ISO-9002 CERTIFIED

established since 1988

Ashfaq Textile Mills Ltd.



32nd ANNUAL REPORT 2020



شروع اللہ کے نام سے جو بڑا مہربان اور نہایت رحم والا ہے

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Ashfaq Ahmad
(Chief Executive / Managining Director)

Mr. Nadeem Ashfaq
(Executive Director)

Mr. Waseem Ashfaq
(Executive Director)

Mrs. Shazia Amjad
(Non-Executive Director)

Mrs. Nazia Irfan
(Non-Executive Director)

Mirza Muhammad Idrees
(Non-Executive Director)

Mr. Saad Zubair
(Independent, Non-Executive Director)

Mr. Aqeel Idrees
(Independent, Non-Executive Director)

COMPANY SECRETARY

Mr. Waseem Ashfaq

CHIEF FINANCIAL OFFICER (CFO)

Mr. Mohammad Anwar Javed

AUDITORS

RSM Avais Hyder Liaqat Nauman.
Chartered Accountants

BANKERS

United Bank Limited.

AUDIT COMMITTEE

Mr. Saad Zubair (Chairman)
Mr. Nisar Ahmad (Secretary)
Mrs. Shazia Amjad (Member)
Mr. Mohammad Idrees (Member)

HUMAN RESOURSE AND REMUNERATION COMMITTEE

Mr. Saad Zubair (Chairman)
Mrs. Nazia Irfan (Member)
Mr. Aqeel Idrees (Member)

SHARE REGISTRAR

M/s FD Registrar Services (SMC-PVT) Ltd.
1705, 17th Floor, Saima Trade Tower A,
I.I. Chundrigar Road, Karachi.

MAILING ADDRESS

8-A/1, Officers Colony, Susan Road,
Faisalabad.

REGISTERED OFFICE

17 K.M. Main Faisalabad, Jaranwala
Road, Faisalabad.

CONTACT DETAILS

Phones: 92 (41) 2435101-04

Fax: 92 (41) 2435105

E-mail

info@ashfaqtextile.com

Web-Site

www.ashfaqtextile.com

ASHFAQ TEXTILE MILLS LIMITED.

NOTICE OF MEETING

32nd Annual General Meeting of ASHFAQ TEXTILE MILLS LIMITED, will be held at the Registered Office of the Company, 17 K.M. Jaranwala Road, Faisalabad on Wednesday 28th October, 2020 at 09:00 a.m. to transect the following business:-

Ordinary Business:

1. To confirm minutes of the last Meeting.
2. To receive, consider and adopt audited financial statements of the company for the year ended on 30th June 2020 together with the Directors and Auditors reports thereon.
3. To appoint auditors for the year ending June 30, 2021 and to fix their remuneration.
4. To transact any other ordinary business with the permission of the Chair.

By Order of the Board

--Sd--
Ashfaq Ahmad
Chief Executive

Faisalabad: October 03, 2020.

NOTES:

1. The share transfer books of the Company shell remain closed from 20th' October, 2020 to27th October, 2020 (both days inclusive) and no transfer will be accepted during this period.
2. Share transfer received at the Companies Registrars office, M/s FD Registrar Services (SMC-PVT) Ltd., Office # 1705, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi before the close of business on 20th October 2020 will be treated in time.
3. A member entitled to attend and vote at the general meeting is entitled to appoint another member as proxy. Proxies, in order to be effective, must be received at the Companies registered office not less than 48 hours before the time of meeting.
4. Shareholders are requested to notify the change in their address if any, immediately.
5. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1, dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. Attending of Meeting in Person:

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original computerized National Identity Card (CNIC) / original passport at the time of attending the meeting.

ii) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature of the nominee shall be produced at the time of meeting.

B. Appointment of Proxies:

i) In case of individuals, the Account and sub-account holders and/or the person whose securities are in group account and their registration detail are uploaded as per the regulations, shall submit the proxy form as per the following requirement.

ii) The proxy form shall be witnessed by two members whose names, address and CNIC numbers shall be mentioned on the form.

iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his/her original CNIC/original passport at the time of the meeting.

v) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted and affixed its common seal (unless it has been provided earlier) along with proxy form to the company.

vi) Members who have not yet submitted copy of their computerized National Identity Card (CNIC) to the company are requested to send at the earliest.

BRIEF HISTORY OF THE COMPANY

Ashfaq Textile Mills Limited was incorporated on January 14, 1988 as a Private Limited Company under the Companies Ordinance 1984 and subsequently converted into a Public Limited Company. Its Shares are quoted on the Pakistan Stock Exchange Limited Karachi. The Company is ISO – 9002 certified. The Mills is located at 17– K.M. Jaranwala Road, Faisalabad. The Company is engaged in the Manufacturing and Sale of Textile goods. Ashfaq Textile Mills Limited is a Weaving unit having 243 Sulzer Shuttleless Machines in operation.

At present the average production capacity of the plant is 30.711 Million Sq. Meters on 60 picks per annum three shifts per day. The Company has produced 30.645 Million Sq. Meters on 60 picks on the basis of 348 days three shifts per day.

VISION

To play a meaningful role in the economy of Pakistan by accepting the challenge of barrier free trade as a dynamic force.

MISSION

To serve the customers by providing quality and high standard products and to expand the sales of the Company through quality control measures and good Governance. To serve hard for boosting Exports of the country to earn more foreign exchange for tremendous growth of the economy.

DIRECTORS' REPORT

We are pleased to present our 32nd Annual Report and Audited Accounts for the year ended June 30, 2020.

Highlights	2020 Rupees in Million	2019 Rupees in Million	Variance %
Sales	387.086	321.650	20.34
Gross Profit	52.179	42.223	23.58
Profit / (Loss) Before Tax	17.252	6.454	167.31
Profit / (Loss) After Tax	15.095	3.454	337.03
EPS	0.43	0.10	330.00

Your Company earned a profit of Rs.17.252 million before tax in comparison to last year profit of Rs.6.454 million which is an increase of 167%. We are hopeful that this trend will prevail especially with the world is opening up gradually after strict lockdowns due to covid-19.

Government's positive attitude towards the economy has started to bear fruits and we hope the positive attitude would translate into quick and effective decision making which would further help move the Pakistani economy upwards.

The Board of Director in its meeeting held on october 03, 2020 has pleased to approved the issue of bonus shares in the proportion of 1 (one) bonus share for every 10 (ten) shares held i.e. 10% to all shareholders of the Company.

Marketing strategy and future prospects

We have been following a policy of cost reduction and targeting the local market to offer quality woven fabrics which has proven successful and resulted in better profitability of the company. We will stick to the same policy in the short and medium term.

Corporate Social Responsibility

As in the past, we strongly believe that it is our social responsibility to give back to the community. We are proud to contribute Rs. 600,000 to "Faisalabad Liver Foundation Trust" for free medicines and liver related lab tests totally free to deserving patients.

Principal Risks and Uncertainties

The Company is exposed to certain inherent risks and uncertainties. However, we consider the following as key risks:

- Adverse movement in foreign exchange rates and commodity prices;
- Market disruption due to changes in tax laws and regulations to widen the tax net.

Internal Financial Controls

The directors are aware of their responsibility with respect to internal financial controls. Through discussions with management and auditors (both internal and external), they confirm that adequate controls have been implemented by the Company.

Corporate Governance

The statement of compliance with the best practice of Code of Corporate Governance is annexed.

Corporate and Financial Reporting Frame Work

In compliance of the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting frame work:

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

2. Proper books of account of the company have been maintained.

3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and Prudent Judgment.

4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

5. The system of internal control is sound in design and has been effectively implemented and monitored.

6. There are no significant doubts upon the company's ability to continue as a going concern.

7. There has been no material departure from the best practices of Corporate Governance, as detailed in the Listing Regulations of the Pakistan Stock Exchange.

8. The Board held four meetings during the year. Attendence by each director was as follows;

Sr.No.	Name of Director	No. of Meetings Attended
1	Mr. Ashfaq Ahmad	04
2	Mr. Nadeem Ashfaq	04
3	Mr. Waseem Ashfaq	04
4	Mr. Amjad Aslam	03
5	Mrs. Shazia Amjad	04
6	Mrs. Nazia Irfan	04
7	Muhammad Idrees	04
8	Mr. saad Zubair	04

Leave of absence was granted to directors who could not attend one Board meeting.

Mr. Aqeel Idrees was appointed as director on June 18, 2020 in place of Mr. Amjad Aslam. He was died on 09-06-2020.

Key operating and financial data for the last six years are annexed.

10. **Audit Committee**

Mr. Saad Zubair	(Chairman)
Mr. Nisar Ahmad	(Secretary)
Mrs. Shazia Amjad	(Member)
Mirza Muhammad Idrees	(Member)

The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company. The meeting was also attended by the CFO, Head of Internal Audit and External Auditors as and when it was required.

11. **Human Resources and Remuneration Committee.**

The Board has also formed an Human Resources and Remuneration Committee, which comprises of the following:

Mr. Saad Zubair	(Chairman)
Mrs. Nazia Irfan	(Member)
Mr. Amjad Aslam	(Member)

The Human Resources and Remuneration Committee met four times during the year with an average participation of 96% of its members. The committee makes recommendations to the Board for maintaining a sound organizational plan of the company, an effective employee development programme and sound compensation and benefit plans, policies and practices designed to attract and retain high caliber personnel for effective management of business with a view to achieve set objectives.

12. **Composition of Board**

The board consists of 6 male and 2 female directors with following composition:

Independent directors	2
Other non-executive directors	3
Executive directors	3
Total number of directors	8

13 **Remuneration Policy of Non-Executive Directors**

The fee of the Non-Executive and Independent Directors for attending the Board and Committee meetings of the Company is determined by the Board from time to time.

