

34<sup>th</sup> ANNUAL REPORT

2020

**AL-QADIR**  
**Textile Mills Limited**  
6-Km, Jhelum Road, Chakwal

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# VISION

Al-Qadir Textile Mills Limited is the largest exporter of cotton yarn in Rawalpindi Division, delivering quality products through innovative technology and effective resource management, maintaining high ethical and professional standards.

Pursuing its objectives, Al-Qadir Textile Mills Limited has over the years, preserved to attain the present enviable position, with its products competing at home and abroad.

We work to achieve commitments, integrity, fairness and teamwork into every aspect of our business dealings.

# MISSION

Our mission is to keep ahead of our competitors. We can not be complacent about our achievements. Everyone from top management to workers is driven by this mission and engaged in applying resources to continual product improvement.

Given its vision and its focused strategy, Al-Qadir Textile Mills Limited, can look forward to as bright a future as its past.

Better utilization of man-power, continuous improvement in quality, customer's satisfaction is our mission.

# **COMPANY INFORMATION**

## **BOARD OF DIRECTORS:**

### **CHAIRMAN**

MR. ASIF ALI RAJA

### **CHIEF EXECUTIVE OFFICER DIRECTORS**

MR. GHULAM ALI RAJA  
MR. AMMER ALI RAJA  
MR. ADIL BASHIR RAJA  
MST. TASNEEM AKHTAR  
MST. YASMEEN BEGUM

## **AUDIT COMMITTEE:**

### **CHAIRMAN**

### **MEMBERS**

MR. ADIL BASHIR RAJA  
MST. TASNEEM AKHTAR  
MST. YASMEEN BEGUM

## **HUMAN RESOURCE AND REMUNERATION COMMITTEE**

### **CHARIMAN**

### **MEMBERS**

MR. GHULAM ALI RAJA  
MR. ADIL BASHIR RAJA  
MST. YASMEEN BEGUM

## **CHIEF FINANCIAL OFFICER & COMPANY SECRETARY**

MR. ZAHEER AHMED AKMAL

## **AUDITORS**

NASIR JAVED MAQSOOD IMRAN  
CHARTERED ACCOUNTANTS,  
ISLAMABAD

## **BANKERS:**

BANK AL-FALAH LIMITED

## **REGISTERED OFFICE**

RAJA HOUSE, NEAR MAKKI MASJID,  
CHAKWAL, PAKISTAN  
TEL: 0543-540833 FAX: 0543-540834  
URL: [www.aqtextile.com](http://www.aqtextile.com)  
E-MAIL: [info@aqtextile.com](mailto:info@aqtextile.com)

## **HEAD OFFICE & MILLS**

6-K.M. JHELUM ROAD, CHAKWAL

## **SHARE REGISTRARS**

M/S F.D REGISTRAR SERVICES (SMC-PVT) LTD.,  
17<sup>TH</sup> FLOOR, SAIMA TRADE BLOCK – A  
I.I. CHUNDRIGAR ROAD,  
KARACHI.

## ***NOTICE OF ANNUAL GENERAL MEETING***

Notice is hereby given that the 34<sup>th</sup> Annual General Meeting of the Company will be held at Mills Office 6-K.M Jhelum Road, Chakwal on Monday i.e. October 29, 2020 at 10:00 A.M to transact the following business.

1. To confirm the Minutes of the 33<sup>rd</sup> Annual General Meeting held on October 28, 2019.
2. To receive and adopt the Audited Accounts of the company for the year ended 30<sup>th</sup> June 2020 and the Directors and Auditor's Report thereon.
3. To elect directors of the company fixed by the Board of Directors in accordance with the provisions of section 159 (I) of the Companies Act, 2017 for a period of three (3) years commencing from October 29, 2020. The names of retiring directors are as under: -
  1. Mr. Ghulam Ali Raja
  2. Mr. Muhammad Bashir Raja
  3. Mr. Asif Ali Raja
  4. Mr. Adil Bashir Raja
  5. Mst. Tasneem Akhtar
  6. Mst. Yasmeen Begum
  7. Mst. Asba Rubina
  8. Mr. Gulsher Khan
4. To approve and appoint the "External Auditors" for the year 2020-21 and to fix their remuneration. The retiring auditor M/s Nasir Javed Maqsood Imran, Chartered Accountants, Islamabad being eligible, offer themselves for re-appointment.
5. To consider any other business with the permission of the chair.

Chakwal  
October 07, 2020

By order of the Board  
Zaheer Ahmed Akmal  
Company Secretary

## NOTICES:

1. The share transfer books of the company will remain closed from 21<sup>st</sup> October to 29<sup>th</sup> October 2020 (both days inclusive). Transfer received in order at the Registrars of the Company i.e., M/s Your Secretary (Pvt.) Limited, 1020, Uni Plaza, I.I. Chundrigar Road, Karachi.
2. Every member who seeks to contest the election of directors shall whether he/she is a retiring director or not, file with the company at its registered office not later than fourteen (14) days before the date of meeting, the following documents: -
  - (a) Notice of his/her intention to offer himself/herself for election of directors in terms of provisions of section 159(3) of Companies Act, 2017 (the Act) together with his/her consent to act as a director.
  - (b) A detailed profile along with mailing address for placement on the Company's website.
  - (c) A candidate must be a member of the company at the time of filing his/her notice of intention for contesting election of directors except a person representing a member, which is not a natural person.
  - (d) Attested copy of valid CNIC/Passport and NTN.
  - (e) His/her folio No. CDC Account No., CDC Sub-Account No.
  - (f) A declaration confirming that
    - (i) He/she is aware of his/her duties and powers under the relevant laws, Memorandum and Articles of Association of the Company.
    - (ii) He/she is not ineligible to become director of a company under any of the provisions of the Act, any other applicable law, rules and regulations.
3. A member entitled to attend and vote all the general meetings, is entitled to appoint another member as proxy to attend and vote for his/her behalf. Complete proxy form must be received at Company's Registrar or the Registered Office of the Company, not less than 48 hours before the time of the meeting.
4. Any individual beneficial owner of CDC, entitled to vote at this meeting must bring his/her original Computerized National Identity Card with him/her to prove his/her identity and in case of proxy, a copy of shareholders' attested Computerized National Identity Card must be attached with the proxy form.
5. Pursuant to provisions of section 134 of the Act, if the company receives consent from member holding aggregate 10% or more shareholding, residing in geographical location to participate in the meeting through video conference at least seven days prior to the date of meeting, the company will arrange video conference facility in that city subject to availability of such facility in that city.
6. Shareholders are requested to promptly notify the Company or the Registrars of the Company of any change in their address.

## **DIRECTOR'S REPORT TO THE MEMBERS**

In the Name of Allah, Most Gracious, Most Merciful

The Directors of your Company have the honor to present annual report of your Company together with the audited financial statement and auditors' report thereon for the year ended June 30, 2020.

### **Performance of Company**

Turnover of the company reduced by 10% to close at Rs. 2,156 million as compared to Rs. 2,386 million during last year. The emergence of COVID-19 has caused major disruptions to economic activity around the world including Pakistan and thereafter due to country-wide lockdown most of the textile mills remained shut down. In March, the mill was closed for one month and till year-end we continued our production at 50% of capacity. During lockdown production curtailment seriously affected operating profitability because fixed costs during this period were not fully absorbed. Further, due to Rupee devaluation, increase in working capital requirement and high KIBOR, the finance cost increased from Rs 16 million to Rs 28 million. The Company still was able to post a profit before tax of Rs. 139 million, compared to a profit of Rs. 195 million last years. The management of the company had taken every step in the right direction to improve performance and better utilization of resources that ultimately improve the plant capacity and the sales in one hand and reduce the cost on the other.

### **Profit Appropriation**

Considering the current financial position, The Board in its meeting held on October 07, 2020 has recommended a cash dividend of Rs. Nil per share i.e. Nil% (June 30, 2019: final cash dividend NIL i.e., Re. NIL per share).

### **Earnings Per Share (EPS)**

The earning per share (EPS) of the company for the year 2020 remained at Rs. 10.66 (2019: Earning per share was Rs. 16.79).

### **Principal Activity**

The principal activity of the Company is manufacturing and sale of yarn.

### **Principal Risks and Uncertainties**

The Board of Directors are responsible to oversee the Company's operations and to devise an effective strategy to mitigate any potential adverse impact of risks. The Company's ability to continually assess market conditions and then react decisively, allow the Company to manage risks responsibility and take opportunities to strengthen the position of the Company when they arise. The Company's principal financial liabilities comprise long term finances, trade and other payables and short term borrowings. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company's principal financial assets comprise of trade debts, advances, short term deposits, other receivables and cash and bank balances that arise directly from its operations. The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

### **Material Changes and Commitments:**

No adverse material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Director's Report.

### **Adequacy of Internal Financial Controls:**

A system of sound internal control is established and implemented at all levels of the Company by the Board of Directors. The system of internal control is sound in design for ensuring achievement of Company's objectives and operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies.

