which is not short term or of immaterial value.

52 Impact of COVID 19 on the consolidated financial statements

On 30 January 2020, the World Health Organization (WHO) declared the outbreak a "Public Health Emergency of International Concern" and on 11 March 2020, the WHO declared the COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many countries, including Pakistan, have taken stringent steps to help contain further spread of the virus. While these events and conditions have resulted in general economic uncertainty, management has evaluated the impact of COVID-19 as follows:

The Group's revenue is earned from both local within Pakistan and international markets. COVID-19 is expected to bear an impact in the given situation as the Group caters the needs of different levels of the textile supply chain both locally and internationally. Though the business and orders have started growing in the domestic and international markets but the volumes are limited and margins are low. As the second wave is anticipated, it is expected that the market would stay volatile and demand would stay sluggish. However, extent and duration of such impact remains uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of COVID-19 and the extent and effectiveness of containment actions taken. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorization of these financial statements. However, financial impact of COVID-19 on the Group's financial statements mainly include disruption of production and sales. Under the directives of State Bank of Pakistan, financial institutions have provided limited assistance in the form of deferral of payments of long-term liabilities. Further, COVID-19 has no impact on the presented amounts and disclosures.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

53. SEGMENT INFORMATION

	Spinning		Weaving		Real estate		Total	
	2020	2019	2020	2019	2020	2019	2020	2,019
----- Rupees ('000') -----								
Sales:								
Total	13,863,032	18,351,043	4,285,325	4,196,465	-	775,806	18,148,357	23,323,314
Intersegment	(448,065)	(199,915)	-	-	-	-	(448,065)	(199,915)
	13,414,967	18,151,128	4,285,325	4,196,465	-	775,806	17,700,292	23,123,399
Cost of Sales	12,690,382	17,236,049	4,064,052	3,828,040	-	331,747	16,754,434	21,395,836
Gross profit	724,585	915,079	221,273	368,425	-	444,059	945,858	1,727,563
Distribution Cost	156,310	181,029	61,090	76,847	-	-	217,400	257,876
Administrative expenses	236,830	208,718	96,755	79,294	-	10,156	333,585	298,168
	393,140	389,747	157,845	156,141	-	10,156	550,985	556,044
	331,445	525,332	63,428	212,284	-	433,903	394,873	1,171,519
Finance cost	669,597	354,252	299,014	151,823	-	-	968,611	506,075
Profit before unallocated income and expenses	(338,152)	171,080	(235,586)	60,461	-	433,903	(573,738)	665,444

Unallocated income and expenses

Other operating charges	14,119	575,127
Other Income	417,818	2,134,109
(Loss) / Profit before tax	(170,039)	2,224,426
Taxation	205,023	788,641
(Loss) / profit after tax for the year	(375,062)	1,435,785
Other comprehensive income:		
Remeasurement gain / (loss) of defined benefit obligation	28,310	(9,516)
Surplus on revaluation of property, plant and equipment	-	6,950
Net fair value gain / (loss) on investment through FVOCI	506	(94)
Total comprehensive (loss) / profit for the year	(346,246)	1,433,125

Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Total	
	2020	2019	2020	2019	2020	2,019
----- Rupees ('000') -----						
Total assets for reportable segments	10,220,577	10,266,809	8,030,454	8,195,150	18,251,031	18,461,959
Unallocated assets:						
Investment property					779,925	629,886
Long term investments					214,689	191,339
Investment in subsidiary					1,000	-
Cash and bank balances					47,952	37,287
Other corporate assets					8,105,952	7,852,790
Total assets as per statement of financial position					27,400,549	27,173,263
Unallocated liabilities:						
Directors' loan					385,187	385,187
Provision for taxation					251,625	277,024
Other corporate liabilities					26,763,737	26,511,052
Total liabilities as per statement of financial position					27,400,549	27,173,263

53.01 Geographical information

The Company's revenue from external customers by geographical locations is detailed below:

	Spinning		Weaving		Total	
	2020	2019	2020	2019	2020	2,019
----- Rupees ('000') -----						
Europe	-	-	1,213,776	1,232,049	1,213,776	1,232,049
USA	-	-	69,475	-	69,475	-
Africa	-	-	137,648	-	137,648	-
Asia	15,378	168,799	1,200,894	984,629	1,216,272	1,153,428
	15,378	168,799	2,621,793	2,216,678	2,637,171	2,385,477

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

54 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements have been approved and authorized for issue on 06 October 2020 by the Board of Directors of the Group.

55 GENERAL

- Figures have been rounded off to the nearest Rupees in thousand except where stated otherwise.
- Comparative consolidated statement of financial position, consolidated statement of profit or loss, statement of comprehensive income, consolidated statement of changes in equity consolidated statement of cash flows and related notes for year ended June 30, 2019 has been extracted from annual financial statements of the Holding Company for the year ended June 30, 2019 only. Due to incorporation of subsidiary Company during the current period, comparative figures consist of financial information of Holding Company "Colony Textile Mills Limited" only.