14 **Subsequent Events**

No material changes and commitments affecting the fiancial position of the Company have occurred between the end of the financial year and the date of this report.

15 **Safety and Environments**

The Company strictly complies with the standards of the safety rules and regulations. It also follows environmental friendly polices.

16 **Trading in Company's Shares**

Directors, CEO, CFO Company Secretary and their spouses and minor children have made the following transaction of company shares.

	Purchase	SALE
Mrs. Mussarat Ashfaq	34,000	-

The CEO, Director, CFO and Executives do not hold any interest in the Company other than that disclosed in the pattern of the shareholding.

17 **Auditors**

The present auditors M/S Avais Hyder Liaquat Nauman, Chartered Accountants are due to retire and being eligible offer themselves for re-appointment. The Audit Committee has recommended their re-appointment.

18 **Pattern of Shareholding**

Pattern of share holding of the Company as on June 30, 2020 is annexed.

19 **Acknowledgement**

We also record our sincere thanks and appreciations to the management of our banks M/S United Bank Ltd., who always helped us when needed.

The Directors are pleased to again record their appreciation of the continued hard work and devotion of the staff and workers of the Company.

For and on behalf of Board of Director

---SD---
(ASHFAQ AHMAD)
Chief Executive Officer

FAISALABAD
DATE: October 03, 2020.

FINANCIAL HIGHLIGHTS

		2020	2019	2018	2017	2016	2015
		(Rupees in Thousand)					
SALES	Rs.	387.086	321.650	286.602	285,395	299,055	384,695
GROSS PROFIT	Rs.	52.179	42.223	16.970	35,729	32,645	38,386
NET PROFIT / (LOSS) AFTER TAX	Rs.	15.095	3.454	(15.748)	3,628	3,120	5,646
FIXED ASSTES	Rs.	972.744	978.871	729.115	725,415	739,657	726,357
LONG TERM LIABILITIES (FINANCIAL INSTITUTION)	Rs.	-	-	-	-	-	-
LONG TERM LIABILITIES (DIRECTORS)	Rs.	-	-	-	-	-	-
ACCUMULATED PROFIT / (LOSS)	Rs.	253.585	221.280	205.908	207,446	204,513	184,444
GROSS PROFIT RATIO	%	13.48	13.13	5.92	12.52	10.92	9.98
NET PROFIT / (LOSS) RATIO	%	3.90	1.07	(5.49)	1.27	1.04	1.47
DEBT EQUITY RATIO	%	0:100	0:100	0:100	0:100	0:100	0:100
CURRENT RATIO	%	6.69	6.40	5.78	5.36	4.93	9.66
EARNING / (LOSS) PER SHARE	%	0.43	0.10	(0.45)	0.10	0.09	0.16
BONUS SHARES	%	-	-	-	-	-	-
DIVIDEND	Rs.	-	-	-	-	-	-

ڈائریکٹرز رپورٹ

ڈائریکٹرز 30 جون 2020 کو ختم ہونے والے سال کے بتیسویں سالانہ آڈیٹڈ مالیاتی اسٹیٹمینٹ بمعہ آڈیٹر رپورٹ بخوشی پیش کرتے ہیں۔

اس سال کے مالیاتی نتائج درج ذیل ہیں۔

تفصیل	سالانہ اختتام 30 جون، 2020 روپے ملین میں	سالانہ اختتام 30 جون، 2019 روپے ملین میں	فرق %
فروخت (Sale)	387.086	321.650	20.34
کل نفع / نقصان	52.179	42.223	23.58
سال کے لیے قبل از ٹیکس نقصان / نفع	17.252	6.454	167.31
سال کے لیے بعد از ٹیکس نقصان / نفع	15.095	3.454	337.03
آمدنی فی شیئر (EPS)	0.430	0.100	330.00

آپ کی کمپنی نے ٹیکس سے پہلے 17.252 ملین روپے کا منافع حاصل کیا جو گذشتہ سال کے منافع کے مقابلے میں 6.454 ملین ہے جو 167 فیصد کا اضافہ ہے۔

ہمیں امید ہے کہ یہ رجحان بالخصوص دنیا کے ساتھ غالب آئے گا کیونکہ Covid 19 کے باعث سخت لاک ڈاؤن کے بعد آہستہ آہستہ دنیا کھل رہی ہے۔

معیشت کے بارے میں حکومت کے مثبت طرز عمل کا ثمر آنا شروع ہو گیا ہے اور ہم امید کرتے ہیں کہ مثبت رویہ فوری اور موثر فیصلہ سازی میں تبدیل ہو جائے گا جس سے پاکستانی معیشت کو اوپر کی طرف لے جانے میں مزید مدد ملے گی

بورڈ آف ڈائریکٹرز نے اس سال بخوشی -/10 بونس شیئرز جس کا تناسب ہر 10 شیئر پر 1 شیئر بنتا ہے منظور کیا ہے

مارکیٹ کے حالات اور مستقبل کے خدوخال

ہم اخراجات کی کمی کی پالیسی پر عمل پیرا ہیں اور مقامی مارکیٹ میں تجارت کے فروغ کے لئے کوشاں ہیں جو کہ کامیاب ثابت ہوا ہے اور نتیجہ میں کمپنی کو بہتر منافع ہوا ہے مختصر اور درمیانی اصطلاح میں ہم اسی پالیسی پر قائم رہیں گے

کمپنی کی سماجی ذمے داری

ماضی کی طرح، ہم پختہ یقین رکھتے ہیں کہ معاشرے کو واپس دینا ہماری معاشرتی ذمہ داری ہے کہ ہم نے ہیپاٹائٹس کے مستحق مریضوں کے (مفت علاج) مکمل ادویات اور جگر۔ متعلق لیب ٹیسٹ کے لئے فیصل آباد لیور فاؤنڈیشن ٹرسٹ کو 600,000 روپے کا عطیہ دیا۔

بنیادی خطرات اور بے اعتدالی

کمپنی کو شدید مورثی خطرات اور بے اعتدالی کی وجہ سے درجہ ذیل بنیادی خطرات متوقع ہیں۔

ملکی منفی تحریک کی وجہ سے غیر ملکی تجارتی قیمتوں اور فارن ایکسچینج ریٹ میں اتار چڑھاو۔

ٹیکس نیٹ کو وسیع کرنے کے لئے ٹیکس قوانین اور ضابطوں میں تبدیلی کاروباری رکاوٹ کا باعث ہے۔

اندرونی فنانشل کنٹرول

اڈیٹرز اور مینجمنٹ کے مشترکہ فیصلوں سے کافی حد تک کمپنی نے کنٹرولز یقینی بنائے ہیں

کارپوریٹ گورننس

ہم کارپوریٹ گورننس کی تفصیل جس پر پوری طرح عمل کیا گیا ہے ہمراہ ہے۔

کارپوریٹ اور فائنیشل رپورٹنگ کا فریم ورک

کوڈ آف کارپوریٹ گورننس پر عمل کرتے ہوے اہم کارپوریٹ اور فائنیشنیل رپورٹنگ کا فریم ورک درج کر رہے ہیں

1- کمپنی کی مینجمنٹ فائنینشل اسٹیٹمنٹس اور کمپنی کے جملا معاملات کاروبار کے نتائج، نقدی بہاو اور لین دین میں تبدیلی شفاف اور درست پیش کرتی ہے

2- کمپنی کے حساب کا اندراج کمپنی آرڈیننس کے مطابق کیا جاتا ہے۔

3- مالی گوشواروں کی تیاری میں مناسب اکاونٹنگ پالیسیوں کو تسلسل سے لاگو کیا گیا ہے۔اکاونٹنگ یا اندازے معقول اور دانشمندانہ فیصلے پر مبنی ہے۔

4- مالی گوشواروں کو بین الاقوامی اکاونٹنگ سٹینڈرڈز کے مطابق رکھا گیا ہے۔

5- اندرونی کنٹرول کا نظام مظبوط ہے اور اس کی مئوثر طریقے سے نگرانی اور عملدرآمد کیا گیا ہے۔

6- کاروبار جاری رکھنے کے لیے کمپنی کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔

7- پاکستان کے اسٹاک ایکسچینج کے اصولوں کے مطابق کارپوریٹ گورننس کے بہترین طریقوں میں سے کوی مادی تجاوز نہیں ہوا۔

8- مینجمنٹ بورڈ کا چار دفع اجلاس ہوا جس میں مندرجہ ذیل حاضری رہی۔

نمبر شمار	ڈائریکٹران کے نام	حاضری کی تفصیل
1-	اشفاق احمد صاحب	04
2-	ندیم اشفاق صاحب	04
3-	وسیم اشفاق صاحب	04
4-	امجد اسلم صاحب	03
5-	مسز شازیہ امجد صاحبہ	04
6-	مسز نازیہ عرفان صاحبہ	04
7-	محمد ادریس صاحب	04
8-	خواجہ محمد الیاس صاحب	04

جن ڈائریکٹرز نے غیر حاضری کے لیے درخواست دی ان کی درخواست کو منظور کیا گیا۔

مسٹر سعد زبیر 29-جون 2019 کو ڈائریکٹر منتخب ہُوے ہیں

9- **پچھلے چھے سالوں کے کارکردگی کی تفصیل لف ہے۔**

10- **آڈٹ کمیٹی**

بورڈ آف ڈائریکٹرز نے کوڈ آف کارپوریٹ پر عمل کرتے ہوئے آڈٹ کمیٹی کی تشکیل کی ہوئی ہے۔جس کی تفصیل درج ذیل ہے۔