### **Future Outlook**

The future outlook remains entirely hinged on the post-COVID economic recovery. The pandemic has imposed extraordinary challenges to all sectors of the economy. Presently, the textile industry is operating at 100% capacity and if this continues, it is expected that the economy will resume its growth momentum that would boost the demand for textile products in coming months. We appreciate the economic relief measures taken by the Government in response to pandemic, these include interest rate reduction, payroll financing, and announcement of stimulus package to ensure liquidity to cushion growth and employment. Further, keeping in view the unprecedented economic situation, the Federal Budget 2020-21 was presented without imposing any new taxes.

### **CORPORAT & FINANCIAL REPORTING FRAMEWORK:**

We are pleased to report that your company has taken necessary steps to comply with the provisions of Code of Corporate Governance as amended in 2013 and incorporated in the listing regulations of the Stock Exchanges.

- The financial statements for the year ended June 30, 2020 present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account of the company have been maintained.
- 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 (IAS) as applicable in Pakistan has been followed in preparation of financial statements; and departure, if any, has been adequately disclosed.
- The system of internal control is sound in design. The process of monitoring will continue and control strengthened where ever considered necessary;
- There are no significant doubts upon the company's ability to continue as a going concern.
- Key operating and financial data of last six years is summarized.
- There are no outstanding statutory payments on accounts of taxes, duties, levies or charges except those reflected in the audited accounts.
- The company operated an un-funded and unapproved gratuity scheme. Provision is made annually to cover the obligations under the scheme. The latest actuarial valuation has been carried out as at June 30, 2020.
- During the year, six meetings of the Board of Directors were held and the attendance by each member is given at annexure.

<b>Name of Directors</b>	<b>No. of Board Meeting Attended</b>
Mr. Ghulam Ali Raja	4
Mr. Mohammed Bashir Raja	4
Mr. Asif Ali Raja	5
Mr. Adil Bashir Raja	5
Mr. Gul Sher Khan	5
Mst. Tasneem Akhtar	1
Mst. Yasmeen Begum	3
Mst. Asbah Rubina	4

(The Board granted leave of absence to the directors who could not attend the meetings due to their pre-occupation.)



- During the year 5 meetings of the Audit Committee were held attendance by each director is as follows.
 

Mr. Gul Sher Khan	Chairman	5
Mst. Tasneem Akhtar	Member	5
Mst. Yasmeen Begum	Member	4
Mst. Asba Rubina	Member	4
  
- The pattern of shareholding as on June 30, 2020 and its disclosure as required in the Code of Corporate Governance is annexed with this report.
  
- During the year one meeting of the Human Resource and Remuneration Committee was held and attended by all the members.
  
- Code of conduct has been developed and are communicated and acknowledged by each Director and employee of the Company.
  
- 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.

### **Corporate Social Responsibility**

The company strongly believes in the integration of Corporate Social Responsibility into its business, and consistently endeavors to uplift communities that are influenced directly or indirectly by our business.

### **Environment, Health and Safety:**

The company maintains safe working conditions avoiding the risk to the health of employees and public at large. The management has maintained safe environment in all its operations throughout the year and is constantly upgrading their safety and living facilities. Safety is a matter of concern for machinery as well as the employees working at plant. Fire extinguishers and other fire safety equipment’s have been placed at sites as well as head office of the Company. Regular drills are performed to ensure efficiency and efficacy of fire safety equipment’s.

### **AUDITORS**

The present auditors of the Company M/S Nasir Javed Maqsood Imran, Chartered Accountants, Islamabad, retire and being eligible, offer themselves for re-appointment. The Audit Committee has recommended re-appointment of the same auditors.

### **ACKNOWLEDGEMENT**

The directors of the company wish to place on record their appreciation for the efforts of the executives, officers, staff members and workers of the company in achieving the best possible results. They also thank its shareholders, customer’s banks and financial institutions for their continued support extended by them in smooth running of company’s operations and hope that their cooperation will be continued with the same spirit in the years to come.

CHAKWAL  
October 7, 2020

GHULAM ALI RAJA  
(Chief Executive Officer)

**FINANCIAL DATA AT A GLANCE**

FROM 2015 -2020

Rs Million

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Sales Revenue	1,607.355	1,475.492	1,420,264	1,860,614	2,385,698	2,156,130
Marketing & Administrative Expenses	17.586	17.234	17,682	21,524	22,676	22,412
Profit/(Loss) before Tax	(85.578)	(9.579)	26,742	139,340	194,505	138,695
Profit/(Loss) after Tax	(91.288)	(4.551)	2.927	123.025	126.946	80.582
Capital expenditure	28.867	69.065	-	8,665	6,169	143,248
Shareholders' Equity	441.736	444.963	445,690	559,367	677,307	754,790
No. of Shares Outstanding	7.560	7.560	7.560	7.560	7.560	7.560
Break-up Value (Rs./Share)	58.43	58.86	58,954	73,990	89,591	99,840
Cash Dividend (%)	NIL	NIL	NIL	NIL	NIL	NIL
Dividend per Share (Rs.)	NIL	NIL	NIL	NIL	NIL	NIL
Bonus Share (%)	NIL	NIL	NIL	NIL	NIL	NIL
Production converted on 20/s KG	8.860	9.892	9,839	12,860	13,698	11,662
<b><u>Key Performance Indicators</u></b>						
Return on Shareholders' Equity	(20.67)	(1.02)	0.00	0.02	0.02	0.01
Return on Total Assets	(9.43)	(0.48)	0.00	0.02	0.01	0.01
Earning per Share (Rs.)	(12.08)	(0.60)	0.39	16.27	16.79	10.66
Total Assets	968.547	952.084	846,213	779,131	955,282	1,181,497





## INDEPENDENT AUDITOR'S REPORT

To the members of Al-Qadir Textile Mills Limited

Report on the Audit of the Financial Statements

### Qualified opinion

We have audited the annexed financial statements Al-Qadir 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 other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

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

### Basis for Qualified Opinion

As at the reporting date, the Company has gross trade debtors of Rs. 35.78 million (2019: Rs. 54.76 million). Pursuant to the applicability of International Financial Reporting Standard 9: "Financial Instruments" (IFRS 9), during the year, the Company has not carried out an assessment of expected credit loss relating to these receivables. Accordingly, we are unable to determine whether any adjustment might be necessary to the amount of trade debtors and correspondingly the expected credit loss in current and prior periods.

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 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.

### 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.

#### Lahore Office:

Office No. 914, Al-Hafeez Heights, 65-D/1, Ghalib Road, Gulberg-III.  
Tel: 042-35754821-22, Fax: 042-36317513, Email: nasirgulzar@njmi.net



**NJMI**



**CPAAI**

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



**NJMI**



**CPAAI**

**Report on Other Legal and Regulatory Requirements**

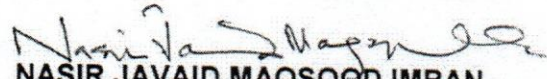
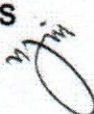
Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980)

The engagement partner on the audit resulting in this independent auditor's report is Mr. Imran Ul Haq.

Place: Islamabad

Date: *October 07, 2020*

  
**NASIR JAVAID MAQSOOD IMRAN**  
**CHARTERED ACCOUNTANTS**  


**AL-QADIR TEXTILE MILLS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2020**

	Note	2020 Rupees	Restated 2019 Rupees
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	6	75,600,000	75,600,000
<b>Capital reserves</b>			
Share deposit money	7	15,922,750	15,922,750
Surplus on revaluation of fixed assets	8	191,590,711	200,165,369
Unrealized gain /(loss) on investments		-	-
<b>Revenue reserves</b>			
Accumulated profit		471,676,100	385,618,812
<b>Total equity</b>		<u>754,789,561</u>	<u>677,306,932</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred liabilities	9	116,699,744	86,170,348
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	218,880,852	129,865,633
Accrued mark-up		1,827,436	89,262
Short term borrowings	11	54,386,427	4,386,427
Unclaimed dividend		1,526,097	1,526,097
Provision for taxation	12	33,386,644	55,937,727
		310,007,456	191,805,146
<b>CONTINGENCIES AND COMMITMENTS</b>			
	13	-	-
		<u>1,181,496,761</u>	<u>955,282,426</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	624,058,483	516,549,590
Long term deposits	15	444,599	444,599
		624,503,082	516,994,189
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	16	13,365,223	16,230,473
Stock in trade	17	352,749,842	92,040,064
Trade debts - considered good	18	35,781,614	54,757,433
Short term advances and deposits	19	56,159,899	25,811,492
Tax refunds due from the government	20	21,601,289	21,601,289
Short term investment	21	101,554	151,154,515
Cash and bank balances	22	77,234,257	76,692,970
		556,993,678	438,288,237
		<u>1,181,496,761</u>	<u>955,282,426</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

**AL-QADIR TEXTILE MILLS LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 Rupees	Restated 2019 Rupees
Sales	23	2,156,130,421	2,385,697,605
Cost of sales	24	(1,965,903,758)	(2,142,413,296)
<b>Gross profit</b>		<b>190,226,663</b>	243,284,309
Selling and distribution expenses	25	591,265	485,730
Administrative expenses	26	22,412,315	22,676,276
Other operating expenses	27	11,749,845	14,926,294
		(34,753,425)	(38,088,300)
<b>Profit from operations</b>		<b>155,473,238</b>	205,196,009
Other operating Income	28	11,357,169	5,696,907
		<b>166,830,407</b>	210,892,916
Finance cost	29	(28,135,857)	(16,387,585)
<b>Profit before taxation</b>		<b>138,694,550</b>	194,505,331
Taxation	30	(58,112,790)	(67,559,207)
<b>Profit after taxation</b>		<b>80,581,760</b>	126,946,123