Chief Financial Officer



Director



Chief Executive Officer

PATTERN OF SHAREHOLDING

AS ON JUNE 30, 2020

Number of Shareholders	Shareholding		Number of Share Held	Percentage
	From	To		
231	1	100	6,600	0.00
415	101	500	130,484	0.03
417	501	1000	333,497	0.07
844	1001	5000	2,285,653	0.46
294	5001	10000	2,222,138	0.45
99	10001	15000	1,240,511	0.25
81	15001	20000	1,455,883	0.29
37	20001	25000	855,172	0.17
31	25001	30000	877,683	0.18
30	30001	35000	995,287	0.20
19	35001	40000	716,088	0.14
18	40001	45000	774,058	0.16
24	45001	50000	1,169,694	0.23
3	50001	55000	160,500	0.03
11	55001	60000	644,286	0.13
5	60001	65000	308,350	0.06
4	65001	70000	271,929	0.05
6	70001	75000	439,115	0.09
10	75001	80000	795,518	0.16
5	80001	85000	421,000	0.08
6	85001	90000	521,759	0.10
2	90001	95000	183,817	0.04
12	95001	100000	1,194,965	0.24
1	100001	105000	102,914	0.02
3	105001	110000	322,980	0.06
2	110001	115000	224,120	0.05
4	115001	120000	472,415	0.09
3	120001	125000	371,000	0.07
3	125001	130000	382,684	0.08
5	130001	135000	665,677	0.13
1	135001	140000	140,000	0.03
2	145001	150000	300,000	0.06
1	150001	155000	151,000	0.03
2	155001	160000	316,640	0.06
1	160001	165000	160,916	0.03
1	165001	170000	165,091	0.03
1	170001	175000	171,000	0.03
1	180001	185000	180,485	0.04
1	185001	190000	186,000	0.04
1	190001	195000	193,427	0.04
3	195001	200000	600,000	0.12
1	200001	205000	203,576	0.04
1	205001	210000	207,916	0.04
2	215001	220000	436,500	0.09
1	220001	225000	221,648	0.04
1	225001	230000	225,500	0.05
1	245001	250000	250,000	0.05
1	250001	255000	254,500	0.05
1	255001	260000	256,589	0.05

PATTERN OF SHAREHOLDING

AS ON JUNE 30, 2020

Number of Shareholders	Shareholding		Number of Share Held	Percentage
	From	To		
3	295001	300000	900,000	0.18
1	320001	325000	322,000	0.06
1	330001	335000	330,556	0.07
1	335001	340000	335,500	0.07
1	340001	345000	342,605	0.07
1	355001	360000	357,000	0.07
1	375001	380000	380,000	0.08
1	395001	400000	400,000	0.08
1	400001	405000	400,945	0.08
1	445001	450000	447,373	0.09
1	450001	455000	452,508	0.09
1	470001	475000	471,316	0.09
1	505001	510000	505,500	0.10
2	510001	515000	1,026,626	0.21
2	515001	520000	1,036,717	0.21
1	620001	625000	622,764	0.13
1	625001	630000	626,558	0.13
1	635001	640000	637,500	0.13
1	675001	680000	678,000	0.14
1	705001	710000	705,758	0.14
1	710001	715000	712,500	0.14
1	720001	725000	721,000	0.14
1	725001	730000	728,272	0.15
1	750001	755000	754,500	0.15
1	935001	940000	938,751	0.19
1	1065001	1070000	1,069,498	0.21
1	1105001	1110000	1,107,000	0.22
1	1755001	1760000	1,760,000	0.35
1	1845001	1850000	1,850,000	0.37
1	1975001	1980000	1,979,000	0.40
1	2035001	2040000	2,037,500	0.41
1	2365001	2370000	2,368,863	0.48
1	2410001	2415000	2,413,500	0.48
1	2600001	2605000	2,603,493	0.52
1	2845001	2850000	2,848,000	0.57
1	6825001	6830000	6,828,342	1.37
1	7120001	7125000	7,124,400	1.43
1	8940001	8945000	8,941,424	1.80
1	12015001	12020000	12,017,906	2.41
1	12250001	12255000	12,251,186	2.46
1	12640001	12645000	12,644,702	2.54
1	15855001	15860000	15,858,576	3.18
1	19950001	19955000	19,950,652	4.01
2	20295001	20300000	40,595,230	8.15
1	20550001	20555000	20,554,204	4.13
1	20660001	20665000	20,663,363	4.15
1	24280001	24285000	24,282,881	4.88
1	24295001	24300000	24,298,517	4.88
1	24795001	24800000	24,800,000	4.98
1	55710001	55715000	55,713,402	11.19
1	131445001	131450000	131,447,506	26.39
2,705			498,009,959	100.00

CATEGORICAL PATTERN OF SHAREHOLDING

AS ON JUNE 30, 2020

Categories of Shareholders	Number of Shareholders	Number of Shares Held	Percentage
Individuals	2,650	488,032,761	98.00
NIT and IDBP (ICP UNIT)	1	88,460	0.02
Financial Institutions	13	4,123,872	0.83
Insurance Companies	6	170,888	0.03
Modarabas & Mutual Funds	2	1,469,498	0.30
Joint Stock Companies	30	3,980,496	0.80
Others	3	143,984	0.03
Total	2,705	498,009,959	100.00

PATTERN OF SHAREHOLDING UNDER CODE OF CORPORATE GOVERNANCE

AS ON JUNE 30, 2020

	Total Shares Held	Percentage
A) Directors/Chief Executive Officer and their spouse and minor Children		
Mughis A. Sheikh	19,470,012	3.91
Fareed Mughis Sheikh	206,944,010	41.55
Muhammad Tariq	6,337	0.00
Muhammad Atta Ullah Khan	1,000	0.00
Muhammad Ashraf Saif	1,000	0.00
Abdul Hakeem Khan Qasuria	1,000	0.00
Muhammad Ikram Ul Haq	1,000	0.00
<u>Spouse(s) and minor children</u>		
FOZIA MUGHIS SHEIKH	14,230,186	2.86
MAHNAZ FAREED SHEIKH	74,347	0.01
NADINE FAREED SHEIKH	3,309,251	0.66
B) Executives		
N/A	-	0.00
C) Associated Companies, Undertakings and related parties	-	0.00
D) Public Sectors Companies & Corporations	-	0.00
E) NIT and IDBP (ICP UNIT)	88,460	0.02
F) Banks, Development Financial Institutions & Non-Banking Financial Institutions	4,123,872	0.83
G) Insurance Companies	170,888	0.03
H) Modarabas & Mutual Funds	1,469,498	0.30
I) *Shareholding 5% or more	206,944,010	41.55
J) Joint Stock Companies	3,980,496	0.80
K) Others	143,984	0.03
L) General Public	243,994,618	48.99
TOTAL: -	498,009,959	100.00
*Shareholding Detail of 5% or more		
Fareed Mughis Sheikh	206,944,010	41.55