مسٹر سعد زبیر	چیئرمین
مسٹر نثار احمد	سکریٹری
مسز شازیہ امجد	ممبر
مرزا محمد ادریس	ممبر

آڈٹ کمیٹی کی میٹنگ ہر کوارٹر سے پہلے ہوتی ہے۔اور حساب کتاب کی چھان بین کر کے عبوری اور سالانہ حساب کتاب کی منظوری دیتی ہے۔میٹنگ میں سی-ایف-او، انٹرنل آڈٹ کے سنئیر اور ایکسٹرنل آڈیٹر بھی شریک ہوتے ہیں۔

11- **انسانی وسائل اور معاوضہ کمیٹی**

انسانی وسائل اور معاوضہ کمیٹی بورڈ آف ڈائریکٹر کی طرف سے منظور شدہ قواعد وضوابط کے مطابق چلتی ہے۔مندرجہ ذیل اس کے ممبران ہیں۔

مسٹر سعد زبیر	چیئرمین
مسز نازیہ عرفان صاحبہ	ممبر
مسٹر امجد اسلم	ممبر

اس کمیٹی کے سال میں چھ اجلاس ہوئے جس میں حاضری 96 فیصدی رہی۔اس کمیٹی میں بورڈ کو اپنی سفارشات پیش کیں کہ کس طرح کمپنی کو ایک مضبوط ادارے کے طور پر چلایا جائے۔ملازموں کی فلاح و بہبود کے متعلق بھی بہت سے پلان اور پالیسیوں پر عملدر آمد کے لیے سفارشات کیں تا کہ ادارہ اپنے اہداف حاصل کر سکے۔

12- **مجموعی بورڈ**

کمپنی کا بورڈ مندرجہ ذیل 6 مردوں اور 2 عورتوں پر مشتمل ہے

خُود کار ڈائریکٹر۔	1
غیر عملی ڈائریکٹرز۔	4
عملی ڈائریکٹرز۔	3
ڈائریکٹران کی کل تعداد۔	8

13- **خُود کار ڈائریکٹر اور غیر عملی ڈائریکٹرز کی معاوضہ کی پالیسی۔**

خُود کار ڈائریکٹر اور غیر عملی اور ڈائریکٹران کا بورڈ میٹنگز اور کمیٹی کے اجلاس میں شرکت کا معاوظہ کمپنی بورڈ کے ذریعہ وقت کے ساتھ تعین کرتی ہے۔

14- **ضمنی واقعات۔**

اس مالی سال کے اختتام اور اس رپورٹ کے دورنیہ میں کوئی بڑی تبدیلی اور واعدے کمپنی کی مالی حالت کو متاثر نہیں کرتے

15- **حفاظتی اقدام اور ماحولیاتی آلودگی سے بچاو**

ادارہ اس بات پر سختی سے عمل کرتا ہے کہ حفاظتی اقدامات پر پوری طرح عمل کیا جائے جو کہ قانون کے مطابق واجب ہیں اور ماحول کو صاف ستھرا رکھنے کے لیے ہر ممکن اقدام کیا جاتا ہے۔جس کی وجہ سے ہمارے ادارے کا ماحول صاف ستھرا رہے اور ماحولیاتی ادارے اُس کی تعریف کر چکے ہیں۔

16- **کمیٹی کے حصص کی تجارت**

کمپنی کے جملہ ڈائریکٹران بشمول چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری نے کمپنی کے شیئروں کی کوئی تجارت نہیں کی۔

چیف ایگزیکٹو آفیسر، ڈائریکٹرز، چیف فنانشل آفیسر اور ایگزیکٹوز کو ماسوائے اُن شیئروں کے جن کو بتادیا گیا ہے اور کسی چیز میں دلچسپی نہ ہے۔

17- **آڈیٹرز**

موجودہ آڈیٹرز میسرز اویس حیدر لیاقت نعمان، چارٹرڈ اکاونٹنٹس مستعفی ہو رہے ہیں مگر وہ دوبارہ اپائنٹمنٹ کے لیے اپنے آپ کو پیش کر سکتے ہیں۔ آڈٹ کمیٹی نے اُن کی دوبارہ اپائنٹمنٹ کی سفارش کی ہے۔

19- **حصص کی تفصیل**

حصص کی تفصیل جو کہ 30 جون، 2020 کو کمپنی کے حصے دار ہیں اُن کی تفصیل منسلک ہے۔

19- **اعتراف**

ہم یہ بات ریکارڈ پر لانا چاہتے ہیں اور ہم شُکریہ کے ساتھ تعریف کرتے ہیں۔اپنی مینجمنٹ کی، اپنے بینکرز میسرز یونائیٹڈ بینک لمٹیڈ کی جنھوں نے ہر موڑ پر ہمارے ساتھ تعاون کیا۔ڈائریکٹر صاحبان خوشی سے اپنے کاریگروں کی محنت اور دل لگی سے کام کرنے کی تعریف کرتے ہیں۔

--- SD ---

بورڈ آف ڈائریکٹران کی طرف سے — فیصل آباد

اشفاق احمد — 03 اکتوبر، 2020

چیف ایگزیکٹو آفیسر

فنانشل جھلکیاں

روپے ہزاروں میں

	2020	2019	2018	2017	2016	2015	
فروخت	387,086	321,650	286,602	285,395	299,055	384,695	روپے
مجموعی نفع	52,179	42,223	16,970	35,729	32,645	38,386	روپے
خالص نفع بعد از ٹیکس	15,095	3,454	(15,748)	3,628	3,120	5,646	روپے
اثاثہ جات	972,744	978,871	729,115	725,415	739,657	726,357	روپے
طویل مدتی ذمے داری (مالیاتی ادارہ)	-	-	-	-	-	-	روپے
طویل مدتی ذمے داری (ڈائیکٹرز)	-	-	-	-	-	-	روپے
مجموعی نفع (نقصان)	253,585	221,280	205,908	207,446	204,513	184,444	روپے
نفع کا شرح کا تناسب	13.48	13.13	5.92	12.52	10.92	9.98	٪
خالص نفع (نقصان) کا تناسب	3.90	1.07	(5.49)	1.27	1.04	1.47	٪
لین دین کا تناسب	0:100	0:100	0:100	0:100	0:100	0:100	٪
موجودہ تناسب	6.69	6.40	5.78	5.36	4.93	9.66	٪
آمدنی (نقصان) فی شیئر	0.43	0.10	(0.45)	0.10	0.09	0.16	٪
بونس شیئر	-	-	-	-	-	-	٪
ڈیوڈنڈ	-	-	-	-	-	-	روپے

Review Report by the Chairman

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 an annual evaluation of the Board of Directors of Ashfaq Textile Mills Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended Jun 30, 2020, the Board's overall performance and effectiveness has been assessed as Satisfactory. Improvements are an ongoing process leading to action plans. The above overall assessment is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's responsibility.

The Board of Directors of your Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in important decisions.

---Sd---
Waseem Ashfaq
Chairman

Dated : October 03, 2020.

چیئرمین کی جائیزہ رپورٹ

اشفاق ٹیکسٹائل ملز لمٹیڈ کے بورڈ آف ڈائریکٹرز کا سالانہ جائزہ لیسٹڈ کمپنیز (کوڈ آف کارپوریٹ) گورنینس ریگولیشنسز 2019 کے تحت کیا جاتا ہے۔ اس جائزے کا مقصد اس امر کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور افادیت کو کمپنی کے مختص کردہ مقاصد کے تناظر میں پرکھا جاسکے۔

مالی سال برائے 30 جون، 2020 کے لیے بورڈ کی مجموعی کارکردگی اور افادیت اطمینان بخش قرار پائی ہے۔ بہتری ایک مستقل جاری رہنے والا عمل ہے جس کی مدد سے عملی منصوبہ بندیوں کو ممکن بنایا جاتا ہے۔ مجموعی جائزہ ضروری اجزاء کے انفرادی جائزے پر منحصر ہے جن میں دور اندیشی، نصب العین اور اقدار، حکمت عملی کے بنانے میں کردار، پالیسیز کی تشکیل، کمپنی میں جاری کاروباری سرگرمیوں کی نگرانی، مالیاتی وسائل کے انتظام کی نگرانی، موثر مالی نگرانی، بورڈ کے کاروبار کو پورا کرنے میں ملازمین کے ساتھ منصفانہ سلوک اور بورڈ کی ذمہ داری کو موثر انداز سے پورا کرنا شامل ہیں۔

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کو اور اس کی کمیٹی کی ملاقاتوں میں ایجنڈا معہ دیگر ضروری دستاویزات قبل ازوقت موصول ہوئے۔ بورڈ ضروری سرگرمیوں اور ذمہ داریوں کو موثر طریقے سے انجام دینے کے لیے باقاعدگی سے ملاقات کرتا ہے۔ نان ایگزیکٹو اور آزاد ڈائریکٹرز بھی اہم فیصلوں میں برابری کی بنیاد پر شامل ہوتے ہیں۔

دستخط

وسیم اشفاق

مورخہ 03 اکتوبر، 2020 چیئرمین

ASHFAQ TEXTILE MILLS LIMITED

PATERN OF SHAREHOLDING
FORM "34"
SHAREHOLDERS STATISTICS
AS AT JUNE 30, 2020

NUMBER OF SHAREHOLDERS	SHARE HOLDING FROM		TO	TOTAL SHARES HELD
42	1	-	100	1,187
185	101	-	500	58,397
200	501	-	1000	165,308
54	1001	-	5000	134,669
16	5001	-	10000	131,830
6	10001	-	15000	72,499
7	15001	-	20000	121,832
1	20001	-	25000	25,000
1	30001	-	35000	31,000
1	35001	-	40000	40,000
2	65001	-	70000	140,000
1	90001		95000	90,164
1	120001	-	125000	122,000
1	1945001	-	1950000	1,946,500
1	2010001	-	2015000	2,015,000
2	3465001	-	3470000	6,936,000
1	5020001	-	5025000	5,022,102
1	5025001	-	5030000	5,026,730
1	5730001	-	5735000	5,730,909
1	7170001	-	7175000	7,173,873
525				34,985,000