The annexed notes from 1 to 40 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

**AL-QADIR TEXTILE MILLS LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Note	<b>2020</b> <b>Rupees</b>	Restated 2019 Rupees
<b>CASH USED IN OPERATING ACTIVITIES</b>	31	<b>(61,966,605)</b>	207,983,898
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		<b>(140,730,221)</b>	(6,169,200)
Capital work in progress		-	(2,108,235)
Investment at FVTPL - net		<b>153,238,112</b>	(152,433,051)
Net cash used in investing activities		<b><u>12,507,891</u></b>	<u>(160,710,486)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowings		<b>50,000,000</b>	-
Loan from directors-net		-	-
Net cash generated from financing activities		<b><u>50,000,000</u></b>	<u>-</u>
Net decrease in cash and cash equivalents		<b>541,287</b>	47,273,412
Cash and cash equivalents at the beginning of the year		<b>76,692,970</b>	29,419,558
Cash and cash equivalents at the end of the year		<b><u>77,234,257</u></b>	<u>76,692,970</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.

	
CHIEF EXECUTIVE	DIRECTOR



**AL-QADIR TEXTILE MILLS LIMITED**  
**STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 Rupees	2019 Rupees
Profit after taxation		80,581,760	126,946,123
Other comprehensive income :			
<b>Item that will not be reclassified to profit or loss:</b>			
(Loss) on remeasurement of post employment benefit obligations		(243,704)	(458,551)
Impact of deferred tax		-	-
Other comprehensive (loss) transferred to equity		(243,704)	(458,551)
Total comprehensive income for the year		80,338,056	126,487,572

The annexed notes from 1 to 40 form an integral part of these financial statements.



\_\_\_\_\_  
CHIEF EXECUTIVE



\_\_\_\_\_  
DIRECTOR

**AL-QADIR TEXTILE MILLS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Share capital	Capital reserves		Revenue reserves	Total
		Share deposit money	Surplus on revaluation of fixed assets	Accumulated profit	
-----Rupees-----					
<b>BALANCE AS AT JUNE 30, 2018</b>	75,600,000	15,922,750	213,129,933	254,714,805	559,367,488
Total comprehensive income for the year					
Profit for the year	-	-	-	126,946,123	126,946,123
Appropriation	-	-	-	-	-
Other comprehensive income for the year	-	-	-	(458,551)	(458,551)
	-	-	-	126,487,572	126,487,572
Change of deferred tax	-	-	(8,548,128)	-	(8,548,128)
Surplus realized on incremental depreciation net of deferred tax	-	-	(4,416,435)	4,416,435	-
<b>BALANCE AS AT JUNE 30, 2019</b>	75,600,000	15,922,750	200,165,369	385,618,812	677,306,932
Total comprehensive income for the year					
Profit for the year	-	-	-	80,581,760	80,581,760
Appropriation	-	-	-	-	-
Other comprehensive income for the year	-	-	-	(243,704)	(243,704)
	-	-	-	80,338,056	80,338,056
Change of deferred tax	-	-	(2,855,427)	-	(2,855,427)
Surplus realized on incremental depreciation net of deferred tax	-	-	(5,719,231)	5,719,231	-
<b>BALANCE AS AT JUNE 30, 2020</b>	75,600,000	15,922,750	191,590,712	471,676,100	754,789,561



CHIEF EXECUTIVE



DIRECTOR

**AL-QADIR TEXTILE MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**1. THE COMPANY AND ITS OPERATIONS**

AL-QADIR TEXTILE MILLS LIMITED (the Company) is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company is engaged in the business of textile spinning.

<b>Geographical Location of Head office and business units:</b>	
Registered Office	Raja house, near Makki Masjid, Chakwal
Plant Unit 01 & Unit 02	6 K.m. Jhelum road, Chakwal

**2. BASIS OF PREPARATION**

**2.1 Accounting convention**

These financial statements have been prepared under the historical cost convention, except for property, plant and equipment which are carried at revalued amounts and retirement benefits which have been recognized at present value determined by actuary.

**2.2 Statement of compliance**

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017. In case requirements differ, the provisions of and directives issued under the Companies Act, 2017 shall prevail.

**3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS**

**3.1 Standards, interpretations and amendments to published approved accounting standards that are effective in current year and are relevant to the Company**

Following standards, interpretations and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 Jan 2019.

- IFRS 16 Leases
- IFRS 9 (Amendments) 'Financial Instruments'
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- IASB's Annual Improvements to IFRSs: 2015 – 2017 Cycle
- IFRS 14 Regulatory Deferral Accounts

The above mentioned accounting standards did not have any impact on the amounts recognised in prior and are not expected to significantly affect the current or future periods.

### **3.2 Standard and amendments to published approved accounting standards that are effective in current year but not relevant to the Company**

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

### **3.3 Standards and amendments to published approved accounting standards that are not yet effective but relevant to the Company**

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

- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 1 January 2022
- Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 1 January 2022
- Amendments to IFRS 9 effective for annual periods beginning on or after 01 January 2022
- Amendments to IFRS 16 'Leases' effective for annual periods beginning on or after 01 January 2022
  
- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020 and 2022)

The above amendments and improvements do not have a material impact on the financial statements.

## **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of financial statements in conformity with the approved accounting standards require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision effects only that period, or in the period of the revision and future periods. Judgements made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in respective policy notes. The areas where assumptions and estimates are significant to the Company's financial statements or where judgements were exercised in application of accounting policies are as follows:

#### **i) Financial instruments**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependant on conditions at existing statement of financial position date.

**ii) Useful lives, patterns of economic benefits and impairments**

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might effect the carrying amount of respective item of property, plant and equipment, with corresponding effect on the depreciation charge and impairment.

**iii) Inventories**

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

**iv) Taxation**

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

**v) Staff retirement benefits**

Certain actuarial assumptions have been adopted as disclosed in Note 9.1 to the financial statement for valuation of present value of defined benefit obligations.

**vi) Future estimation of export sales**

Deferred tax calculation has been based on estimates of future ratio of export and local sales.

**vii) Contingencies and commitments**

The assessment of contingencies and commitments inherently involves the exercise of significant judgement as the outcome of future events cannot be predicted with certainty. The Company, based on the availability of latest information, estimates the value of contingent assets and liabilities which may differ on occurrence / non-occurrence of the uncertain future events.

**viii) Provision for doubtful debts**

The Company reviews its receivable against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

## **5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

### **5.1 Employee benefits**

#### **Defined benefit plans**

The Company operates an unfunded gratuity for all of its permanent employees, who attain the minimum qualification period for entitlement to gratuity. Provision is made annually to cover the obligation on the basis of actuarial valuation and charged to income currently. The most recent actuarial valuation was carried out on June 30 ,2020 using the Projected Unit Credit Method.

All actuarial gains and losses are recognised in other comprehensive income as they occur, immediately recognises all past service costs and replaces interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability / asset.

## **5.2 Taxation**

### **Current**

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

### **Deferred**

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

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in the profit or loss account, except in the case of items credited or charged to equity in which case it is included in equity.

The carrying amount of deferred tax assets is reviewed at each financial year end and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of deferred tax asset to be utilized.

## **5.3 Functional and presentation currency**

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the statement of financial position date or rates fixed under the Exchange Rate Absorption Scheme of State Bank of Pakistan or forward exchange rate booking, while the transactions in foreign currency during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All known monetary items are translated in Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. The Company charges all the exchange differences to profit or loss account.

## **5.4 Property, plant and equipment**

### **Owned**

Property, plant and equipment except freehold land and capital work-in-process are stated at cost / revalued amount less accumulated depreciation and accumulated impairment losses (if any). Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition. Freehold land and capital work in progress are stated at cost / revalued amount less any recognized impairment loss.

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



## **5.8 Borrowings**

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the profit or loss account over the period of the borrowings using the effective interest method.

## **5.9 Trade and other payables**

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

## **5.10 Revenue recognition**

Revenue from different sources is recognized as under:

- i) Sales revenue is recognized when the goods are dispatched and significant risks and rewards of ownership are transferred to the customer, which is the only performance obligation.
- ii) Interest income is accounted for on accrual basis.
- iii) Rebate on exports, if any is accounted for on actual receipt basis.

## **5.11 Share capital**

Ordinary shares are classified as equity.

## **5.12 Provisions**

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

## **5.13 Impairment**

The carrying amounts of the Company's asset are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized whenever the carrying amount of the assets exceeds its recoverable amount. Impairment losses are recognized in profit or loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss account.

## **5.14 Off setting**

Financial assets and financial liabilities are off set and the net amount is reported in the financial statements when there is legal enforceable right to off set and the Company intends either to settle on a net basis, or to realize the asset and to settle the liabilities simultaneously.

## **5.15 Cash and cash equivalents**

Cash and cash equivalents comprises cash in hand, cash at bank on current, saving and deposit accounts.