Financial Highlights

Operating performance

	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)
Sales-net	17,700,292	23,123,399	16,595,202	13,545,840	11,719,850	15,957,105
Gross profit	945,858	1,727,563	1,258,601	1,002,575	247,653	724,310
(Loss) / profit before taxation	(170,039)	2,224,426	288,694	315,350	(895,582)	(841,851)
(Loss) / profit after taxation	(375,062)	1,435,785	40,194	97,130	(889,811)	(896,757)

Financial position

Property, plant & equipment

	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)
Property, plant and equipment-net	18,118,579	18,330,300	18,398,892	18,544,860	19,157,470	19,103,555
Capital work in progress	132,452	131,659	96,428	359,238	453,483	687,404
	18,251,031	18,461,959	18,495,320	18,904,098	19,610,953	19,790,959

Current assets

	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)
Stores, spare parts, loose tools and stock in trade	4,884,600	5,103,283	5,688,638	5,414,842	5,398,410	5,492,361
Other current assets	3,171,285	2,698,375	2,123,754	1,677,033	1,428,806	1,422,594
Cash and cash equivalents	47,952	37,287	38,412	40,283	56,885	58,271
	8,103,837	7,838,945	7,850,804	7,132,158	6,884,101	6,973,226

Current liabilities

	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)
Short term bank borrowings	3,328,787	3,188,296	3,890,441	4,014,668	4,302,009	4,315,040
Current portion of long term financing	430,598	640,975	1,970,534	1,654,552	1,456,685	1,021,787
Other current liabilities	1,759,576	1,645,573	3,379,526	3,163,196	3,361,196	3,302,093
	5,518,961	5,474,844	9,240,501	8,832,416	9,119,890	8,638,920

Number of shares

	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)
	498,010	498,010	498,010	498,010	498,010	498,010

Ratios

	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)
Gross profit ratio	5.34%	7.47%	7.58%	7.40%	2.11%	4.54%
Net profit ratio	(2.12%)	6.21%	0.24%	0.72%	(7.59%)	(5.62%)
Earning per share	(0.75)	2.88	0.08	0.20	(1.79)	(1.80)
Current ratio	1.47	1.43	0.85	0.81	0.75	0.81

Capital structure ratio

	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)
Debt to equity	0.46	0.46	0.47	0.49	0.53	0.51

- کمپنی سختی کے ساتھ صحت کے اصولوں اور ماحول دوست منصوبوں پر عمل پیرا ہے۔
- مالیاتی حسابات کی تاریخ اور ڈائریکٹرز کی رپورٹ کی تاریخ کی درمیانی مدت میں کوئی مادی تبدیلی نہیں آئی ہے ماسوائے اس کے کہ جو ان مالی حسابات میں لکھ دی گئی ہیں۔

- کمپنی کے چھ سالہ اب تک کے بنیادی حسابات کے اعداد و شمار کا خلاصہ لف ہے۔
- ڈائریکٹر ان کی جانب سے اس سال حصص داران کے لئے منافع کی ادائیگی کا اعلان نہیں کیا گیا۔
- واجب الادا ٹیکسز اور دوسرے حکومتی واجبات کی تفصیلات مالی حسابات کے متعلقہ نوٹ میں درج ہیں۔
- کمپنی اپنے تمام ملازمین کے لئے شراکتی پراویڈنٹ فنڈ چلا رہی ہے جبکہ انتظامی اور غیر انتظامی عملے کے لئے گریجویٹ فنڈ سکیم پر عمل پیرا ہے۔ جنکی مجموعی سرمایہ کاری درج ذیل ہے:

پراویڈنٹ فنڈز مبلغ 181.11 ملین روپے

گریجویٹ فنڈز مبلغ 133.69 ملین روپے

- زیر جائزہ مالی سال کے دوران کمپنی کے کسی عہدہ دار کی طرف سے کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی گئی۔

مالی حسابات کی تاریخ کے بعد کی مادی تبدیلیاں

مالیاتی حسابات کی تاریخ اور ڈائریکٹرز کی رپورٹ کی تاریخ کی درمیانی مدت میں کمپنی نے حبیب بینک لمیٹڈ کے ساتھ قرضہ جات کی تنظیم نو کی ہے۔

مجموعاتی مالی حسابات

کمپنی اور اس کی ملکیتی کمپنی سٹیج رائٹ پرائیویٹ لمیٹڈ کے مجموعاتی مالیاتی حسابات برائے سال ختمہ 30 جون 2020 اس رپورٹ کے ساتھ منسلک ہیں۔

اظہار تشکر

ہم ایگزیکٹوز، افسران اور دیگر عملے کے ارکان کی سخت محنت، تعاون اور مخلصانہ کوششوں کو سراہتے ہیں جو انہوں نے ہر ممکن بہتر نتائج حاصل کرنے میں کیے۔ بورڈ آف ڈائریکٹرز اپنے تمام بنکوں کا بھی شکر گزار جنہوں نے کمپنی کے لئے اپنی حمایت جاری رکھی۔ انتظامیہ اس بات کے لئے پُر اعتماد ہے کہ یہ تعلقات اور تائید آئندہ آنے والے سالوں میں بھی جاری رہے گی۔

Ul. Shams ul Haq

اکرام الحق

ڈائریکٹر

منجانب بورڈ

فرید مغیث شیخ

چیف ایگزیکٹو آفیسر

لاہور: 06 اکتوبر 2020

ملکیتی حصص کا نمونہ

ملکیتی حصص کا نمونہ برائے سال ختمہ 30 جون 2020ء ہے۔

بیرونی محاسبان

کمپنی کے بیرونی محاسب طارق عبدالغنی مقبول اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے اگلے سال کے لئے اپنی خدمات جاری رکھنے کی خواہش ظاہر کی ہے جس کی محاسبی کمیٹی نے بھی نامزدگی کی تائید کی ہے۔ چنانچہ حصص داران سے ان کو دوبارہ تعینات کرنے کی منظوری کی درخواست کی جاتی ہے جبکہ بیرونی محاسب نے اس بات کا یقین دلایا ہے کہ وہ تعیناتی کی قانون میں موجود اہلیت پر پورا اترتے ہیں۔ مزید برآں یقین دہانی کرائی گئی کہ محاسبی ادارے یا اس سے منسلک کسی فرد نے دوران سال کمپنی ہذا کے حصص میں خریداری یا تجارت نہیں کی ہے۔