S.NO.	CATAGORIES OF SHAREHOLDERS	NUMBER OF SHARE HOLDERS	TOTAL SHARES HELD	PERCENTAGE
1	INDIVIDUAL	523	34,974,834	99.97
2	COMPANIES	1	2,000	0.01
3	FINANCIAL INSTITUTIONS	1	8,166	0.02
		525	34,985,000	100.00

CATEGORIES OF SHARE HOLDING

AS AT JUNE 30, 2020

DIRECTORS AND THEIR SPOUSE:	SHARES HELD	%
Mr. Ashfaq Ahmad	7,173,873	20.5056
Mr. Nadeem Ashfaq	5,022,102	14.3550
Mr. Waseem Ashfaq	5,026,730	14.3682
Mrs. Shazia Amjad	1,946,500	5.5638
Mrs. Nazia Irfan	2,015,000	5.7596
Muhammad Idrees	5,000	0.0143
Mr. Saad Zubair	212,164	0.6064
Mr. Muhammad Aqeel Idrees	1,000	0.0029
Mrs. Musarat Ashfaq	5,730,909	16.3810
Mrs. Uzma Nadeem	3,468,000	9.9128
Mrs. Memona Waseem	3,468,000	9.9128
SHAREHOLDERS HOLDING 10% OR MORE:		
Mr. Ashfaq Ahmad	7,173,873	20.5056
Mrs. Musarat Ashfaq	5,730,909	16.3810
Mr. Nadeem Ashfaq	5,022,102	14.3550
Mr. Waseem Ashfaq	5,026,730	14.3682
FINANCIAL INSTITUTIONS:		
IDBL (ICP UNIT)	8,166	0.0233
JOINT STOCK COMPANIES:		
NCC-PRE SETTLEMENT DELIVERY ACCOUNT	2,000	0.01
GENERAL PUBLIC:	905,556	2.59
TOTAL	**34,985,000**	**100**

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

Ashfaq Textile Mills Limited
For the year ended June 30, 2020.

The company has complied with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) in the following manner:

1. The total number of directors are eight as per the following:

Gender	Number
Male	6
Female	2

2. The composition of Board is as follows:

Category	Names
Independent Directors	Mr. Saad Zubair Mr. Aqeel Idrees
Other Non-Executive Directors	Mr. Muhammad Idrees Mrs. Shazia Amjad Mrs. Nazia Irfan
Executive Directors	Mr. Ashfaq Ahmad Mr. Nadeem Ashfaq Mr. Waseem Ashfaq
Femail Directors	Mrs. Shazia Amjad Mrs. Nazia Irfan

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Companies Act,2017 and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board.

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. Majority of the Directors of the Company are exempted from the requirement of Directors' Training Program.

10. The Board has approved appointment of Chief Financial Officer and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. Mr. Waseem Ashfaq was assigned the responsibilities of Company Secretary of the Company in addition to his other responsibilities of the Company.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

a) Audit Committee

1) Mr. Saad Zubair	Chairman
2) Mrs. Shazia Amjad	Member
3) Mr. Muhammad Idrees	Member

b) HR and Remuneration Committee

1) Mr. Saad Zubair	Chairman
2) Mrs. Nazia Irfan	Member
3) Mr. Aqeel Idrees	Member

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

14. The frequency of meetings of the committee were as per following:

a.	Audit Committee:	4 (four) quarterly meetings
b.	HR and Remuneration Committee:	1 (one) annual meeting

15. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and they and the partners of the firm, involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, chief Financial Officer, head of internal audit, Company Secretary or Director of the company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

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

For and on behalf of the Board of Directors

---sd--

Waseem Ashfaq
Chairman

---sd---

Ashfaq Ahmad
Chief Executive Officer

RSM Avais Hyder Liaquat Nauman
Chartered Accountants

478-D, Peoples Colony No. 1
Faisalabad - Pakistan

T: +92 (41) 854 1165, 854 1965
F: +92 (41) 854 2765

www.rsmpakistan.pk

Independent Auditor's Review Report
to the members of Ashfaq Textile Mills Limited

Review Report on the statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

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

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

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

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

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

---SD---
RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

Date:October 03, 2020.
Place: Faisalabad

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RSM Avais Hyder Liaquat Nauman
Chartered Accountants

478-D, Peoples Colony No. 1
Faisalabad - Pakistan

T: +92 (41) 854 1165, 854 1965
F: +92 (41) 854 2765

www.rsmpakistan.pk

INDEPENDENT AUDITOR'S REPORT

To the members of Ashfaq Textile Mills Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

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Key Audit Matter

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

Following is the Key audit matter:

Key audit matter	How our audit addressed the key audit matter
Impact of COVID-19 As disclosed in note 35.1 to the financial statements, the spread of COVID-19 pandemic adversely impacted the global economy and resulted in unprecedented curtailment in economic activities from March 2020. The Government of Pakistan also announced a lock down as a measure to control the spread of the pandemic. This situation created financial challenges to the businesses globally as well as in Pakistan. As part of the accounting and reporting obligations, the management assessed the impact of COVID-19 on its financial statements particularly effects of global slow-down on company's assessment of any increase in level expected credit losses on trade debts despite history of low levels of bad debts. Due to disruption in exports because of fluctuating demand and liquidity of customers as most of the company's customers are exporters. In view of the unique nature of these events and its possible impacts on the business operations and financial reporting, we considered this area as a key audit matter to identify specific risks in relation to the financial statements and devise our audit strategy accordingly.	Our audit procedures, amongst others, included the following: - We obtained an overall understanding of the impact due to disruption in business and on the working environment to devise our audit strategy; - We focused on performance of alternate procedures in place of confirmations due to challenges attached with sending confirmations by post; - We considered Inherent risk on the areas such as impairments assessments and estimates is a significant risk despite low level of bad debts history of the company. We evaluated whether any impairment indicators exist that could trigger impairment for trade debts; and - We checked subsequent recoveries for determination of expected credit losses for trade debts.

RSM

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Boards of Director are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

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

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Hamid Masood

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---SD---
RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

Date:October 03, 2020.
Place: Faisalabad

ASHFAQ TEXTILE MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Authorised capital 100,000,000 ordinary shares of Rs.10/- each		1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital	3	349,850,000	349,850,000
Capital reserve			
Revaluation surplus on property, plant and equipment	4	375,170,445	517,348,940
Revenue reserve			
Unappropriated profit		253,584,657	221,279,700
		978,605,102	1,088,478,640
NON CURRENT LIABILITIES			
Deferred liability			
Staff retirement gratuity	5	66,602,652	56,523,081
Deferred taxation	6	122,904,023	-
Provision for Gas infrastructure development cess payable	7	396,884	-
		189,903,559	56,523,081
CURRENT LIABILITIES			
Trade and other payables	8	28,229,372	19,539,442
Interest / mark up payable on short term bank borrowings		-	272,400
Short term bank borrowings	9	-	7,939,474
Current portion of Provision for Gas infrastructure development cess payable	7	353,573	-
Provision for taxation - income tax	27	5,806,280	3,000,301
		34,389,225	30,751,617
CONTINGENCY AND COMMITMENT	10	-	-
		1,202,897,886	1,175,753,338

	Note	2020 Rupees	2019 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	11	968,234,112	974,361,422
Long term security deposits	12	4,509,782	4,509,782
		972,743,894	978,871,204
CURRENT ASSETS			
Stores, spares and loose tools	13	25,541,615	28,684,175
Stock in trade	14	3,864,987	3,864,987
Contract costs	21.1.1	2,473,432	1,009,789
Trade debts	15	67,664,995	59,275,733
Loans and advances	16	39,980,953	41,686,141
Prepayments		486,592	506,095
Other receivables	17	664,342	1,451,447
Tax refunds due from Government	18	45,633,443	55,649,157
Cash and bank balances	19	43,843,633	4,754,610
		230,153,992	196,882,134
		1,202,897,886	1,175,753,338

The annexed notes 1 to 35 form an integral part of these financial statements.

---SD---
CHIEF EXECUTIVE OFFICER

---SD---
DIRECTOR

---SD---
CHIEF FINANCIAL OFFICER

ASHFAQ TEXTILE MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Sales	20	387,085,364	321,650,337
Cost of sales	21	334,906,629	279,427,661
Gross profit		52,178,735	42,222,676
Other income	22	3,476,162	-
		55,654,897	42,222,676
Selling cost	23	1,619,660	1,618,485
Administrative expenses	24	34,005,271	31,949,170
Other operating expenses	25	2,311,859	339,706
Finance cost	26	465,309	1,860,896
		38,402,099	35,768,257
Profit for the year before taxation		17,252,798	6,454,419
Provision for taxation	27	2,158,065	3,000,301
Profit for the year		15,094,733	3,454,118
Earnings per share - Basic and diluted	28	0.43	0.10

The annexed notes 1 to 35 form an integral part of these financial statements.

---SD---
CHIEF EXECUTIVE OFFICER

---SD---
DIRECTOR

---SD---
CHIEF FINANCIAL OFFICER

ASHFAQ TEXTILE MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Profit for the year		15,094,733	3,454,118
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Surplus on revaluation of property, plant and equipment arisen during the year	4	-	220,358,304
Remeasurement of staff retirement gratuity		1,583,967	(1,244,809)
Deferred tax relating to remeasurement of staff retirement gratuity		(459,350)	-
		1,124,617	219,113,495
Total comprehensive income for the year		16,219,350	222,567,613

The annexed notes 1 to 35 form an integral part of these financial statements.