## 5.16 Financial instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and assets and liabilities are stated initially at cost which is the fair value of consideration given or received. The financial assets are subsequently measured at fair value, amortized cost or cost as the case may be with classifications into:

- i) at fair value through profit or loss (FVTPL)
- ii) at fair value through other comprehensive income (FVTOCI) and
- iii) at amortized cost. Subsequently:

### **i) Financial assets and liabilities at FVTPL**

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

### **ii) Financial assets at FVTOCI**

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income / (loss).

### **iii) Financial assets and liabilities at amortized cost**

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

## **Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts and other receivables, the Company had to apply the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

## **Derecognition of financial instruments**

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability. The Company de-recognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

## 5.17 Related party transaction

Transactions and contracts with the related parties are carried out at arm's length price determined in accordance with comparable uncontrolled price method, except decided by Board of Directors in exceptional circumstances.

### 5.18 Correction of prior period year

During the previous year, investment in money market fund was wrongly classified in cash at bank. Further, fair value gain/ loss, dividend and taxes were not accounted for. The correction of error is accounted for retrospectively in accordance with IAS 8. The error has been corrected by restating each of the affected financial statement line items for the prior periods, as follows:

	As at June 30, 2019(Previously reported)	Adjustment	As at June 30, 2019(Restated)
<b>Statement of financial position</b>	..... Rupees .....		
1) Un realized loss on investment	-	-	-
2) Cash and Bank balance	226,692,970	(150,000,000)	76,692,970
Short term investment		150,000,000	
Dividend re invested		2,433,051	
Fair value loss		(1,278,535)	
		151,154,515	151,154,515
<b>Statement of profit or loss</b>			
1) Other operating income	4,357,066	1,339,841	5,696,907
Break up of adjustment			
Dividend		2,618,376	
Fair Value gain / loss		(1,278,535)	
2) Provision for Taxation	67,373,882	185,325	67,559,207
Break up of adjustment			
WHT on dividend		185,325	

### 5.19 Dividend and other appropriations

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

	Note	2020 Rupees	2019 Rupees
<b>6. SHARE CAPITAL</b>			
<b>Authorized:</b>			
15,000,000 (2019 : 15,000,000) Ordinary shares of Rupees 10 each		<u>150,000,000</u>	<u>150,000,000</u>
<b>Issued, subscribed and paid up:</b>			
6,691,000 (2019 : 6,691,000) ordinary shares of Rupees 10 each, issued for cash		66,910,000	66,910,000
869,000 (2019 : 869,000) ordinary shares of Rupees 10 each, issued for consideration other than cash		<u>8,690,000</u>	<u>8,690,000</u>
		<u>75,600,000</u>	<u>75,600,000</u>

#### 7. SHARE DEPOSIT MONEY

This represents amount received from Chief Executive Officer Mr. Ghulam Ali Raja in 1993.

	Note	2020 Rupees	2019 Rupees
<b>8. SURPLUS ON REVALUATION OF FIXED ASSETS</b>			
Opening balance		252,704,369	257,120,804
Surplus not subject to deferred tax:			
Opening balance		61,689,105	61,689,105
Assets revalued during the year		-	-
		<u>61,689,105</u>	<u>61,689,105</u>
Surplus subject to deferred tax:			
Opening balance		191,015,264	195,431,699
Assets revalued/adjustment during the year		-	-
		<u>191,015,264</u>	<u>195,431,699</u>
Deferred tax relating to revalued amount		<u>(55,394,427)</u>	<u>(52,538,999)</u>
Revaluation surplus net of deferred tax		<u>197,309,942</u>	<u>204,581,805</u>
Surplus realized during the year (net of deferred tax):			
- Incremental depreciation		(5,719,231)	(4,416,435)
- Surplus realized on disposal of assets		-	-
		<u>(5,719,231)</u>	<u>(4,416,435)</u>
		<u>191,590,711</u>	<u>200,165,370</u>

The latest revaluation of property, plant and equipment was carried out on June 30, 2016 by independent valuer M/s Harvesters Services (Private) Limited using market based approach. The incidence of deferred tax doesn't arise on revaluation of land.

	Note	2020 Rupees	2019 Rupees
<b>9. DEFERRED LIABILITIES</b>			
Gratuity - unfunded defined benefit plan	9.1	3,474,152	3,321,041
Deferred tax	9.2	113,225,592	82,849,307
		<u>116,699,744</u>	<u>86,170,348</u>

Tax credits in lieu of excess tax u/s 113(2)(c) in respect of current and previous years are available to the company, however company has not recognized deferred tax asset on these credits because company do not expect to earn sufficient taxable profits in future to claim these credits.

#### 9.1 Gratuity - unfunded defined benefit plan

##### a) Liability recognized in the statement of financial

Present value of defined benefit obligation		3,474,152	3,321,041
		<u>3,474,152</u>	<u>3,321,041</u>

##### b) Movement in present value of defined benefit obligation:

Present value of defined benefit obligation at the beginning of the year		3,321,041	2,359,253
Current service cost		7,680,100	6,387,852
Interest cost		(66,389)	(50,215)
Benefits paid		(7,704,304)	(5,834,400)
Actuarial (gain)/loss on present value of defined benefit obligation		243,704	458,551
		<u>3,474,152</u>	<u>3,321,041</u>

##### c) Remeasurement recognized in other comprehensive income:

Actuarial (gain)/loss on present value of defined benefit obligation		243,704	458,551
		<u>243,704</u>	<u>458,551</u>

##### d) Amount recognized in the statement of profit or loss:

Current service cost		7,680,100	6,387,852
Interest cost		(66,389)	(50,215)
		<u>7,613,711</u>	<u>6,337,637</u>

##### e) Expense is recognized in the following line items in the statement of profit or loss:

Administrative expenses		749,762	359,976
Cost of sales		6,863,949	5,977,661
		<u>7,613,711</u>	<u>6,337,637</u>

f) **Principal actuarial assumptions used in the actuarial valuation carried out as at year end are as follows:**

Discount rate - per annum	<b>8.50%</b>	12.50%
Expected rate of increase in salary - per annum	<b>7.50%</b>	11.50%
Average duration of Liability	<b>8 years</b>	7 years
Average expected remaining working life of employees	<b>8 years</b>	8 years
Mortality rates	<b>Adjusted SLIC 2001-2005</b>	Adjusted SLIC 2001-2005

g) **Sensitivity analysis**

Sensitivity analysis as at June 30, 2020

	Discount rate + 1%	Discount rate - 1%	Salary increase + 1%	Salary increase -1%
PVDBO	3,147,483	3,868,586	3,868,586	3,141,906

	Discount rate + 1%	Discount rate - 1%	Salary increase + 1%	Salary increase -1%
PVDBO	3,018,110	3,684,423	3,684,423	3,013,109

The above sensitivity analysis are based on the changes in assumptions while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of defined benefit obligation to significant assumptions the same method (present value of the defined benefit obligation calculated with the projected credit unit method at the end of the reporting period) has been applied when calculating the liability recognized within the statement of financial position.

	Note	2020 Rupees	2019 Rupees
<b>9.2 Deferred tax</b>			
Differences in tax and accounting bases of assets		<b>64,002,130</b>	36,020,845
Surplus on revaluation of property, plant and equipment		<b>55,394,427</b>	52,538,999
		<b>119,396,557</b>	88,559,844
Provision for gratuity		<b>(1,007,504)</b>	(892,814)
Workers profit participation payable		<b>(5,163,461)</b>	(4,817,723)
		<b>113,225,592</b>	82,849,307

**10. TRADE AND OTHER PAYABLES**

Trade creditors		<b>22,103,296</b>	14,204,039
Accrued and other payables		<b>74,319,826</b>	50,390,743
Advance from customer		<b>75,929,078</b>	39,643,996
Excise duty payable		<b>1,629,032</b>	1,629,032
Withholding tax payable		<b>1,021,850</b>	3,021,964
Sales tax payable		<b>23,269,652</b>	-
Workers' Profit Participation Fund	10.1	<b>17,805,037</b>	16,612,838
Workers' Welfare Fund		<b>2,803,081</b>	4,363,021
		<b>218,880,852</b>	129,865,633

	Note	2020 Rupees	2019 Rupees
<b>10.1 Workers' Profit Participation Fund</b>			
Opening balance		16,612,838	6,954,565
Allocation for the period		7,195,424	9,658,273
Paid during the year		(6,954,565)	-
		<u>16,853,697</u>	<u>16,612,838</u>
Interest on unpaid balance		951,340	-
		<u>17,805,037</u>	<u>16,612,838</u>

The Company retains Worker's Profit Participation Fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers Participation Act), 1968 on funds utilized by the Company till the date of allocation to workers.