ویب سائٹ کی دستیابی

کمپنی کے سالانہ اور وسط مدتی مالی حسابات کمپنی کی ویب سائٹ www.colonytextiles.com پر دستیاب ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر بیان

- کوڈ آف کارپوریٹ گورننس کے تحت ہم درج ذیل بیان دیتے ہیں
- مالیاتی حسابات بشمول تمام رپورٹس واضح اور درست طریقے سے بنائے گئے ہیں
- بورڈ آف ڈائریکٹرز نے وژن اور مشن کے بیان اور مجموعی کاروباری حکمت عملی کو منظور کیا ہوا ہے۔
- کمپنی نے مالیات کی کتابیں قانون کے مطابق بنائی ہوئی ہیں۔
- کمپنی نے امور کی بہتر انجام دہی کے لئے ہر سطح پر رہنما اصول بنائے ہوئے ہیں جو ہر ڈائریکٹر اور ملازمین سے تسلیم شدہ ہیں۔
- مالی حسابات کی پالیسیاں مالی حسابات کی تیاری میں مناسب انداز میں لاگو کی گئی ہیں۔
- کمپنی نے امور کی بہتر انجام دہی کے لئے ہر سطح پر رہنما اصول بنائے ہوئے ہیں جن پر عمل درآمد ہو رہا ہے۔
- بین الاقوامی قوانین مالیات جو کہ پاکستان میں لاگو ہیں پر عمل ہو رہا ہے۔
- کمپنی کا اندرونی محاسبی نظام مستحکم ہے اور بہتر انداز میں کام کر رہا ہے۔
- کارپوریٹ گورننس پر عمل درآمد کا بیان اس رپورٹ کے ساتھ منسلک ہے اور یہ رپورٹ بیرونی محاسب کے مطابق ترتیب شدہ ہے۔
- کمپنی کے کاروباری معاملات جاری رہنے میں کوئی شکوک و شبہات نہیں ہیں۔
- کمپنی اسٹاک قوانین میں موجود کارپوریٹ گورننس کے تحت بہتر انداز میں عمل پیرا ہے۔

ڈائریکٹران کا معاوضہ

کمپنی کے ڈائریکٹران نے ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے لئے معاوضہ جات کی پالیسی منظور کر رکھی ہے۔ یہ پالیسی انسانی وسائل کے اہم جزو کی حیثیت سے تیار کی گئی ہے جس کا مقصد کاروباری منصوبہ بندی کو سہولت کاری دینا ہے۔ بورڈ کو یقین ہے کہ یہ پالیسیاں ایگزیکٹوز اور ڈائریکٹرز کو ان کے فرائض کی ادائیگی میں معاون ثابت ہیں۔

پالیسیاں اور طریقہ کار

بورڈ نے متعلقہ خدشات کے پیش نظر کاروبار کو چلانے کے لئے موثر طریقہ کار اپناتے ہوئے پالیسیاں مرتب کی ہیں۔ ان پالیسیوں کو مرحلہ وار کاروباری خدشات کے تحت پرکھا جاتا ہے۔

بورڈ کی کارکردگی کی جانچ کاری

لسٹڈ کمپنیز کے کوڈ آف گورننس ریگولیشنز 2019 کے تحت ڈائریکٹران نے اپنی اور ذیلی کمیٹیوں کی کارکردگی کی جانچ کاری پر کھنے کے لیے نظام واضح کیا ہے جس کے اصول مشاہراتی کمیٹی کو تفویض کئے گئے ہیں۔

متعلقہ پارٹی کے ساتھ لین دین

متعلقہ پارٹی کے ساتھ لین دین کی تمام تفصیلات محاسبی کمیٹی کی طرف سے نظر ثانی شدہ اور بورڈ سے منظور شدہ ہیں۔ اس لین دین کی تمام تفصیلات 30 جون 2020 کے مالی حسابات میں نوٹس میں درج ہیں۔

چیئر مین کی جائزہ رپورٹ

بورڈ نے چیئر مین کی طرف سے جاری کردہ جائزہ رپورٹ پر غور و خوض کیا ہے اور یہ سالانہ رپورٹ کے ساتھ منسلک ہے۔

کاروباری ضابطہ اخلاق

اخلاقیات اور کاروباری طرز عمل کے ضابطے کمپنی کے ڈائریکٹران اور ملازمین میں تقسیم کیئے گئے ہیں اور ان سے تسلیم شدہ ہیں۔

تعمیلی بیان

کمپنی کے ڈائریکٹران کی طرف سے لسٹڈ کمپنیز کے کوڈ آف گورننس ریگولیشنز 2019 کے تحت تعمیلی بیان منسلک ہے۔

اصولی خطرات

کمپنی کو درپیش خطرات اگر کوئی ہیں، وہ مالی حسابات میں متعلقہ جگہ پر واضح کر دیئے گئے ہیں۔

کارپوریٹ گورننس

انتظامیہ نے کارپوریٹ گورننس کی تمام ضروریات پر عمل درآمد کو یقینی بنایا ہے۔ متعلقہ بیان اس رپورٹ میں شامل ہے۔

سماجی تعمیل اور انسانی وسائل کمیٹی

آپ کی کمپنی کی کامیابی میں ایک اہم عنصر اس کے انتہائی ہنرمند اور پر جوش افرادی قوت ہے جو ہماری طاقت ہیں۔ ہم، بجا طور پر اس حقیقت پر فخر کر سکتے ہیں کہ انسانی وسائل کو ہمیشہ ترجیح دی گئی ہے۔ آج ہم گزشتہ سالوں پر نظر دوڑائیں تو ہم دیکھ سکتے ہیں کہ ہمارے راستے بہت بہتری کی جانب گامزن ہیں اور اخلاقی اقدار پر عمل پیرا ہیں۔

سماجی تعمیل اور انسانی وسائل کی کمیٹی درج ذیل ممبران پر مشتمل ہے:

نام	تخصیص	کمیٹی میں عہدہ
جناب فرید مغیث شیخ	ایگزیکٹو ڈائریکٹر / چیف ایگزیکٹو آفیسر	چیئر مین
جناب محمد عطاء اللہ خان	نان ایگزیکٹو ڈائریکٹر	ممبر
جناب عطامحی الدین خان	چیف فنانشل آفیسر	ممبر

بورڈ آف ڈائریکٹرز

کمپنی کے بورڈ آف ڈائریکٹرز جو تعداد میں سات ہیں اپنی ذمہ داریاں شفاف طریقے سے نگران کے طور پر ادا کرتے ہوئے کمپنی کی پائیدار ترقی میں اضافہ کا باعث ہیں۔

موجودہ بورڈ میں کوئی خاتون ممبر نہیں ہے اور خاتون ڈائریکٹر آئندہ ہونے والے الیکشن میں منتخب کی جائے گی۔

موجودہ بورڈ آف ڈائریکٹرز کی تخصیص اس طرح سے ہے۔

تفصیل

01	آزاد / غیر متعلقہ ڈائریکٹر
04	نان ایگزیکٹو ڈائریکٹرز
02	ایگزیکٹو ڈائریکٹرز

آزاد / غیر متعلقہ ڈائریکٹر کی تعداد کے متعلق تعمیل آئندہ انتخابات میں کی جائے گی۔

زیر جائزہ سال میں ڈائریکٹران کے چھ اجلاس ہوئے تھے، جس میں جناب مغیث اے شیخ نے تین اجلاس، جناب فرید مغیث شیخ نے پانچ اجلاس اور باقی ڈائریکٹران نے تمام اجلاس میں شمولیت کی۔

محاسبہ کمیٹی کے سال میں چار اجلاس ہوئے، اس کے تمام ممبران نے تمام اجلاس میں شرکت کی، انسانی وسائل اور مراعاتی کمیٹی کا سال میں دو اجلاس ہوا، جس میں اس کے تمام ممبران نے شرکت کی،

اہم مقصد ملکی و غیر ملکی گاہکوں کی بدلتی ضروریات پر نظر رکھنا اور کمپنی کے حالات کے مطابق اہداف کا مقرر کرنا ہے۔
مجلس عاملہ کمیٹی درج ذیل ممبران پر مشتمل ہے:

ڈائریکٹر کا نام	تخصیص	کمیٹی میں عہدہ
جناب فرید مغیث شیخ	ایگزیکٹو ڈائریکٹر / چیف ایگزیکٹو آفیسر	چیئر مین
جناب محمد طارق	ایگزیکٹو ڈائریکٹر	ممبر
جناب محمد عطاء اللہ خان	نان ایگزیکٹو ڈائریکٹر	ممبر

تکنیکی کمیٹی

تکنیکی کمیٹی چیف ایگزیکٹو آفیسر کو مختلف امور پر مشاورت مہیا کرتی ہے جس میں تکنیکی امور اور ماحول کے تحفظ کی منصوبہ بندی اور دیگر امور شامل ہیں۔ یہ کمیٹی مل کے مجموعی معاملات، مطلوبہ معیار کا حصول، پیداواری اہداف کے حصول کی ذمہ دار ہے اور مجاز حدود میں رہتے ہوئے روزانہ کی بنیاد پر درپیش تکنیکی مسائل کو حل کرتی ہے۔
تکنیکی کمیٹی درج ذیل ممبران پر مشتمل ہے:

نام	تخصیص	کمیٹی میں عہدہ
جناب فرید مغیث شیخ	ایگزیکٹو ڈائریکٹر / چیف ایگزیکٹو آفیسر	چیئر مین
جناب محمد طارق	ایگزیکٹو ڈائریکٹر	ممبر
جناب محمد شعیب خان	تکنیکی ڈائریکٹر	ممبر

مالیات کمیٹی

مالیات کمیٹی کا کردار مالیاتی اہداف، سالانہ اور سہ ماہی تخمینہ جات، مجاز اخراجات کی منظوری، اضافی رقم کی سرمایہ کاری اور مالیاتی منصوبہ بندی اور اس کا قانون کے مطابق اطلاق ہے جسے یہ کمیٹی چیف ایگزیکٹو آفیسر کی نگرانی میں سرانجام دے رہی ہے۔
مالیات کمیٹی درج ذیل ممبران پر مشتمل ہے:

نام	تخصیص	کمیٹی میں عہدہ
جناب فرید مغیث شیخ	ایگزیکٹو ڈائریکٹر / چیف ایگزیکٹو آفیسر	چیئر مین
جناب عطامحی الدین خان	چیف فنانشل آفیسر	ممبر
جناب بلال احمد خان نیازی	جنرل منیجر فنانس	ممبر

کارپوریٹ سماجی ذمہ داری

سماجی بہبود اور لوگوں کے لیے خدمات زیر توجہ ہیں۔ ہم ٹیکسز ان کے لوازمات اور ملکی زر مبادلہ میں اضافہ کے ذریعے قومی خزانے میں شراکت دار ہیں۔ ہم برابری کی بنیاد پر ملازمت کے مواقع مہیا کرنے پر فخر محسوس کرتے ہیں۔ آپ کی کمپنی ضرورت مند لوگوں کو مفت خوراک، مفت طبی سہولیات اور صاف پانی کی سہولیات مہیا کر رہی ہے۔ ہم یہ بتاتے ہوئے لطف محسوس کر رہے ہیں کہ ہم نے صحت مند اور سرسبز ماحول کے لیے مل کے احاطہ میں 60,000 سے زائد پودے لگائے ہیں۔

محاسبہ کمیٹی

یہ بورڈ کی سب سے اہم اور موثر کمیٹی ہے۔ کمپنی کے اندرونی محاسبہ عمل کو اسکے بہترین مفاد میں چلاتے ہوئے اہم کردار ادا کر رہی ہے۔ کمیٹی ممبران نے اندرونی اور بیرونی محاسبان کی رپورٹس کا بغور مطالعہ کیا ہے اور بیرونی محاسب کی تقرری کی سفارش کی ہے۔ محاسبہ کمیٹی درج ذیل ممبران پر مشتمل ہے:

کمیٹی میں عہدہ	تخصیص	ڈائریکٹر کا نام
چیئر مین	غیر متعلقہ ڈائریکٹر	جناب محمد اشرف سیف
ممبر	نان ایگزیکٹو ڈائریکٹر	جناب عبدالحکیم خان قصوریہ
ممبر	نان ایگزیکٹو ڈائریکٹر	جناب محمد عطاء اللہ خان

انسانی وسائل اور مشاہراتی کمیٹی

انسانی وسائل کی کمیٹی نے کمپنی ملازمین کے تمام طبقات کے لئے معاوضے کے علیحدہ علیحدہ منصوبے بنا رکھے ہیں۔ کمپنی میں سازگار ماحول کا بنانا اور اسے برقرار رکھنا، مناسب سلوک، روزگار کے مواقع اور کامیابی کے ساتھ آگے بڑھنے کی سفارشات تیار کرنا اور ان پر عمل درآمد کروانا کمیٹی کی ذمہ داری ہے۔ ہمیں احساس ہے کہ انسانی وسائل کاروباری حکمت عملی کا اہم جزو ہیں۔ انسانی وسائل اور مشاہراتی کمیٹی درج ذیل ممبران پر مشتمل ہے:

کمیٹی میں عہدہ	تخصیص	ڈائریکٹر کا نام
چیئر مین	غیر متعلقہ ڈائریکٹر	جناب محمد اشرف سیف
ممبر	نان ایگزیکٹو ڈائریکٹر	جناب عبدالحکیم خان قصوریہ
ممبر	نان ایگزیکٹو ڈائریکٹر	جناب محمد اکرام الحق

مجلس عاملہ کمیٹی

مجلس عاملہ کاروبار کے مقاصد مقرر کرنے، مواقع کی نشاندہی، کاروباری مقاصد کو کامیابی کے ساتھ نفاذ کرنے کی ذمہ دار ہے۔ اس کمیٹی کا

سال سے منافع منقسمہ کی رقم قابل ادا آرہی ہے، ان کو اطلاع نامے بھیجے تھے اور اس سلسلے میں ان کی معلومات کے لیے اخبارات میں اشتہارات بھی شائع کئے گئے تھے۔ تاکہ وہ اپنی رقوم حاصل کرنے کے لیے کمپنی سے رابطہ کریں۔ اس بارے میں مکمل تفصیلات کمپنی کی ویب سائٹ پر موجود ہیں۔

مستقبل کا نقطہ نظر

سال کے اہتمام پر ہی حکومت کی جانب سے ٹیکسٹائل صنعت کے لئے زیر وریٹڈ سہولت ختم کر کے بغیر کسی منصوبہ بندی نتائج کی پرواہ کئے بغیر 17 فیصد سے 20 فیصد سیلز ٹیکس عائد کر دیا تھا۔ ایک سال گزرنے کے بعد امید تھی کہ حکومت اپنے فیصلے پر نظر ثانی کرتے ہوئے موجودہ بجٹ میں اپنے اس فیصلے کو واپس لے لی گی مگر بد قسمتی سے اس پر کوئی توجہ نہیں دی گئی۔ اس ٹیکس نظام کی موجودگی میں ہمیں یقین ہے کہ پیداواری لاگت میں اضافہ کے ساتھ ساتھ تیار اشیاء کی لاگت میں اضافہ، ٹیکس کی واپسی ادائیگیوں میں تاخیر، اسمگلنگ میں اضافہ اور ٹیکس چوری جیسے دیگر مسائل میں اضافہ ہوگا۔

کووڈ 19 کی بیماری نے عالمی سطح پر حالات درہم برہم کئے ہیں۔ عالمی سطح پر اور پاکستان میں بھی اس کی دوسری لہر کی توقع کی جا رہی ہے۔ ہم توقع کر رہے ہیں کہ ہماری جیسی منجمد معیشتوں کے لئے یہ چیز بہت مشکل ہوگی۔ حالانکہ حکومت نے موجودہ صورتحال کے پیش نظر کچھ صنعتوں کو رعایتیں دی ہیں مگر ہم میں سے اکثر کسی نہ کسی وجہ سے فائدہ حاصل کرنے میں ناکام رہے ہیں۔

بد حال مقامی کپاس کی فصل کی وجہ اس سال صنعت کو بڑے نقصان کا سامنا رہا۔ جبکہ موجودہ سال میں بھی کوئی فرق نہیں ہے۔ کارخانے مہنگے داموں کپاس درآمد کرنے پر مجبور رہے اور یہی صورت حال اس سال بھی ہو سکتی ہے۔ اس سلسلے میں اگر حکومت نے بروقت اور سنجیدہ فیصلے نہ کئے تو اس سے ناقابل تلافی نقصان ہوگا۔

جھوٹا شکار معیشت، زیادہ شرح افراط زر، سیاسی عدم استحکام اور غیر یقینی صورتحال جیسی مشکلات کا سامنا ہے اور آنے والی چیزیں مستقبل میں بھی نظر آرہی ہیں۔

آپ کی کمپنی موجودہ پیچیدہ صورتحال اور بڑھتے ہوئے خطرات سے نبرد آزما ہونے اور منڈیوں میں موجود خدشات سے نمٹنے کے لئے کمر بستہ ہے۔ ہم مصنوعات کی کوالٹی کو برقرار رکھنے کے لئے پرعزم ہونے کے ساتھ نئی منڈیوں کی تلاش اور پیداوار کے بہتر نتائج حاصل کرتے ہوئے ان مشکلات پر قابو پالیں گے۔

محفوظ صحت مند ماحول

کمپنی اپنے ملازمین اور عوام کے لیے ایسے اقدامات کر رہی ہے جس سے ان کی حفاظت کو یقینی بنایا جاسکے۔ ہم تمام شعبوں مثلاً پیداوار، ترسیل، گودام اور مال کی آمدورفت کے لیے بہتر حفاظتی اقدامات پر توجہ کئے ہوئے ہیں۔ آپ کی کمپنی ماحول کی حفاظت کے لیے ہر ممکن اقدام کر رہی ہے۔