---SD---	---SD---	---SD---
CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

ASHFAQ TEXTILE MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	2020 Rupees	2019 Rupees
(a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year before taxation	17,252,798	6,454,419
Adjustments for:		
Depreciation of property, plant and equipment	43,431,339	32,277,419
Provision for staff retirement gratuity	17,573,750	12,342,900
Provision for gas infrastructure development cess	750,457	-
Gain on disposal of property, plant and equipment	(3,475,215)	-
Balances written off	1,033,187	-
Finance cost	465,309	1,860,896
Operating cash flows before working capital changes	77,031,625	52,935,634
Changes in working capital		
Decrease / (Increase) in current assets		
Stores, spares and loose tools	3,142,560	2,395,602
Stock in trade	-	(269,676)
Contract costs	(1,463,643)	(1,009,789)
Trade debts	(9,422,449)	(21,620,234)
Loans and advances	6,116,865	6,774,673
Prepayments	19,503	45,550
Other receivables	787,105	(192,826)
Tax refunds due from Government	10,813,501	(1,848,775)
Increase in current liabilities		
Trade and other payables	8,689,930	3,981,916
Cash generated from operating activities	95,714,997	41,192,075
Finance cost paid	(737,709)	(1,597,247)
Income tax paid	(8,209,765)	(3,981,212)
Staff retirement gratuity paid	(5,910,212)	(3,979,013)
Net cash generated from operating activities	80,857,311	31,634,603
(b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(44,953,814)	(61,675,580)
Proceeds from disposal of operating assets	11,125,000	-
Net cash (used in) investing activities	(33,828,814)	(61,675,580)

	2020 Rupees	2019 Rupees
(c) CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) in short term bank borrowings - net	(7,939,474)	(12,023,227)
Net cash (used in) financing activities	(7,939,474)	(12,023,227)
Net Increase / (decrease) in cash and cash equivalents (a+b+c)	39,089,023	(42,064,204)
Cash and cash equivalents at the beginning of the year	4,754,610	46,818,814
Cash and cash equivalents at the end of the year	43,843,633	4,754,610

The annexed notes 1 to 35 form an integral part of these financial statements.

---SD--- **CHIEF EXECUTIVE OFFICER**	'---SD--- **DIRECTOR**	---SD--- **CHIEF FINANCIAL OFFICER**

ASHFAQ TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	Issued, subscribed and paid up capital	Capital Reserve	Revenue Reserve	Total
		Revaluation surplus on property , plant and equipment	Unappropriated profit	
	----------Rupees----------			
Balance as at June 30, 2018	349,850,000	310,152,679	205,908,348	865,911,027
Total comprehensive income for the year				
Profit for the year	-	-	3,454,118	3,454,118
Other comprehensive income				
Items that will not be subsequently reclassified to profit or loss				
Surplus on revaluation of property, plant and equipment arisen during the year	-	220,358,304	-	220,358,304
Remeasurement of staff retirement gratuity	-	-	(1,244,809)	(1,244,809)
	-	220,358,304	2,209,309	222,567,613
Incremental depreciation on revalued assets for the year	-	(13,162,043)	13,162,043	-
Balance as at June 30, 2019	349,850,000	517,348,940	221,279,700	1,088,478,640
Total comprehensive income for the year				
Profit for the year	-	-	15,094,733	15,094,733
Other comprehensive income				
Items that will not be subsequently reclassified to profit or loss				
Surplus on revaluation of property, plant and equipment arisen during the year	-	-	-	-
Remeasurement of staff retirement gratuity	-	-	1,583,967	1,583,967
Deferred tax relating to remeasurement of staff retirement gratuity			(459,350)	(459,350)
	-	-	16,219,350	16,219,350
Incremental depreciation on revalued assets for the year - net of deferred tax	-	(16,085,607)	16,085,607	-
				-
				-
Transferred to deferred tax	-	(126,092,888)	-	(126,092,888)
Balance as at June 30, 2020	349,850,000	375,170,445	253,584,657	978,605,102

The annexed notes 1 to 35 form an integral part of these financial statements.

---SD---	---SD---	---SD---
CHIEF EXECUTIVE OFFICER	**DIRECTOR**	**CHIEF FINANCIAL OFFICER**

ASHFAQ TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. GENERAL INFORMATION

1.1 Ashfaq Textile Mills Limited (the Company) was incorporated in Pakistan on January 14, 1988 as a private limited company under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act 2017 on May 30, 2017) and subsequently converted into a public limited company. The Company is listed on Pakistan Stock Exchange Limited. The business of the Company is manufacturing and sale of textiles and rendering of sizing and conversion services. The registered office and mills of the Company are located at 17 K.M. Jaranwala Road, Faisalabad in the Province of Punjab.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

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

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

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

2.2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.2.1 Standards, amendments to standards and interpretations becoming effective in current year

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2019 and therefore, have been applied in preparing these financial statements.

- **Amendments to IAS 19 Employee Benefits on plan amendment, curtailment or settlement,**

  These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

  The change in the effect of the asset ceiling that may result from the plan amendment is determined in a second step and is recongnised in the normal manner in other comprehensive income

  The standard requires to use updated assumptions from re-measurement to determine current service cash and net interest from the remainder of the reporting period after the change in the plan.

  The application of amendments is not expected to have any material impact on the financial statements of the company.

- **IFRIC 23 Uncertainty over Income Tax Treatments:**

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires to:

- Determine whether uncertain tax positions are assessed separately or as a group; and
- Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
  - If yes, determine accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
  - If no, reflect the effect of uncertainty in determining accounting tax position using either the most likely amount or the expected value method

The application of IFRIC is not expected to have any material impact on the financial statements of the company.

Annual improvements to IFRS - Standard 2015-2017 Cycle

The Annual Improvements include amendments to the following Standards:

- **IAS 12 Income Taxes**

  The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits.

- **IAS 23 Borrowing Costs**

  The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The application of amendments is not expected to have any material impact on the financial statements of the company.

2.2.2 Standards, amendments to standards and interpretations becoming effective in current year but not relevant.

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2019 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

2.2.3 Standards, amendments to standards and interpretations becoming effective in future periods

There are certain standards, amendments to the IFRS and interpretations that are mandatory for companies having accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

Amendments to IAS 1 and IAS 8 - Definition of Material

The amendments are made to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The concept of "observing" material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from "Could influence" to "Could reasonably be expected to influence".

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments are effective for accounting period beginning on or after 1 January, 2020.

The application of amendments is not expected to have a significant impact on the company's financial statements

Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform

The amendments include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

The amendments also introduce specific disclosure requirements for hedging relationships to which the reliefs are applied.

The amendments are effective for reporting periods starting on or after 01 January 2020.

The application of amendments is not expected to have any material impact on the company's financial statements.

The Amendments to References to the Conceptual Framework for Financial Reporting

The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.

The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

IASB has also issued amendments to References to the conceptual framework in IFRS,s. The amendments are intended to replace reference to a previous version of the IASB,s conceptual framework with a reference to the current version.

The amendments are effective for accounting periods beginning on or after 1 January 2020.

The application of amendments is not expected to have any material impact on the company's financial statements.

2.2.4 Standards, amendments to standards and interpretations becoming effective in future periods but not relevant.

There are certain new standards, amendments to standards and interpretations that are effective from different future periods but are considered not to be relevant to the Company's operations, therefore, not disclosed in these financial statements.

2.3 Basis of preparation

These financial statements have been prepared under the historical cost convention except:

- certain property, plant and equipment are stated at valuation.
- staff retirement benefits carried at present value.

The principal accounting policies adopted are set out below:

2.4 Staff retirement gratuity

The Company operates a defined benefit plan - unfunded gratuity scheme covering all permanent employees. Provision is made annually on the basis of actuarial recommendation to cover the period of service completed by employees using Projected Unit Credit Method. All actuarial gains and losses are recognised in 'other comprehensive income' as they occur.

2.5 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether billed to the Company or not.

2.6 Provisions

Provisions are recognised when the Company has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each date of statement of financial position and adjusted to reflect the current best estimate.

2.7 Provision for taxation

Current

Provision for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits and tax rebates available under the law.

Deferred

Deferred tax is provided using the liability method for all temporary differences at the date of statement of financial position between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effect on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.

Deferred tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the date of statement of financial position.

Deferred tax charged or credited in the income statement, except in case of items charged or credited to equity in which case it is included in equity.

2.8 Dividend and other appropriations

Dividend is recognised as a liability in the period in which it is approved. Appropriations of profits are reflected in the statement of changes in equity in the period in which such appropriations are made.

2.9 Property, plant and equipment

Property, plant and equipment except freehold land and capital work in progress are stated at cost/valuation less accumulated depreciation and impairment in value, if any. Freehold land is stated at valuation less accumulated impairment in value, if any. Capital work in progress is stated at cost less accumulated impairment in value, if any.

Depreciation is charged to income applying the reducing balance method at the rates specified in property, plant and equipment note.

Depreciation on additions during the year is charged from the month in which asset is acquired or capitalised, while no depreciation is charged for the month in which asset is disposed off. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Repairs and maintenance costs are charged to income during the period in which they are incurred. Major renewals and improvements are capitalised.

Gains or losses on disposal of assets, if any, are recognised as and when incurred.

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use.

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

2.10 Impairment

The company assesses at each date of statement of financial position whether there is any indication that assets except deferred tax assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether these are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in statement of profit or loss, unless the relevant assets are carried at revalued amounts, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognised for the assets in prior years. A reversal of an impairment loss is recognised immediately in statement of profit or loss.