	Note	2020 Rupees	2019 Rupees
<b>11. SHORT TERM BORROWINGS</b>			
Banks - secured	11.1	-	-
Related parties - unsecured	11.2	54,386,427	4,386,427
		<u>54,386,427</u>	<u>4,386,427</u>

#### 11.1 Banks - secured

Bank Alfalah Limited -FAPC		-	-
Bank Alfalah Limited-FAFB		-	-
Bank Alfalah Limited - Cash Finance (Hypo)		-	-
Bank Alfalah Limited - Cash Finance (Pledge)		-	-
		<u>-</u>	<u>-</u>

**Other facilities obtained by the Company:**

NATURE OF FACILITY	2020		2019		Expiry	Security
	LIMIT	MARK UP / COMMISSION	LIMIT	MARK UP / COMMISSION		
	Rupees (Million)		Rupees (Million)			
Current Finance (Pledge)	700.00	1 Months KIBOR + 2.25% per annum	700.00	3 Months KIBOR + 2.25% per annum	February 28, 2021	Pledge of fresh crop local cotton bales at 10% margin on KCA rates.
Current Finance (Hypo)	(50.00)	1 Months KIBOR + 2.25% per annum	50.00	3 Months KIBOR + 2.25% per annum		1st charge on the Company's entire current assets.(with 30% margin)
Sub-limit of Current Finance: FAPC Own Sources	(120.00)	1 Months KIBOR + 2.25% per annum / Treasury rate*	(600.00)	3 Months KIBOR + 2.25% per annum / Treasury rate		Pledge of fresh crop local cotton bales at 10% margin on KCA rates.
Sub-limit of Current Finance Pledge: FAFB Own Sources	(170.00)	3 Months KIBOR + 2.25% per annum / Treasury rate*	(600.00)	Treasury rate		Acceptance of issuing bank. Lien on original export LC. Acceptance of issuing bank
Sub-limit of Current Finance: FIM	(200.00)	3 Months KIBOR + 2.25% per annum	(25.00)	3 Months KIBOR + 2.25% per annum		Pledge of imported cotton bales at invoice value (imported under LCs established through Bank Alfalah Limited). All Other charges (import duties, taxes etc.) towards landed cost at godown would be borne by the customer in shape of margin
FBP-Clean Documents	-	-	-	-		Acceptance of issuing bank. Lien on original export LC. Acceptance of issuing bank
FBP-Discrepant Documents	170.00	Treasury rate*	120.00	Treasury rate		1st charge on the Company's entire current assets. (with 30% margin) Indemnity for discrepant documents.
Sub-limit of FBP-Discrepant Docs: FAFB-FE-25 Own Sources-Discrepant	(120.00)	1 Months KIBOR + 2.25% per annum / Treasury rate*	(120.00)	3 Months KIBOR + 2.25% per annum / Treasury rate		1st charge on the Company's entire current assets. (with 30% margin) . Indemnity for discrepant documents.
L/C Sight	(200.00)	0.20% for 1st quarter and 0.10% for subsequent quarters*	50.00	0.20% for 1st quarter and 0.10% for subsequent quarters		Lien on documents. Nil margin on LC or as per SBP directives whichever is higher.

NATURE OF FACILITY	2020		2019		Expiry	Security
	LIMIT	MARK UP / COMMISSION	LIMIT	MARK UP / COMMISSION		
	Rupees (Million)		Rupees (Million)			
LC Usance 1 <Current finance/Hypo>	(20.00)	0.20 % for 1st & 0.10% for subsequent quarters.*	(20.000)	0.20 % for 1st & 0.10% for subsequent quarters.*	February 28, 2021	20% cash margin against ULC (OTT) for import of machinery. Lien on accepted bills.
Acceptance against Foreign LC 1 <Current finance/Hypo>	(20.00)	0.10% / Month beyond expiry of ULC	(20.000)	0.10% / Month beyond expiry of ULC		20% cash margin against ULC (OTT) for import of machinery. Lien on accepted bills.

\*Rates will be on case to case basis.

#### 11.2 Related parties - unsecured

This represents un-secured interest free and without repayment terms loan obtained from:

	Note	2020 Rupees	2019 Rupees
Ghulam Ali Raja - Chief Executive Officer		4,386,427	4,386,427
Muhammad Bashir Raja - Director		-	-
H.Q Yarns Fabrics Private Limited		50,000,000	-
		<u>54,386,427</u>	<u>4,386,427</u>



	Note	2020 Rupees	(Restated) 2019 Rupees
<b>12. PROVISION FOR TAXATION</b>			
Opening balance		55,937,727	15,160,496
Provision for the			
Current year		33,386,644	55,937,727
Prior years		(2,794,711)	15,637,202
		30,591,932	71,574,929
		86,529,660	86,735,425
Paid / adjusted during the year		(53,143,016)	(30,797,698)
		33,386,644	55,937,727

### 13. CONTINGENCIES AND COMMITMENTS

13.1 There were no other contingencies and commitments as at year end (2019: Nil).

13.2 Tax status of the company against various pending cases is as follows:

Tax Year	Demand created (Rupees)	Under section	Expected outcome
2011	503,734	124	Non-determinable
2012	2,088	124	Non-determinable
2013	4,224,595	124	Non-determinable

The demand raised is as per recovery notice u/sec 138 of the Income tax ordinance, 2001. Re-assessment order not yet served by the department, therefore expected outcome are not assessable.

		2020 Rupees	2019 Rupees
<b>14. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	14.1	624,058,483	514,032,095
Capital work-in-progress		-	2,517,495
		624,058,483	516,549,590

## 14.1 Operating fixed assets

Particulars	Free hold land	Freehold Building	Plant and machinery	Office equipment	Furniture & fixture	Telephone installations	Vehicles	Weigh station	Total
-----Rupees-----									
<b>Year ended June 30, 2018</b>									
Opening net book value	65,568,750	117,950,208	381,881,261	393,668	668,478	27,283	4,510,332	560,483	571,560,463
Additions	-	-	7,140,018	-	70,000	-	1,455,000	-	8,665,018
Depreciation charge	-	(5,897,510)	(30,223,954)	(39,367)	(66,886)	(2,728)	(1,135,663)	(56,048)	(37,422,157)
Revaluation surplus	-	-	-	-	-	-	-	-	-
Net book value	65,568,750	112,052,698	358,797,325	354,301	671,592	24,555	4,829,669	504,435	542,803,324
<b>As at June 30, 2018</b>									
Cost	65,568,750	129,932,910	488,360,713	1,498,380	2,505,529	429,519	22,681,830	1,172,188	712,149,819
Accumulated depreciation	-	(17,880,212)	(129,563,388)	(1,144,079)	(1,833,937)	(404,964)	(17,852,161)	(667,753)	(169,346,494)
Net book value	65,568,750	112,052,698	358,797,325	354,301	671,592	24,555	4,829,669	504,435	542,803,324
<b>Year ended June 30, 2019</b>									
Opening net book value	65,568,750	112,052,698	358,797,325	354,301	671,592	24,555	4,829,669	504,435	542,803,324
Additions	-	-	6,093,200	76,000	-	-	-	-	6,169,200
Depreciation charge	-	(5,602,635)	(28,216,371)	(35,430)	(67,159)	(2,456)	(965,934)	(50,444)	(34,940,429)
Revaluation surplus	-	-	-	-	-	-	-	-	-
Net book value	65,568,750	106,450,063	336,674,154	394,871	604,433	22,099	3,863,735	453,991	514,032,095
<b>As at June 30, 2019</b>									
Cost	65,568,750	129,932,910	494,453,913	1,574,380	2,505,529	429,519	22,681,830	1,172,188	718,319,019
Accumulated depreciation	-	(23,482,847)	(157,779,759)	(1,179,509)	(1,901,096)	(407,420)	(18,818,095)	(718,197)	(204,286,923)
Net book value	65,568,750	106,450,063	336,674,154	394,871	604,433	22,099	3,863,735	453,991	514,032,095
<b>Year ended June 30, 2020</b>									
Opening net book value	65,568,750	106,450,063	336,674,154	394,871	604,433	22,099	3,863,735	453,991	514,032,095
Additions	-	2,517,495	140,354,221	376,000	-	-	-	-	143,247,716
Depreciation charge	-	(5,322,503)	(26,975,452)	(42,574)	(60,443)	(2,210)	(772,747)	(45,399)	(33,221,328)
Revaluation surplus	-	-	-	-	-	-	-	-	-
Net book value	65,568,750	103,645,055	450,052,923	728,297	543,990	19,889	3,090,988	408,592	624,058,483
<b>As at June 30, 2020</b>									
Cost	65,568,750	132,450,405	634,808,134	1,950,380	2,505,529	429,519	22,681,830	1,172,188	861,566,735
Accumulated depreciation	-	(28,805,350)	(184,755,211)	(1,222,083)	(1,961,539)	(409,630)	(19,590,842)	(763,596)	(237,508,251)
Net book value	65,568,750	103,645,055	450,052,923	728,297	543,990	19,889	3,090,988	408,592	624,058,483
<b>Rate of depreciation - %</b>	0	5	5-15	10	10	10	20	10	

	Note	2020 Rupees	2019 Rupees
<b>14.2 Depreciation for the year has been allocated as under:</b>			
Cost of goods sold	24	<b>32,343,354</b>	33,869,450
Administrative expenses	26	<b>877,978</b>	1,070,979
		<b><u>33,221,332</u></b>	<b><u>34,940,429</u></b>

**14.3** Freehold land, building and plant and machinery are stated at revalued amounts. Forced sale value of land, building and plant and machinery was Rs. 55,733,500/-, 105,534,400/- and 352,496,600 respectively as on the date of revaluation. Had there been no revaluation, related figures of these assets as at June 30, 2020 would have been as follows:

	Cost	Accumulated depreciation	Written down value
	-----Rupees-----		
Freehold land	3,879,645	-	3,879,645
Freehold building	57,569,451	45,113,293	12,456,158
Plant and machinery	865,047,524	486,503,121	378,544,402
<b>2020</b>	<b><u>926,496,620</u></b>	<b><u>531,616,415</u></b>	<b><u>394,880,205</u></b>
2019	<u>783,700,904</u>	<u>509,244,952</u>	<u>274,455,952</u>

	Note	2020 Rupees	2019 Rupees
<b>15. LONG TERM DEPOSITS</b>			
Security deposits		<b><u>444,599</u></b>	444,599
		<b><u>444,599</u></b>	<b><u>444,599</u></b>

	Note	2020 Rupees	2019 Rupees
<b>16. STORES, SPARES AND LOOSE TOOLS</b>			
Stores		<b>7,696,021</b>	11,245,139
Spares and loose tools		<b>5,669,202</b>	4,985,334
		<b><u>13,365,223</u></b>	<b><u>16,230,473</u></b>

	Note	2020 Rupees	2019 Rupees
<b>17. STOCK IN TRADE</b>			
Raw material		330,709,089	77,914,262
Work-in-process		14,550,538	11,730,168
Finished goods		7,015,197	2,310,429
Waste		475,018	85,206
		<u>352,749,842</u>	<u>92,040,065</u>
<b>18. TRADE DEBTS - CONSIDERED GOOD</b>			
Unsecured - considered good		35,781,614	54,757,433
		<u>35,781,614</u>	<u>54,757,433</u>
<b>19. SHORT TERM ADVANCES AND DEPOSITS</b>			
Advances considered good - unsecured			
- To suppliers		21,634,614	15,017,233
- To employees		1,950,307	1,956,045
Income tax		32,574,978	8,838,214
		<u>56,159,899</u>	<u>25,811,492</u>
<b>20. TAX REFUNDS DUE FROM THE GOVERNMENT</b>			
Sales tax refundable		21,601,289	21,601,289
		<u>21,601,289</u>	<u>21,601,289</u>
Income tax refundable		-	-
		<u>21,601,289</u>	<u>21,601,289</u>
<b>21. SHORT TERM INVESTMENT</b>			
<b>(At fair value through profit or loss)</b>			
Opening balance		151,154,515	-
Investment during the year		100,000,000	150,000,000
Dividend re-invested		4,062,518	2,433,051
Fair value gain/(loss)		2,185,151	(1,278,535)
Redeemed		(257,300,630)	-
		<u>101,554</u>	<u>151,154,515</u>
The represent investment in 1,034.8048 units ( 2019: 1,542,128.6495 units) of Alfalah GHP money market fund.			
<b>22. CASH AND BANK BALANCES</b>			
Cash in hand		877,288	1,019,703
<u>Cash at banks:</u>			
Local currency			
on current accounts		59,448,510	28,506,141
on deposit accounts	22.1	14,114,106	44,442,948
Foreign currency			
on deposit account - USD 16,633.02 (2019 : USD 16,611)	22.1	2,794,352	2,724,178
		<u>76,356,969</u>	<u>75,673,267</u>
		<u>77,234,257</u>	<u>76,692,970</u>

22.1 Rate of profit on bank deposit is 0.15% to 9.50% per annum (2019 : 0.15 % to 10.25 % per annum).

	Note	2020 Rupees	2019 Rupees
<b>23. SALES</b>			
Local			
Yarn		2,507,853,698	2,371,285,155
Waste		14,819,048	14,412,450
		2,522,672,746	2,385,697,605
Less: Sales tax		(366,542,325)	-
		<u>2,156,130,421</u>	<u>2,385,697,605</u>
<b>24. COST OF SALES</b>			
Raw material consumed	24.1	1,490,970,162	1,640,861,604
Salaries, wages and benefits	24.2	130,364,303	141,601,568
Packing material		18,025,800	20,129,095
Fuel and power		270,621,247	274,183,321
Stores, spares and loose tools consumed		3,118,116	2,760,419
Repairs and maintenance		23,765,250	19,945,178
Insurance		2,186,214	2,012,980
Cotton cess		1,414,550	1,568,750
Depreciation	14.2	32,343,354	33,869,450
Miscellaneous		534,694	387,024
		<u>1,973,343,690</u>	<u>2,137,319,389</u>
Work-in-process			
Opening stock		11,730,168	11,089,341
Closing stock		(14,550,538)	(11,730,168)
		<u>(2,820,370)</u>	<u>(640,827)</u>
Cost of goods manufactured		<u>1,970,523,320</u>	<u>2,136,678,562</u>
Finished goods			
Opening stock		2,395,635	8,130,369
Closing stock		(7,015,197)	(2,395,635)
		<u>(4,619,562)</u>	<u>5,734,734</u>
		<u>1,965,903,758</u>	<u>2,142,413,296</u>
<b>24.1 Raw material consumed</b>			
Opening stock		77,914,262	107,377,691
Purchases		1,744,240,007	1,611,398,175
		<u>1,822,154,269</u>	<u>1,718,775,866</u>
Closing balance		(331,184,107)	(77,914,262)
		<u>1,490,970,162</u>	<u>1,640,861,604</u>
<b>24.2</b> This includes employees' retirement benefits amounting to Rupees 6,863,949 (2019 : Rupees 5,977,661)			
<b>25. SELLING AND DISTRIBUTION EXPENSES</b>			
Commission paid on local sales		591,265	485,730
		<u>591,265</u>	<u>485,730</u>

		2020 Rupees	2019 Rupees
<b>26. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and benefits	26.1	7,024,311	6,206,768
Directors' remuneration		9,640,685	9,588,419
Insurance		194,463	194,467
Vehicle running and maintenance		1,467,518	1,121,116
Traveling and conveyance		189,990	1,060,020
Entertainment		53,863	83,965
Postage and telecommunication		663,799	798,133
Printing and stationery		27,600	173,852
Legal and professional charges		529,880	506,000
Fee and subscription		401,426	409,594
ISO system		85,174	149,203
Guest house		965,428	955,746
Depreciation	14.2	877,978	1,070,979
News paper, books and periodicals		35,290	35,594
Repair and Maintenance (Admin building)		13,000	-
Miscellaneous		241,910	322,420
		<u>22,412,315</u>	<u>22,676,276</u>

**26.1** This includes employees' retirement benefits amounting to Rupees 749,762 (2019 :Rupees 359,976).

## 27. OTHER OPERATING EXPENSES

Auditors' remuneration	27.1	800,000	900,000
Donations	27.2	-	5,000
Workers' Profit Participation Fund (WPPF)		8,146,764	9,658,273
Workers' Welfare Fund (WWF)		2,803,081	4,363,021
		<u>11,749,845</u>	<u>14,926,294</u>

### 27.1 Auditors' remuneration

Audit fee	800,000	750,000
Tax services	-	150,000
	<u>800,000</u>	<u>900,000</u>

**27.2** None of the directors and their spouses have any interest in the donee's fund.

	Note	2020 Rupees	2019 Rupees (Restated)
<b>28. OTHER OPERATING INCOME</b>			
Financial assets			
Profit on deposit accounts		4,325,994	3,650,121
Exchange gain		66,592	706,945
Dividend		4,779,433	2,618,376
Fair value gain / loss		2,185,151	(1,278,535)
		<u>11,357,169</u>	<u>5,696,907</u>

	<b>2020</b>	2019
	<b>Rupees</b>	Rupees (Restated)
<b>29. FINANCE COST</b>		
Markup on short term finance	<b>27,997,038</b>	16,232,245
Bank charges and commission	<b>138,819</b>	155,340
	<b><u>28,135,857</u></b>	<b><u>16,387,585</u></b>

**30. TAXATION**

Current year	12	<b>30,591,932</b>	71,574,930
Deferred		<b>27,520,857</b>	(4,015,723)
		<b><u>58,112,790</u></b>	<b><u>67,559,207</u></b>

**30.1** Provision for taxation has been made in accordance with sections 113, 154 and 169 of the Income Tax Ordinance, 2001. The assessments of the Company have been finalized up to tax year 2018.

**30.2** The applicable tax rate is 29% (2019 : 29 %) on the taxable income of the Company.

**30.3** No numeric tax rate reconciliation is presented in these financial statements as the Company is liable to pay minimum tax under section 113 and final tax under section 154 of the Income Tax Ordinance 2001.