کمپنی کا بنائی کا شعبہ

سال کے شروع میں زیر ریویژن سہولت ختم ہونے اور پھر بعد میں کرونا وباء کی وجہ سے بنائی کے شعبے میں بھی کمپنی کا کاروبار بری طرح متاثر ہوا ہے۔ بہتر اور حوصلہ افزاء خبروں کی بنیاد پر طلب اور رسد میں کافی اتار چڑھاؤ دیکھنے کو ملا مگر کسی اچھی خبر کا انتظار ہی رہا۔ مقامی اور بین الاقوامی طلب کرونا وباء کی دوسری لہر کی وجہ سے دباؤ کا شکار رہی ہے۔

کمپنی کا غیر منقولہ جائیداد کی تجارت کا شعبہ

دوران سال کمپنی نے اپنی غیر منقولہ جائیداد کے کاروباری شعبہ میں کوئی سرگرمی نہیں کی ہے۔

سٹی رائٹ پرائیویٹ لمیٹڈ - مکمل ملکیتی کمپنی

سٹی رائٹ پرائیویٹ لمیٹڈ، کالونی ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیتی کمپنی ہے۔ جس کے بنانے کا مقصد مصنوعات کے قدری اضافے کے ساتھ سلسلے ہوئے گارمنٹس اور پہننے کی دوسری چیزیں بنانا ہے۔ مصنوعات کی تیاری کے حوالے کام زور و شور سے جاری ہے اور توقع ہے کہ اگلے سال کمرشل پیداوار شروع ہو جائے گی۔

ڈائریکٹرز کی جانب سے قرض

کمپنی کے بنیادی ڈائریکٹران کمپنی کی فلاح و بہبود کا عزم کئے ہوئے ہیں۔ اسی عزم کے تحت ایک ایگزیکٹو ڈائریکٹر کی طرف سے کمپنی کی مالی حالی حالت کی بہتری کے لیے مبلغ بارہ کروڑ روپے کا بلا سود قرض موجود ہے۔

تقابلی سال میں بنکوں سے مالی تصفیہ کے لیے ایک نان ایگزیکٹو ڈائریکٹر کی طرف سے مبلغ 265 ملین روپے کا بلا سود قرض دیا گیا تھا۔ جو ابھی تک موجود ہے۔

بنکوں کے ساتھ مالی تصفیہ جات اور ان کی ادائیگیاں

کمپنی انتظامیہ کی جاری کوششوں کی وجہ سے حبیب بینک لمیٹڈ اور فرسٹ پنجاب مضاربہ کے ساتھ مالی تصفیہ جات دوران سال مکمل ہوئے ہیں۔

حصص داران کے لئے منافع کی تقسیم

کمپنی کے زیر جائزہ مالی سال کے نتائج کو دیکھتے ہوئے کمپنی انتظامیہ نے سال ختمہ 30 جون 2020 کے لئے حصص داران کو منافع کی ادائیگی نہ کرنے کی سفارش کی ہے۔

غیر ادا شدہ منافع منقسمہ

کمپنیز ایکٹ 2017 کی شق نمبر 244 کے تحت کمپنی نے پچھلے سالوں میں ایسے حصص داران جن کے نام پر 30 مئی 2017 تک تین

ڈائریکٹران رپورٹ برائے حصص داران

کمپنی کے ڈائریکٹرز کی جانب سے، میں سالانہ نتیجہ شدہ مالی حسابات برائے سال ختمہ 30 جون 2020ء، بشمول محاسب کی رپورٹ پیش کرتا ہوں۔ بموجب کوڈ آف کارپوریٹ گورننس یہ مالی حسابات چیف ایگزیکٹو آفیسر اور چیف اکاؤنٹنٹ صاحبان سے تصدیق شدہ، محاسبی کمیٹی کی تائید سے بورڈ آف ڈائریکٹرز سے منظور شدہ ہیں۔

اس سال کمپنی کا کاروباری حجم مبلغ 17,700 ملین روپے رہا جبکہ پچھلے سال یہ حجم 23,123 ملین روپے تھا۔ کمپنی کا خام منافع مبلغ 946 ملین روپے ہے جو پچھلے سال مبلغ 1,728 ملین روپے تھا۔ کمپنی بعد از ادائیگی ٹیکس مبلغ 375 ملین روپے نقصان میں رہی جبکہ کمپنی نے پچھلے سال مبلغ 1,436 ملین روپے بعد از ٹیکس منافع کمایا تھا۔ چنانچہ اس سال نقصان فی حصہ 0.75 روپے ہے جو کہ پچھلے سال یہ 2.88 روپے فی حصہ منافع تھا۔

گورنمنٹ کی طرف سے زیوریلٹڈ سہولت ختم کرنے کی وجہ سے کمپنی کے لئے یہ سال شروع ہی سے مشکل رہا۔ جس کی وجہ سے ٹیکسٹائل صنعت بری طرح ہل گئی۔ ہماری کمپنی کا زیادہ تر کاروبار عرصہ دراز سے مقامی منڈی پر منحصر ہے لہذا ہمارے گاہکوں نے ٹیکس کی اس پیدا شدہ صورتحال میں کام کرنے سے صاف انکار کر دیا۔ انجماد کی صورتحال نے ہمیں اپنی پیداواری سرگرمیاں محدود کرنے پر مجبور کر دیا۔ صورتحال کو بہتر کرنے کے لئے سیلز ٹیکس کے قدرے بہتر نئے نظام کو وضع کرنے میں حکومت کو مہینوں لگ گئے۔ سال کے دوسرے حصے میں ابھی صورتحال بہتر ہونا شروع ہی ہوئی تھی کہ کرونا وائرس نے سراٹھالیا۔ جس کی وجہ سے ہمیں اپنی پیداواری سرگرمیاں ہفتوں روکنا پڑیں۔ یہاں تک کہ پیداواری سرگرمیاں شروع ہونے کے باوجود ہمیں اپنی مکمل پیداواری استعداد کا بحال کرنے میں مہینوں لگے۔