2.11 Borrowing costs

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.12 Stores, spares and loose tools

These are valued at moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice value plus other charges incurred thereon.

2.13 Stock in trade

Stock in trade except wastes is valued at lower of cost and net realisable value. Cost is determined as follows:

Raw material	Weighted average cost.
Work in process	Average manufacturing cost.
Finished goods	Average manufacturing cost.

Wastes are valued at net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to make the sales. Average manufacturing cost includes cost of direct material, labour and appropriate manufacturing overheads.

2.14 Contract costs

Contract costs are recognised at average manufacturing costs incurred that will be used in satisfying performance obligation in the future less amotisation and impairment loss, if any.

2.15 Trade debts and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad are written off when identified. Other receivables are recognised at nominal amount which is fair value of the consideration to be received in future.

2.16 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand, balances with banks, books overdrawn and highly liquid short-term investments that are convertible to known amounts of cash and are subject to insignificant risk of change in value.

2.17 Foreign currencies

Transactions in currencies other than Pakistani Rupee are recorded at the rates of exchange prevailing on the dates of the transactions. At each date of statement of financial position, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the date of statement of financial position except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

Gains and losses arising on retranslation are included in net profit or loss for the period.

2.18 Financial instruments

2.18.1 Financial assets

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

- Financial assets at amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

- Financial assets at fair value through other comprehensive income

  Financial assets at fair value through other comprehensive income are held within a business model whose objective is both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Financial assets at fair value through profit or loss

  Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Equity instrument financial assets are measured at fair value at initial recognition and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

2.18.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

2.19 Offsetting of financial asset and financial liability

A financial asset and financial liability is offset and the net amount reported in the statement of financial position, if the Company has a legal enforceable right to offset the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.20 Related party transactions

Transactions with related parties are priced on arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

2.21 Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

2.22 Critical accounting estimates and judgments

The preparation of financial statements in conformity with IASs / IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes 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 judgments 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 recognised in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, revaluation of land, buildings and plant and equipment, provision for doubtful receivables and slow moving inventory, staff retirement gratuity and taxation. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

3. Issued, subscribed and paid up capital

2019	2020		2020	2019
Number of shares			Rupees	Rupees
20,991,000	20,991,000	Ordinary shares of Rs. 10/- each fully paid in cash	209,910,000	209,910,000
13,994,000	13,994,000	Ordinary shares of Rs. 10/- each fully paid bonus shares	139,940,000	139,940,000
34,985,000	34,985,000		349,850,000	349,850,000

4. Revaluation surplus on property, plant and equipment

Opening balance	517,348,940	310,152,679
Surplus arisen on revaluation carried out during the year	-	220,358,304
	517,348,940	530,510,983
Incremental depreciation for the year - net of deferred tax	(16,085,607)	(13,162,043)
Deferred tax on surplus	(132,663,065)	-
Incremental depreciation on revalued assets	6,570,177	-
Transferred to deferred tax	(126,092,888)	-
	375,170,445	517,348,940

4.1 Freehold land, building on freehold land and plant and machinery are carried at valuation. Latest valuation on the basis of market values, has been carried out by independent valuers "M/S Impulse (Private) Limited" on June 30, 2019.

5. Staff retirement gratuity

5.1 General description

The scheme provides terminal benefits for all the employees of the Company who attain the minimum qualifying period. Annual charge is based on actuarial valuation carried out as at June 30, 2019 using Projected Unit Credit Method.

	Note	2020 Rupees	2019 Rupees
5.2 The amount recognised in the statement of financial position is as follows :			
Present value of defined benefit obligation		66,602,652	56,523,081
5.3 Movement in net liability recognised			
Opening balance		56,523,081	46,914,385
Expenses recognised in statement of profit or loss	5.4	17,573,750	12,342,900
Paid / adjusted during the year		(5,910,212)	(3,979,013)
Remeasurement loss / (gain) on obligation		(1,583,967)	1,244,809
Balance at June 30,		66,602,652	56,523,081
5.4 Expenses recognised in statement of profit or loss			
Current service cost		9,940,314	8,299,661
Interest cost		7,633,436	4,043,239
		17,573,750	12,342,900
5.5 Principal actuarial assumptions			
Discount factor used		8.5% Per annum	14.25% Per annum
Expected rate of increase in salaries		7.5% Per annum	13.25% Per annum
Expected average remaining working lives of participating employees		7 years	7 years

5.6 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is :

	Change in assumptions	Reworked defined benefit obligation: Increase in assumptions	Reworked defined benefit obligation: Decrease in assumptions
		----------Rupees----------	
Discount rate	100 bps	61,964,711	71,903,060
Salary increase rate	100 bps	72,070,726	61,728,396

5.7 The above sensitivity analysis is based on change in an assumption 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 the defined benefit obligation to significant actuarial assumptions, the same method (Projected Unit Credit Method) has been applied as for calculating the liability of staff retirement gratuity.

	Note	2020 Rupees	2019 Rupees
6. Deferred taxation	6.1	122,904,023	-
Provision of deferred tax on surplus		132,663,065	-
(Reversal) of deferred tax related to:			
Incremental depreciation on revalued assets		(6,570,177)	-
Remeasurement of staff retirement gratuity		459,350	-
(Reversed)/provided during the year		(3,648,215)	-
		122,904,023	-

6.1 It represents the following:

Deferred tax liability:			
Difference between accounting and tax bases of assets		142,218,792	-
Deferred tax asset			
Due to gratuity		(19,314,769)	-
		122,904,023	-
7. Provision for Gas infrastructure development cess payable		750,457	-
Less : Current portion			
Payable within one year		(353,573)	-
		396,884	-

7.1 This represents amount of arrears payables to Sui Northern Gas Pipelines Limited (SNGPL) in 24 equal monthly installments commencing from August 2020 without the late payment surcharge. The late payment surcharge will be payable in case of delay in the payment of any installment on due date.

	Note	2020 Rupees	2019 Rupees
8. Trade and other payables			
Creditors		9,006,751	4,683,477
Accrued liabilities		13,130,183	13,847,515
Worker's profit participation fund	8.1	926,574	339,706
Worker's welfare fund		352,098	-
Sales tax payable		3,830,107	-
Other		983,659	668,744
		28,229,372	19,539,442

8.1 Worker's profit participation fund

Opening balance	339,706	-
Interest on funds utilised in the Company's business	23,454	-
	363,160	-
Amount paid to workers on behalf of the fund	(363,160)	-
	-	-
Allocation for the year	926,574	339,706
	926,574	339,706

	Note	2020 Rupees	2019 Rupees
9. Short term bank borrowings			
Secured			
Under mark up arrangement			
From banking company			
Cash finance	9.2	-	7,939,474

9.1 The aggregate unavailed short-term borrowing facilities available to the Company are Rs. 50 million (2019: Rs. 42.06 million).

9.2 This is secured against first charge over fixed and current assets of the Company. This is further secured by personal guarantee of directors of the Company. This is subject to markup at 3 months KIBOR plus 1.5% per annum. (2019: 3 months KIBOR plus 1.5% per annum).

Effective mark up rate was 8.76% per annum (2019: 8.42% to 12.49% per annum).

	Note	2020 Rupees	2019 Rupees
10. CONTINGENCY AND COMMITMENT			
Contingencies			
Liability of authorities under the Payment of Wages Act due to pending appeal	10.1	148,553	148,553
Sales tax demand not acknowledged due to pending appeal	10.2	145,473	145,473
Demand of Faisalabad electric supply company	10.3	5,330,701	-
Commitment			
Under letter of credit for stores		-	4,910,313

10.1 The commissioner of authority under the Payment of Wages Act passed order on August 23, 2017 and created demand of Rs. 148,553/- in respect of filed claims under Payment of Wages Act, 1936. Currently the case is pending for adjudication before Honorable Labour Court, Faisalabad. The management, based on opinion of its legal advisor, believes that there is reasonable probability that the matter will be decided in favor of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.

10.2 The Assistant Commissioner Inland Revenue has passed an order on February 14, 2019 and created sales tax demand of Rs. 145,473/- in respect of tax period July-2013 to November-2014. Currently the case is pending for adjudication before Commissioner Inland Revenue (Appeals), Faisalabad. The management, based on opinion of its tax consultant, believes that there is reasonable probability that the matter will be decided in favor of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.

10.3 The Faisalabad electric supply company has created demand of Rs. 5,330,701/- in respect of detection/penalty The management has filed petition before electric inspector Faisalabad. The management, based on their opinion of its legal consultant, believes that there is reasonable probability that the matter will be decided in favor of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.