	Note	2020 Rupees	Restated 2019 Rupees
<b>31. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit / (Loss) before taxation		<b>138,694,550</b>	194,505,331
<b>Adjustments for:</b>			
Depreciation		<b>33,221,332</b>	34,940,429
Worker's Welfare Fund		<b>2,803,081</b>	4,363,021
Provision for gratuity		<b>7,613,711</b>	6,337,637
WPPF		<b>8,146,764</b>	9,658,273
Fair value (gain)/loss		<b>(2,185,151)</b>	1,278,535
Finance cost		<b>28,135,857</b>	16,387,585
		<b>77,735,595</b>	72,965,480
<b>Working capital changes:</b>			
<b>(Increase) / decrease in current assets</b>			
Stores, spares and loose tools		<b>2,865,250</b>	(6,569,403)
Stock in trade		<b>(260,709,778)</b>	34,557,336
Trade debts		<b>18,975,819</b>	(36,249,941)
Advances		<b>(6,611,643)</b>	(9,383,252)
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		<b>89,382,960</b>	3,215,102
		<b>(156,097,392)</b>	(14,430,158)
Cash used in operations		<b>60,332,753</b>	253,040,653
Finance cost paid		<b>(26,397,683)</b>	(18,421,546)
Taxes paid		<b>(81,242,805)</b>	(20,800,809)
WPPF paid		<b>(6,954,565)</b>	-
Gratuity paid		<b>(7,704,304)</b>	(5,834,400)
		<b>(61,966,605)</b>	207,983,898

**31.1 Reconciliation of movement of liabilities to cash flows arising from financing activities:**

	2020			
	Liabilities from financing activities			Total
	Short term borrowings			
	Loan from directors	Associated company	Bank	
Balance as at July 01, 2019	4,386,427	-	-	4,386,427
Increase in short term borrowings	1,000,000	50,000,000	458,000,000	509,000,000
Short term borrowings repaid	(1,000,000)	-	(458,000,000)	(459,000,000)
Balance as at June 30, 2020	<b>4,386,427</b>	<b>50,000,000</b>	-	<b>54,386,427</b>
	2019			
	Liabilities from financing activities			Total
	Short term borrowings			
	Loan from directors	Associated company	Bank	
Balance as at July 01, 2018	4,386,427	-	-	4,386,427
Increase in short term borrowings	-	-	381,000,000	381,000,000
Short term borrowings repaid	-	-	(381,000,000)	(381,000,000)
Balance as at June 30, 2019	<b>4,386,427</b>	-	-	<b>4,386,427</b>



## 32. REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

The aggregate amounts charged in these financial statements in respect of remuneration including benefits applicable to the managing director, directors and executives of the Company are given below:

	2020			2019		
	Chief Executive	Executive	Director	Chief Executive	Executive	Director
	-----Rupees-----					
Remuneration	-	1,260,000	8,040,000	-	1,260,000	7,940,000
Utilities and other benefits			1,600,685			1,648,419
	-	1,260,000	9,640,685	-	1,260,000	9,588,419
Number	1	1	3	1	1	3

## 33. FINANCIAL RISK MANAGEMENT

### 33.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

#### (a) Market risk

##### (i) Currency risk

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

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to bank balances. The Company uses forward exchange contracts to hedge its foreign currency risk, when considered appropriate. The Company's exposure to currency risk was as follows:

	2020	2019
Cash at banks - USD	<u>16,633.05</u>	<u>16,610.84</u>

The following significant exchange rates were applied during the year:

	2020	2019
<b>Rupees per US Dollar</b>		
Average rate	162.80	151.30
Reporting date	168.00	164.00

### **Sensitivity analysis**

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 206,310 (2019 : Rupees 136,209) higher / lower respectively, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

#### **(ii) Other price risk**

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is exposed to commodity price risk as the Company has made investment in Alfalah GHP Money Market Fund B Growth Units.

### **Sensitivity analysis**

If the value of investment, at reporting date, had weakened / strengthened by 10% against with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 111,709 (2019 : Rupees 166,269,967 ) higher / lower respectively, mainly as a result of price risk sensitivity to price movements. In management's opinion, the sensitivity analysis is unrepresentative of inherent price risk as the year end exposure does not reflect the exposure during the year.

#### **(iii) Interest rate risk**

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

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

	<b>2020</b>	2019
	<b>Rupees</b>	Rupees
<b>Floating rate instruments</b>		
<b>Financial liabilities</b>		
Short term borrowings-Banks secured	-	-

#### **Cash flow sensitivity analysis for variable rate instruments**

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 307,172 (2019: Rupees 906,936) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities / deposits outstanding at average for the whole year.

(b) **Credit risk**

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

	<b>2020</b>	(Restated)
	<b>Rupees</b>	2019
		Rupees
Long term deposits	<b>444,599</b>	444,599
Advances	<b>1,950,307</b>	1,956,045
Trade debts	<b>35,781,614</b>	54,757,433
Short term investment	<b>101,554</b>	151,154,515
Bank balances	<b>76,356,969</b>	75,673,267
	<b><u>114,635,043</u></b>	<u>283,985,859</u>

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

Rating			2020	2019
Short term	Long term	Agency	Rupees	Rupees

**Banks**

National Bank of Pakistan	A1+	AAA	PACRA	<b>428,164</b>	233,577
Allied Bank Limited	A1+	AAA	PACRA	<b>6,170</b>	6,170
Bank Alfalah Limited	A1+	AA+	PACRA	<b>19,143,008</b>	54,914,908
Habib Bank Limited	A-1+	AAA	JCR-VIS	<b>7,592,116</b>	4,555,934
MCB Bank Limited	A1+	AAA	PACRA	<b>2,659,478</b>	2,338,795
United Bank Limited	A-1+	AAA	JCR-VIS	<b>8,186</b>	1,733,726
Faysal Bank Limited	A1+	AA	PACRA	<b>4,749</b>	4,749
Meezan Bank Limited	A-1+	AA+	JCR-VIS	<b>11,670,254</b>	-
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	<b>34,844,845</b>	12,243,684
				<b><u>76,356,969</u></b>	<u>76,031,542</u>

**Short term investment**

Bank Alfalah GHP Money	-	AA+(f)	PACRA	<b><u>101,554</u></b>	<u>151,154,515</u>
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Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 18 and hereunder:

The-aging of trade debts at the reporting date was:

	2020		2019	
	Gross	Impairment	Gross	Impairment
-----Rupees-----				
Not yet due	-	-	-	-
Past due 1 - 30 days	25,856,917	-	46,459,798	-
Past due 31 - 90 days	415,885	-	431,968	-
Past due 91 - 180 days	1,928,905	-	133,076	-
Past due 181 - 360 days	1,468,877	-	78,590	-
Over 360	6,111,030	-	7,639,209	-
	<b>35,781,614</b>	-	<b>54,742,641</b>	-

(c) **Liquidity risk**

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

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At June 30, 2020, the Company has available borrowing facilities from financial institutions as mentioned in Note 11 and Rupees: 77,234,257 (2019: Rupees 76,692,970) cash and bank balances. So, management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

**Contractual maturities of financial liabilities as at June 30, 2020:**

	Carrying amount	Contractual cash flows	6 month or less	6 - 12 month
-----Rupees-----				
Trade and other payables	218,880,852	218,880,852	218,880,852	-
Gratuity	3,474,152	3,474,152	-	-
Unclaimed dividend	1,526,097	1,526,097	1,526,097	-
Accrued mark-up	1,827,436	1,827,436	1,827,436	-
Short term borrowings related parties - unsecured	54,386,427	54,386,427	54,386,427	-
	<b>280,094,964</b>	<b>280,094,964</b>	<b>276,620,812</b>	-

Contractual maturities of financial liabilities as at June 30, 2019:

	Carrying amount	Contractual cash flows	6 month or less	6 - 12 month
-----Rupees-----				
Trade and other payables	129,865,633	129,865,633	129,865,633	-
Gratuity	3,321,041	3,321,041	-	-
Unclaimed dividend	1,526,097	1,526,097	1,526,097	-
Accrued mark-up	89,262	89,262	89,262	-
Short term borrowings	4,386,427	4,386,427	4,386,427	-
	<b>139,188,460</b>	<b>139,188,460</b>	<b>135,867,419</b>	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at June 30, 2020. The rates of interest / mark up have been disclosed in Note 11 to these financial statements.

### 33.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

	2020 Rupees	Restated 2019 Rupees
<b>33.3 Financial instruments by categories</b>		
<b>Financial assets as per balance sheet- at amortized cost</b>		
Long term deposits	444,599	444,599
Advances	1,950,307	1,956,045
Trade debts	35,781,614	54,757,433
Cash and bank balances	77,234,257	76,692,970
	<u>115,410,777</u>	<u>133,851,047</u>
<b>Financial assets as per balance sheet- at fair value through profit or loss</b>		
Short term investment	<u>101,554</u>	<u>151,154,515</u>

	2020 Rupees	2019 Rupees
<b>Liabilities as per balance sheet at amortized cost</b>		
Gratuity	3,474,152	3,321,041
Trade and other payables	218,880,852	88,592,605
Unclaimed Dividends	1,526,097	1,526,097
Accrued mark-up	1,827,436	89,262
Short term borrowings:		
Banks- secured	-	-
Related parties - unsecured	54,386,427	4,386,427
	<u>280,094,964</u>	<u>97,915,432</u>

### 33.4 Capital risk management

The Company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent short term borrowings obtained by the Company. Total capital employed includes 'total equity' as shown in the balance sheet plus 'borrowings'. The Company's strategy is to maintain debt burden at minimum possible level. The capital structure of the Company is equity based with no financing through long term borrowings. The Company avails short term borrowing for working capital purposes only.