ان نامساعد حالات میں منڈیوں کا دباؤ، مالی حالات اور انسانی وسائل جن کی ہماری کمپنی میں ریڑھ کی حیثیت ہے جیسے سخت صورتحال کا سامنا رہا۔ آپ کی کمپنی اللہ کے کرم اور متعلقین کے تعاون سے ان حالات سے نبرد آزما ہونے میں کامیاب ہو گئی تھی کہ یہ مشکل صورتحال کرونا وباء کی دوسری لہر کی صورت میں دوبارہ درپیش ہے۔ جس کی وجہ سے پہلے سے مخدوش صورتحال اور بھی خراب ہو رہی ہے۔

اصولی کاروباری سرگرمیاں

دھاگہ، کپڑا، گارمنٹس کی پیداوار، فروخت اور غیر منقولہ جائیداد کی تجارت کمپنی کی اصولی سرگرمیوں میں شامل ہیں۔

کمپنی کا کتائی کا شعبہ

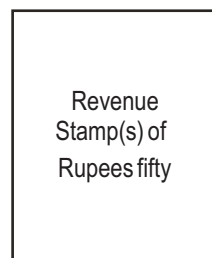
کتائی کا شعبہ کمپنی کا سب سے بڑا کاروباری شعبہ ہے جو کہ شروع سال سے لے کر آخر تک مندی کا شکار رہا۔ تمام منڈیوں نے زیوریلٹڈ سہولت کے ختم ہونے اور کرونا وباء میں رد عمل دیا ہے۔ اس بات کے کہنے کی ضرورت نہیں کہ موجودہ غیر یقینی صورتحال کو ختم ہونے میں کتنا وقت لگے گا۔ دھاگے کی مقامی منڈی میں طلب کافی سست رہی جس میں کمپنی کو کرونا وباء کے ختم ہونے تک بہتری کی امید ہے۔

COLONY TEXTILE MILLS LIMITED

FORM OF PROXY

I/We _____
 of _____
 being a member of **COLONY TEXTILE MILLS LIMITED** and holder of _____ Ordinary Shares as per
 Register Folio / CDC Participant No. _____ hereby appoint Mr./Mrs./Miss. _____
 of _____ or failing him / her Mr./Mrs./Miss. _____ of _____
 who is also a member of the **COLONY TEXTILE MILLS LIMITED** vide Registered Folio / CDC Participant I.D.
 No. _____ as my proxy to vote for me and on my behalf at the 10th Annual General Meeting of the Company to
 be held on Monday the October 28, 2020 at 10.00 a.m. and any adjournment thereof.

Signed this _____ day of October 2020.



Signature
 (As registered with the company)

Witness: 1

Signature: _____

Name: _____

Address: _____

CNIC or _____

Passport # _____

Witness: 2

Signature: _____

Name: _____

Address: _____

CNIC or _____

Passport # _____

NOTES: -

- This proxy form, duly completed and signed, must be received at the Registered Office of the company not later than 48 hours before the time of holding the Meeting.
- Attested copies of the CNIC or the passport of beneficial owners, proxy holder and witnesses shall be furnished with the proxy form.
- The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished along with proxy form to the Company.

کالونی ٹیکسٹائل ملز لمیٹڈ

تشکیل نیابت داری برائے سالانہ اجلاس عام

میں / ہم _____ ساکن _____ کالونی ٹیکسٹائل ملز لمیٹڈ کا / کی / کے حصص دار ہوں / ہیں اور بموجب رجسٹرڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر کے تحت _____ عمومی حصص کا / کی / کے مالک ہوں / ہیں۔ اپنی جگہ پر حق رائے دہی کے لیے _____ رہائشی _____ اور بموجب رجسٹرڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر کے تحت رہائشی _____ اور بموجب رجسٹرڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر کو یا اس کے نہ آنے کی صورت میں رہائشی _____ اور بموجب رجسٹرڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر کو جو کہ کالونی ٹیکسٹائل ملز لمیٹڈ کا / کی / کے حصہ دار ہے ہیں۔ کو اپنی جگہ بروز سوموار بتاریخ 28 اکتوبر 2020 بوقت صبح 10 بجے بمقام اسماعیل ایوان سائنس بلڈنگ 205 فیروز پور لاہور میں منعقد ہونے والے دسویں سالانہ اجلاس عام یا کسی متبادل دن جو بھی ہوگا میں رائے دہندگی کے لئے نمائندہ مقرر کرتا / کرتی / کرتے ہوں / ہیں۔

بتاریخ _____ اکتوبر 2020 کو دستخط کیا گیا دستخط۔

پچاس روپے کی رسیدی ٹکٹ
چسپاں کریں

کمپنی ریکارڈ کے مطابق دستخط

گواہ نمبر: 2

دستخط _____
نام _____
پتہ _____
شناختی کارڈ نمبر یا _____
پاسپورٹ نمبر _____

گواہ نمبر: 1

دستخط _____
نام _____
پتہ _____
شناختی کارڈ نمبر یا _____
پاسپورٹ نمبر _____

نوٹ: 1۔ یہ مختار نامہ مکمل اور دستخط شدہ، ہمراہ شناختی کارڈ کی تصدیق شدہ کاپیوں، کمپنی کے رجسٹرڈ آفس کے پتے پر اجلاس کے شروع ہونے سے 48 گھنٹے پہلے پہنچ جانا چاہیئے۔

2۔ کوئی بھی فرد مختار نامہ اس وقت تک استعمال نہیں کر سکتا جب تک وہ کمپنی کا حصص دار نہ ہو۔ علاوہ اس کے کہ کوئی ایک کمپنی کسی فرد کو نمائندہ مقرر کرے جو کمپنی کا حصص دار نہ ہو۔



Colony Textile Mills Limited

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Phone: 042-35758970-2
Fax: 042-35763247