	Note	2020 Rupees	2019 Rupees
11. Property, plant and equipment			
Operating assets	11.1	954,603,226	971,480,177
Capital work in progress - plant and machinery		-	2,881,245
Capital work in progress - Building		13,630,886	
		968,234,112	974,361,422

11.1 Operating assets

	Freehold land (note 9.2)	Building on freehold land	Plant and machinery	Factory equipment	Office equipment	Furniture and fixture	Vehicles	Arms and ammunitions	Total
	Rupees								
At July 01, 2018									
Cost / valuation	52,162,500	138,475,064	600,963,602	7,142,400	13,743,185	2,966,695	51,981,142	34,100	867,468,688
Accumulated depreciation	-	(12,213,540)	(103,371,378)	(1,439,534)	(4,787,307)	(1,681,030)	(19,347,522)	(23,420)	(142,863,731)
Net book value	52,162,500	126,261,524	497,592,224	5,702,866	8,955,878	1,285,665	32,633,620	10,680	724,604,957
Year ended June 30, 2019									
Opening net book value	52,162,500	126,261,524	497,592,224	5,702,866	8,955,878	1,285,665	32,633,620	10,680	724,604,957
Additions	-	48,483,714	9,461,933	57,677	791,011	-	-	-	58,794,335
	-	-	-	-	-	-	-	-	-
Revaluation surplus arisen during the year	17,387,500	88,308	202,882,496	-	-	-	-	-	220,358,304
Depreciation charge	-	(3,257,546)	(24,936,653)	(287,174)	(467,868)	(64,283)	(3,263,362)	(533)	(32,277,419)
Closing net book value	69,550,000	171,576,000	685,000,000	5,473,369	9,279,021	1,221,382	29,370,258	10,147	971,480,177
At July 01, 2019									
Cost / valuation	69,550,000	187,047,086	813,308,031	7,200,077	14,534,196	2,966,695	51,981,142	34,100	1,146,621,327
Accumulated depreciation	-	(15,471,086)	(128,308,031)	(1,726,708)	(5,255,175)	(1,745,313)	(22,610,884)	(23,953)	(175,141,150)
Net book value	69,550,000	171,576,000	685,000,000	5,473,369	9,279,021	1,221,382	29,370,258	10,147	971,480,177
Year ended June 30, 2020									
Opening net book value	69,550,000	171,576,000	685,000,000	5,473,369	9,279,021	1,221,382	29,370,258	10,147	971,480,177
Additions	-	-	9,475,676	3,850	158,067	-	24,566,580	-	34,204,173
Disposal:									
Cost	-	-	-	-		-	(16,002,445)	-	(16,002,445)
Accumulated depreciation	-	-	-	-		-	8,352,660	-	8,352,660
	-	-	-	-	-	-	(7,649,785)	-	(7,649,785)
Depreciation charge	-	(4,289,400)	(34,289,482)	(273,844)	(467,811)	(61,069)	(4,049,227)	(506)	(43,431,339)
Closing net book value	69,550,000	167,286,600	660,186,194	5,203,375	8,969,277	1,160,313	42,237,826	9,641	954,603,226
At June 30, 2020									
Cost / valuation	69,550,000	187,047,086	822,783,707	7,203,927	14,692,263	2,966,695	60,545,277	34,100	1,164,823,055
Accumulated depreciation	-	(19,760,486)	(162,597,513)	(2,000,552)	(5,722,986)	(1,806,382)	(18,307,451)	(24,459)	(210,219,829)
Net book value	69,550,000	167,286,600	660,186,194	5,203,375	8,969,277	1,160,313	42,237,826	9,641	954,603,226
Annual rate of depreciation (%)	-	2.5	5	5	5	5	10	5	

	2020 Rupees	2019 Rupees
11.1.1 Depreciation for the year has been allocated as under:		
Cost of goods sold	38,852,726	28,481,373
Administrative expenses	4,578,613	3,796,046
	43,431,339	32,277,419

11.2 The total area of land of the company is 378700.5-Sft. which is used for head office and production unit.

11.3 Disposal of property, plant and equipment

2020

Asset	Cost	Written down value	Sale proceeds	Gain / (Loss) on disposal	Mode of disposal	Nature of relationship	Particulars of buyer
Vehicle	6,812,150	3,382,677	5,000,000	1,617,323	Negotiation	None	Toyota Faisalabad Motors. West canal Road Faisalabad.
Vehicle	2,315,000	882,763	1,725,000	842,237	Negotiation	None	Toyota Faisalabad Motors. West canal Road Faisalabad.
Vehicle	6,875,295	3,384,345	4,400,000	1,015,655	Negotiation	None	Toyota Faisalabad Motors. West canal Road Faisalabad.
	16,002,445	7,649,785	11,125,000	3,475,215			
2019	-	-	-	-			

11.4 Fair value measurement of the Company's property, plant and equipment

The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

The fair value of the building on freehold land was determined using the market comparable approach that reflects the recent transaction prices for assets of comparable utility and age, adjusted for obsolescence.

The fair value of the plant and machinery was determined based on the market comparable approach that reflects recent transaction prices for similar assets adjusted for depreciation.

The fair value measurement of revalued assets is based upon unobservable inputs (level 3).

11.5 Had there been no revaluation, the related figures of freehold land, building on freehold land and plant and machinery at June 30, 2020 and 2019 would have been as follows:

	2020		
	Cost	Accumulated depreciation	Written down value
	----------Rupees----------		
Freehold land	9,659,905	-	9,659,905
Building on freehold land	201,841,123	43,023,662	158,817,461
Plant and machinery	487,510,544	253,658,272	233,852,272
	699,011,572	296,681,934	402,329,638

	2019		
	Cost	Accumulated depreciation	Written down value
	----------Rupees----------		
Freehold land	9,659,905	-	9,659,905
Building on freehold land	201,841,123	38,951,419	162,889,704
Plant and machinery	478,034,868	241,807,417	236,227,451
	689,535,896	280,758,836	408,777,060

11.6 Forced sale value of revalued assets is Rs. 752,958,000/-

	2020 Rupees	2019 Rupees
12. Long term security deposits		
Against utilities	4,467,696	4,467,696
Others	42,086	42,086
	4,509,782	4,509,782
13. Stores, spares and loose tools		
Stores	10,346,300	16,505,571
Spares	15,125,589	12,122,870
Loose tools	69,726	55,734
	25,541,615	28,684,175

13.1 Stores and spares include items that many result in fixed capital expenditure but are not distinguishable.

14. Stock in trade		
Finished goods - cloth	3,864,987	3,864,987
15. Trade debts		
Considered good		
Unsecured		
Local	67,664,995	59,275,733

	Note	2020 Rupees	2019 Rupees
16. Loans and advances			
Considered good			
Loans			
Employees	16.1	14,975,868	14,937,427
Advances			
Suppliers		404,807	534,554
For purchases / expenses		16,207,389	21,740,575
Income tax		8,392,889	3,981,212
Letters of credit fee margin and expenses		-	492,373
		39,980,953	41,686,141

16.1 The loans and advances are provided to employees under their terms of employment on interest free basis.

	Note	2020 Rupees	2019 Rupees
17. Other receivables			
Considered good			
Export rebate / duty drawback		32,533	316,500
Insurance claim		400,000	723,400
Other		231,809	411,547
		664,342	1,451,447
18. Tax refunds due from Government			
Sales tax		25,583,280	36,396,781
Income tax		20,050,163	19,252,376
		45,633,443	55,649,157
19. Cash and bank balances			
Cash in hand		1,192,380	906,019
Cash at banks			
In current accounts		42,651,253	3,848,591
		43,843,633	4,754,610
20. Sales			
Conversion and sizing income		387,085,364	321,650,337
21. Cost of sales			
Cost of goods manufactured	21.1	334,906,629	282,351,113
Finished goods			
Opening stock		3,864,987	941,535
Closing stock		(3,864,987)	(3,864,987)
		-	(2,923,452)
		334,906,629	279,427,661

	Note	2020 Rupees	2019 Rupees
21.1 Cost of goods manufactured			
Raw material consumed		-	226,688
Sizing cost		68,789,535	64,279,856
Salaries, wages and benefits		121,453,362	100,378,825
Staff retirement benefits		15,113,425	10,614,894
Fuel and power		59,238,686	53,167,019
Stores, spares and loose tools		26,183,998	16,753,700
Packing material		3,696,389	2,367,084
Repairs and maintenance		1,226,620	1,885,173
Insurance		2,825,320	2,779,202
Depreciation	11.1.1	38,852,726	28,481,373
		337,380,061	280,933,814
Less: Contract costs	21.1.1	(2,473,432)	(1,009,789)
Work in process			
Opening stock		-	2,427,088
Closing stock		-	-
		-	2,427,088
		334,906,629	282,351,113

21.1.1 It represents costs accumulated on conversion of cloth in process for outside parties.

	Note	2020 Rupees	2019 Rupees
22. Other income			
Gain on disposal of vehicle		3,475,215	-
Rebates		947	-
		3,476,162	-
23. Selling cost			
Loading		1,619,660	1,618,485
24. Administrative expenses			
Directors' remuneration	29	10,560,000	9,360,000
Salaries and benefits		6,626,457	6,462,961
Staff retirement benefits		2,460,325	1,728,006
Electricity and gas		520,363	496,955
Insurance		898,733	885,996
Rent, rates and taxes		101,200	101,400
Vehicles running and maintenance		3,366,142	4,436,727
Travelling and conveyance		522,684	481,293
Postage, telephone and telex		700,431	648,583
Printing and stationery		251,714	255,065
Auditors' remuneration	24.1	537,500	537,500
Legal and professional		331,500	126,600
Fees and subscriptions		1,004,543	931,865
Entertainment		536,431	642,628
Charity and donations	24.2	600,000	660,000
Depreciation	11.1.1	4,578,613	3,796,046
Other		408,635	397,545
		34,005,271	31,949,170

	2020 Rupees	2019 Rupees
24.1 Auditors' remuneration		
Assurance services		
Annual audit	450,000	450,000
Half yearly review	40,000	40,000
Non-assurance services	47,500	47,500
	537,500	537,500

24.2 Ashfaq Ahmad - Chief Executive Officer of the Company is Trustee of the Liver Foundation Trust, Faisalabad. The Company has made payment of donations amounting to Rs. 600,000/- (2019: Rs.600,000/-) to Liver Foundation Trust during the year.