	2020 Rupees	2019 Rupees
Borrowings	54,386,427	4,386,427
Total equity	754,789,561	676,152,417
Total capital employed	<u>809,175,988</u>	<u>680,538,844</u>
Gearing ratio (percentage)	<u>6.72</u>	<u>0.64</u>

## 34 RECOGNIZED FAIR VALUE MEASUREMENT

### (i) Fair value

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 (an exit price).

### (ii) Fair value hierarchy

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

As at 30 June 2020	Level 1	Level 2	Level 3	Total
	.....Rupees.....			
<b>Property, plant and equipment:</b>				
Freehold land	-	65,568,750	-	65,568,750
Freehold Buildings	-	103,645,055	-	103,645,055
Plant and machinery	-	450,052,923	-	450,052,923
<b>Short term investment</b>	101,554	-	-	101,554
<b>Total</b>	<u>101,554</u>	<u>619,266,728</u>	<u>-</u>	<u>619,368,282</u>

As at 30 June 2019	Level 1	Level 2	Level 3	Total
	.....Rupees.....			
<b>Property, plant and equipment:</b>				
Freehold land	-	65,568,750	-	65,568,750
Buildings	-	106,450,063	-	106,450,063
Plant and machinery	-	336,674,154	-	336,674,154
<b>Short term investment</b>	151,154,515	-	-	151,154,515
<b>Total</b>	<b>151,154,515</b>	<b>508,692,967</b>	<b>-</b>	<b>659,847,482</b>

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

**Level 1:** The fair value of assets traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

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

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There was no transfer between any level during the year.

**(iii) Valuation techniques used to determine level 2 fair values**

The Company obtains independent valuations for the items of property, plant and equipment carried at revalued amounts every five years with exception of current year. The management updates the assessment of the fair value of each item of property, plant and equipment carried at revalued amount, taking into account the most recent independent valuations. The management determines the value of items of property, plant and equipment carried at revalued amounts within a range of reasonable fair value estimates. The best evidence of fair value of freehold land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building. The best evidence of fair value of plant and machinery is current price in an active market for similar items and depreciated market value.

**(iv) Valuation processes**

The Company engages external, independent and qualified valuer to determine the fair value of the Company's items of property, plant and equipment carried at revalued amounts at the end of every five years with exception of current year. As at 30 June 2016, the fair values of the items of property, plant and equipment were determined by Messers Harvester Services (Private) Limited, the approved valuer.

Changes in fair values are analysed between the chief financial officer and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

	2020	2019
<b>35. PLANT CAPACITY AND PRODUCTION</b>		
Number of Spindles installed	<u>38,668</u>	<u>38,668</u>
Installed capacity in 20's count	<u>14,500,500</u>	<u>14,500,500</u>
Actual production after conversion into 20's count in kgs for 1,020 shifts (2019 : 1,020 shifts) in kgs (approximately)	<u>11,662,097</u>	<u>13,697,638</u>

### 36. RELATED PARTY TRANSACTIONS

The related parties comprise of directors and major shareholders and entities under common directorship and employees' funds. Transactions with related parties made during the year are given below. Remuneration of chief executive, directors and executives are disclosed in Note 31 to the financial statements respectively.

Name of the related party	Relationship	Transactions during the year	2020 (Rupees)	2019 (Rupees)
H.Q Yarns Fabrics	Associated company by virtue of common directorship	Purchase of cotton	309,061,340	-
		Loan received	50,000,000	
		Payment made during the year	(309,061,340)	
		Net Payable at the year end.	<u>50,000,000</u>	<u>-</u>
Muhammad Bashir raja	Director	Loan received	1,000,000	
		Repayment of loan	(1,000,000)	
			<u>-</u>	<u>-</u>

	2020 Rupees	2019 Rupees
<b>37. NUMBER OF EMPLOYEES</b>		
Average during the year	506	519
As at 30 June	461	456



### 38. IMPACT OF COVID 19

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but also has adversely impacted the global economy. In March, 2020, the Government of the Pakistan announced a temporary lock down as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Company reduced its operational activates from March 23, 2020. The Lockdown was subsequently relaxed from end of May, 2020. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company henceforth resumed its operations at full from June 1, 2020 and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity. Subsequent to year ended 30 June 2020, due to significant reduction in outbreak, demand for the company's goods is fast reverting back to normal levels. Due to this, management has assessed the accounting implications of this developments on these financial statements, including but not limited to the following areas:

- impairment of tangible assets under IAS 36 'Impairment of Assets';
  - net realizable value of inventory under IAS 2 'Inventories';
  - provision and contingent liabilities under IAS 37' Provisions, Contingent Liabilities and Contingent Assets';
- and

-going concern assumption used for the preparation of these financial statements.

According to management 's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

### 39. GENERAL

In these financial statements figures have been rounded off to the nearest rupee and those of the previous year have been re-arranged and re-grouped wherever necessary to facilitate comparison.

### 40. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on October 07,2020 by the Board of Directors of the Company.



CHIEF EXECUTIVE



DIRECTOR

## AL-QADIR TEXTILE MILLS LIMITED

### PATTERN OF SHAREHOLDINGS AS AT JUNE 30, 2020

NO OF SHAREHOLDERS	SHAREHOLDINGS	NO. OF SHARES HELD
142	1 TO	100
555	101 TO	500
8	501 TO	1000
19	1001 TO	5000
3	5001 TO	10000
1	10001 TO	20000
2	20001 TO	50000
2	50001 TO	60000
5	60001 TO	70000
1	70001 TO	100000
6	100001 TO	200000
3	200001 TO	300000
1	400001 TO	500000
2	500001 TO	600000
1	700001 TO	800000
1	2700001 TO	3000000
<b>752</b>		<b>7,560,000</b>

### CATEGORIES OF SHAREHOLDINGS AS AT JUNE 30, 2020

S. NO.	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	SHARES HELD	PERCENTAGE %
1	Individuals	745	7,551,699	99.89
2	Investment Companies	2	3,800	0.05
3	Financial Institutions	2	3,800	0.05
4	Joint Stock Companies	3	701	0.01
<b>TOTAL</b>		<b>752</b>	<b>7,560,000</b>	<b>100%</b>

## **AL-QADIR TEXTILE MILLS LIMITED**

### **INFORMATION AS REQUIRED UNDER THE CODE OF CORPORATE GOVERNANCE**

**AS AT JUNE 30, 2020**

<i>CATEGORY OF SHAREHOLDERS</i>	<i>NUMBER OF SHAREHOLDERS</i>	<i>NUMBER OF SHARES HELD</i>	<i>% percentage</i>
<b>Associated Companies, Undertaking and Related Parties</b>	0	0	0
<b>Investment Companies</b>	2	3,800	0.0608
<b>Mr. Ghulam Ali Raja</b>	1	2,889,000	38.2143
<b>Mr. Muhammad Bashir Raja</b>	1	787,050	10.4107
<b>Mr. Adil Bashir Raja</b>	1	149,799	1.9815
<b>Mr. Asif Ali Raja</b>	1	171,300	2.2659
<b>Mst. Tasneem Akhtar</b>	1	204,050	2.6991
<b>Mst. Yasmeen Begum</b>	1	116,600	1.5423
<b>Mst. Asbah Rubina</b>	1	58,300	0.7712
<b>Mr. Gull Sher Khan</b>	1	7,800	
<b>Sponsors, Directors Spouse and Minor Childern</b>	2	128,250	1.6964
<b>Executives</b>	0	0	0
<b>Public Sectors Companies &amp; Corporation</b>	3	701	0.0093
<b>Banks , DFIs , NBFIs, Insurance Companies, Modarabas &amp; Mutual Funds</b>	2	3,800	0.0608
<b>Shareholders Holdings Ten Percent or More</b>			
<b>Mr. Ghulam Ali Raja</b>		2,889,000	38.2143
<b>Mr. Muhammad Bashir Raja</b>		787,050	10.4107

**PROXY FORM**

Folio No. /CDC A/C No.	
Share held	

I/We .....  
of .....  
a member(s) of AL-QADIR TEXTILE MILLS LIMITED and holder of .....  
ordinary shares, as per Registered Folio No. .... do hereby appoint.....  
of ..... a member of  
AL-QADIR TEXTILE MILLS LIMITED, vide Registered Folio No. .... As my / our  
proxy to act on my / our behalf at the 34<sup>th</sup> Annual General Meeting of the Company to be held on the 29<sup>th</sup>  
October 2020 at 10:00 A.M at Mills 6-K.M. Jhelum Road, Chakwal and or at my adjournment thereof.  
Signed this ..... day of October, 2020

Signature .....



1. Witness:  
Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

Signature-----  
(Signature appended above should agree with the specimen signatures registered with the Company.)

2. Witness:  
Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

**NOTICE**

1. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote instead of him/her at the meeting.
2. The instrument appointing a proxy should be signed by the member(s) or by his/her attorney duly authorized in writing. If the member is a corporation, it common seal should be affixed on the instrument.
3. CDC shareholder are requested to bring with them their Computerized National Identity Cards along with the participants' ID number and their account numbers at the time of attending the Annual General meeting in order to facilitate identification of the respective shareholders.
4. The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or notarially certified copy thereof, should be deposited at the Company's office not later than 48 hours before the time of holding the meeting.