	Note	2020 Rupees	2019 Rupees
25. Other operating expenses			
Workers' profit participation fund		926,574	339,706
Worker's welfare fund		352,098	-
Balances written off		1,033,187	-
		2,311,859	339,706
26. Finance cost			
Interest / mark up on:			
Short term bank borrowings		336,647	1,826,657
Workers' profit participation fund		23,454	-
Bank charges and commission		105,208	34,239
		465,309	1,860,896
27. Provision for taxation			
Current			
For the year		5,806,280	3,000,301
Deferred	27.1	(3,648,215)	-
		2,158,065	3,000,301

27.1 Deferred taxation

There were no temporary differences till last year as the income of the Company was chargeable to tax under final tax regime. Income of the company is now chargeable under the normal tax regime.

27.2 The relationship between tax expense and accounting profit

The relationship between tax expense and accounting profit has not been presented in these financial statements as income is subject to minimum tax. Provision for taxation has been made under section 113 of the Income Tax Ordinance, 2001.

		2020	2019
28. Earnings per share - Basic and diluted			
Profit for the year	(Rupees)	15,094,733	3,454,118
Weighted average number of ordinary shares outstanding during the year	(Number)	34,985,000	34,985,000
Earnings per share - Basic and diluted	(Rupees)	0.43	0.10

28.1 There is no dilutive effect on the earnings per share of the Company.

29. REMUNERATION TO CHIEF EXECUTIVE OFFICER , DIRECTORS AND EXECUTIVES

	2020			2019		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	Rupees					
Remuneration	2,600,000	4,440,000	1,992,320	2,340,000	3,900,000	1,992,320
House rent allowance	1,170,000	1,998,000	896,544	1,053,000	1,755,000	896,544
Conveyance allowance	130,000	222,000	99,616	117,000	195,000	99,616
	3,900,000	6,660,000	2,988,480	3,510,000	5,850,000	2,988,480
Number of persons	1	2	2	1	2	2

29.1 The Chief Executive Officer and Directors are entitled to reimbursement of telephone bills. The monetary value of these benefits is Rs. 85,051- (2019: Rs. 88,870/-). The Directors have waived off their meeting fee.

30. TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of associated undertakings, directors and key management personnel. Remuneration to Chief Executive Officer and Directors are disclosed in Note 28. The Company has not carried out any other significant transactions with the related parties.

31. PLANT CAPACITY AND ACTUAL PRODUCTION

	2020	2019
Weaving		
Number of looms installed	243	243
Number of looms worked	243	243
Standard cloth production (Sq. meters)	30,711,000	30,711,000
Actual production (Sq. meters)	30,645,985	30,624,461
Sizing		
Warping machines	3	3
Sizing machines	1	1
Standard production (Kgs.)	4,150,000	4,150,000
Actual production (Kgs.)	2,395,462	2,387,932

31.1 Reasons for short fall:

- It is difficult to determine precisely the production / rated capacity in textile weaving since it fluctuates widely depending on various factors such as speed, width and construction of cloth etc.
- The actual production is planned to meet the market demand.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations through the mix of equity, debt and working capital management with a view to maintain an appropriate mix between various sources of finance to minimise risk. The overall risk management is carried out by the finance department under the oversight of Board of Directors in line with the policies approved by the Board.

33.1 FINANCIAL INSTRUMENTS BY CATEGORY

	2020 Rupees	2019 Rupees
Financial assets at amortized cost:		
Deposits	4,509,782	4,509,782
Trade debts	67,664,995	59,275,733
Loans	14,975,868	14,937,427
Other receivables	400,000	723,400
Cash and bank balances	43,843,633	4,754,610
	131,394,278	84,200,952
Financial liabilities at amortized cost:		
Trade and other payables	27,302,798	19,199,736
Interest / markup payable	-	272,400
Short term bank borrowings	-	7,939,474
	27,302,798	27,411,610

33.2 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's activities expose it to a variety of financial risks (credit risk, liquidity risk and market risk). Risks measured and managed by the Company are explained below:

33.2.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The Company is exposed to concentration of credit risk towards a customer which represent 84.62% (2019: 68.31%) of total trade debts. The maximum exposure to credit risk at the reporting date is as follows:

	2020 Rupees	2019 Rupees
Deposits	4,509,782	4,509,782
Trade debts	67,664,995	59,275,733
Loans	14,975,868	14,937,427
Other receivables	400,000	723,400
Bank balances	42,651,253	3,848,591
	130,201,898	83,294,933

Due to the Company's long standing relations with counter parties and after giving due consideration to their financial standing, the management do not expect non performance by these counter parties on their obligations towards the Company.

For trade debts, credit quality of the customer is assessed, taking into consideration its financial position and previous dealings. Individual credit limits are set. The management regularly monitor and review customers credit exposure. The majority of customers of the Company are situated in Pakistan. The trade debts as at reporting date were not past due.

33.2.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity is to maintain sufficient level of liquidity of the Company on the basis of expected cash flows, requirements of holding highly liquid assets and maintaining adequate reserve borrowing facilities to cover liquidity risk. This includes maintenance of statement of financial position liquidity ratios through working capital management. Following are the contractual maturities of financial liabilities including interest payments as at June 30, 2020 and 2019;

	2020		
	Carrying amount	Contractual cash flows	Six months or less
	----------Rupees----------		
Financial liabilities:			
Trade and other payables	27,302,798	27,302,798	27,302,798
	27,302,798	**27,302,798**	**27,302,798**

	2019		
	Carrying amount	Contractual cash flows	Six months or less
	----------Rupees----------		
Financial liabilities:			
Trade and other payables	19,199,736	19,199,736	19,199,736
Interest / markup payable	272,400	272,400	272,400
Short term bank borrowings	7,939,474	8,457,819	8,457,819
	27,411,610	**27,929,955**	**27,929,955**

The Company will manage the liquidity risk from its own source through equity and working capital management. As at the date of statement of financial position, the Company has liquid assets of Rs. 172.78 (2019: Rs. 136.07 million) and unavailed short term borrowing facilities of Rs. 50 million (2019 : Rs. 42.06 million) (Refer Note 9).

33.2.3 Market risk

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

i) Interest rate risk

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

Majority of interest rate risk arises from short term borrowings from banks. The interest rate profile of the Company's interest bearing financial instruments is presented in relevant notes to the financial statements.

Sensitivity analysis

Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

Fair value sensitivity analysis for fixed rate instruments

The Company has no fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not effect statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments

There is no exposure of variable rate instruments at the year end requiring sensitivity analysis.

ii) 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. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. At the reporting date, the Company is not exposed to any currency risk.

iii) Equity price risk

Trading and investing in quoted equity securities give rise to equity price risk. At the reporting date, the Company is not exposed to equity price risk.

33.3 Fair values of financial instruments

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

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, regardless of whether that price is directly observable or estimated using another valuation technique.

33.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or obtain long term financing from directors / financial institutions.

The Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view the future investment requirements and expectation of the shareholders. The capital structure of the Company consists of net debt and equity of the Company. Debt is calculated as short term bank borrowings as shown in the statement of financial position. Total capital comprises of shareholders' equity as shown in the statement of financial position under 'share capital and reserves' and net debt (debt less cash and cash equivalents). At the reporting date, the Company is not exposed to capital risk.

34. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue on October 3, 2020 by the Board of Directors of the Company.

35. GENERAL

35.1 Impact of Covid-19 (Corona Virus)

The spread of COVID-19 adversely impacted the global economy. On March 23, 2020, the Government of Pakistan announced a lock down as a measure to control the spread of the COVID–19. Complying with the lockdown announcement, the Company temporarily closed its operations from March 23, 2020 to April 01, 2020. In the Company's case, the lockdown was relaxed from April 01, 2020 subject to implementation of Standard Operating Procedures (SOPs) designed to ensure safety of employees, the Company resumed its operations after taking all necessary steps to ensure smooth continuation of its business. The overall slow-down in global economy has caused disruptions to the customers who are mainly exporters. Due to this, management has assessed the accounting implications of these developments on these financial statements, particularly on the areas of expected credit losses under IFRS 9, 'Financial Instruments'.

35.2 Non-Adjusting event after the reporting period

The Board of Directors in its meeting held on October 3, 2020 has approved the issue of bonus shares to the shareholders at the rate of 10% i.e. (one) bonus share for every (Ten) ordinary shares.

35.3 The nomenclature of line item "Distribution cost" has been changed to "selling cost" for more appropriate presentation. Figures have been rounded off to the nearest Rupee.

----SD---	---SD---	---SD---
CHIEF EXECUTIVE OFFICER	**DIRECTOR**	**CHIEF FINANCIAL OFFICER**

PROXY FORM

The Corporate Secretary
ASHFAQ TEXTILE MILLS LTD.
8-A/1, Officer Colony,
Susan Road, Madina Town,
Faisalabad.

I/We _____ of _____ being

member(s) of ASHFAQ TEXTILE MILLS LIMITED., and holder of _____

Ordinary Shares as per Share Register Folio # _____ (In case of Central Depository System

Account Holder A/C # _____ Participant I.D. # _____) hereby

appoint _____ of _____ who is member of the

company as Register Folio # _____ or failing him/her _____

of _____who is member of the company as per Register Folio # _____

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the company to be held

on wednesday, October 28, 2020 at 09.00 a.m. at any adjournment thereof.

Signd this _____ day of _____2020.

Affix Rs. 5/- Revenue Stamp

Signature

_____

(Signature appended above should agree with the specimen signature registered with the Company.

NOTES:

1. The proxy form, duly completed and signed, must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.

2. No person shall act as proxy unless he / she himself / herself is a member of the Company, except that, a corporation may appoint any person as a proxy who is not a member.

3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a membe with the Company all such instruments of proxy shall be rendered invalid.

4. In case of proxy for an individual CDC shareholder, attested copies of NIC or the passport, account and participant's I. D. number of the beneficial owner alongwith the proxy is required to be furnished with the proxy form.

3. In case of corporate entity, the Board of Directors' resolution/power of attorny with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form of the Company.