

# *ALI ASGHAR TEXTILE MILLS LIMITED*

## *Annual Report 2020*





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# Ali Asghar Textile Mills Limited

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Annual Report 2020

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## **Vision Statement**

To strive through excellence through Commitment, Integrity, Honesty and Team Work

## **Mission Statement**

Operate state of the Art spinning machinery capable of producing high quality cotton and blended yarn for knitting and weaving



## COMPANY INFORMATION

### Board of Directors

Mr. Nadeem Ellahi Shaikh	(Chief Executive/ Executive Director)
Mr. Muhammad Afzal	(Chairman/Non-Executive)
Mr. Abdullah Moosa	(Executive Director)
Mr. Ahmed Ali	(Non-Executive Director)
Mr. Muhammad Suleman	(Executive Director)
Mr. Sultan Mehmood	(Non-Executive Director)
Mr. Muhammad Zubair	(Independent Director)

### Audit Committee

Mr. Muhammad Zubair	Chairman
Mr. Sultan Mehmood	Member
Mr. Muhammad Afzal	Member

### Human Resources & Remuneration (HR&R) Committee

Mr. Muhammad Zubair	Chairman
Mr. Muhammad Afzal	Member
Mr. Ahmed Ali	Member
Mr. Nadeem Ellahi	Member

### CFO

Mr. Muhammad Suleman

### Company Secretary

Mr. Abdullah Moosa

### Auditor

M/s. Mushtaq & Co. Chartered Accountants

### Banker

Habib Bank Ltd, Soneri Bank Ltd.  
Habib Metropolitan Bank Limited  
Bank Al-Habib Ltd, MCB Bank Limited

### Shares Registrar

C. & K. Management Associates (Pvt) Ltd  
404- Trade Tower, Abdullah Haroon Road  
Metropole Hotel, Karachi-75530  
Phone: 35687839, 3568593

### Registered Office

Plot No. 6, Sector No. 25, Korangi Industrial Area, Karachi. 74900

### Website Mills

[www.aatml.com.pk](http://www.aatml.com.pk)  
Plot 6, Sector No. 25 Korangi Industrial Area  
Karachi. 74900

**PATTERN OF SHAREHOLDING  
HELD BY THE SHAREHOLDERS**

As on June 30, 2020

No. of Shareholders	Shareholdings	Total Shares held
482	1	43,563
305	101	96,010
107	501	90,701
149	1001	1,378,340
22	5001	174,775
10	10001	119,599
5	15001	89,200
3	20001	73,000
1	30001	30,500
1	35001	39,000
3	40001	127,736
1	45001	50,000
2	70001	146,200
1	3700001	3,701,464
2	10245001	38,266,606
		<b>44,426,694</b>
<b>Director, Chief Executive Officer</b>		
Nadeem Ellahi	18,293,275	41%
Marium Humayun	40,940	0.0922%
Raja Gazanfar Ali	1,000	0.0023%
Muhammad Suleman	1,000	0.0023%
Abdullah Moosa	1,000	0.0023%
Sultan Mehmood	1,000	0.0023%
Muhammad Azad Khan	1,000	0.0023%
Associated Company, Undertaking and related parties		
NIT & ICP (investment Companies)	4,800	0.0108%
Banks Development Financial Institutions, Joint stock, non Banking Financial and other Institutions		
Insurance Company	171,499	0.3860%
Modarabas and Mutual Funds		
Shareholding 10% - Naveed Ellahi	19,973,331	45%
General Public		
Local	5,937,849	13.3655%
Foreign		
Others		
		<b>44,426,694</b>
		<b>100%</b>

Nadeem Ellahi	41%
Naveed Ellahi	45%
Mrs. Gulnar Humayun	8%

## DIRECTOR REPORT

The directors are pleased to presents the accounts for the year ended 30-06-2020.

The company PAT was Rs. 134.53 Million versus LAT of Rs. (16.54 Million) in SPLY

The management plan as approved in the AGM held on October 2019 was executed and surplus land was disposed off to create funding for the logistic hub. As discussed in details in the director report of December 2019, equipment for pre-fabricated building is under installation.

The facility once completed will be able to offer 3PL Services/ warehousing and quick packaging and distribution facilities to prospective customers. During the year, corona virus impacted the operation of the company and construction work remained stopped for some weeks before resuming again, with proper SOP as laid down by the government of Pakistan

Regarding qualification of the auditor please see reply point wise.

- a) Sending and receiving third party confirmation (in this case, balance conformation from First Dawood Investment Bank and Bank of Punjab) is one of the procedures applied by auditors to verify the balance pending. The management has not only disclosed each material fact about these liabilities under note number 18.2, 18.4, 24.1 & 24.2 but also provided all documents relating to First Dawood Investment Bank Limited and Bank of Punjab liability which could help them verify such balances through other alternate audit procedures but the auditor still choose to qualify these liabilities because they couldn't satisfy themselves on the basis of their judgment.
- b) The management believes that the liability should not be recorded more than the probable outflow of economic benefit and in this case, as stated in note number 24.1, the management and the legal advisor firmly believes that the outflow won't be more than what already recorded in the books of the company and basing that, the management is of opinion that the markup of

Bank of Punjab along with its pending liability is correctly recorded and properly disclosed in the financial statements.

- c) Regarding outstanding dividend of Rs.2.59, the management is trying, with share register to identify the relevant shareholder. Due to unclaimed dividend been at least 15 years or more, the shareholders are not been identified.

Regarding corporate governance points raised the company has separated the office of the CFO and company Secretary as per requirement Companies Act 2017. Note regarding CFO and company secretary not having proper certifications is noticed. However I would like to add that both individuals are working in senior positions at the company for more than 14 years a decade and have handled all financial issues and negotiations with banks and SECP, PSK diligently. As the company financial position further improves and it is in a position to afford higher salaries, it will appoint higher qualified individuals. Head of internal audit, Mr. Altaf Qadir is a certified ICMA qualified graduate. For director training management is contacting. Proper institutes to complete training of directors.

Management is actively trying to secure contracts for the logistics hub. In the end I would like to thank all the employees for their hard work and persistence, in wake of the serious corona virus threat.

By Order of the Board



NADEEM ELLAHI SHAIKH  
Chief Executive

Karachi  
Dated: October 5, 2020



## ڈائریکٹرز رپورٹ

ڈائریکٹرز 30 جون 2020ء کو ختم ہونے والے سال کیلئے مالیاتی حسابات پیش کرنے پر بے حد خوش ہیں۔

SPLY میں LAT مبلغ 16.54 ملین روپے کے مقابلے میں کمپنی کا PAT مبلغ 134.53 ملین روپے تھا۔

اکتوبر 2019ء کو منعقدہ سالانہ عمومی اجلاس میں منظور شدہ مینجمنٹ پلان پر عملدرآمد کیا گیا اور لاجسٹکس کی فنڈنگ کرنے کیلئے فاضل اراضی کو ضائع کر دیا گیا۔ جیسا کہ دسمبر 2019ء کی ڈائریکٹرز رپورٹ کی تفصیلات میں ذکر کیا گیا ہے، پری فیریکٹیڈ بلڈنگ کیلئے سامان کی تنصیب جاری ہے۔

یہ سہولت ایک بار مکمل ہونے کے بعد 3PL سروسز/ویز ہاؤسنگ اور فوری پیکیجنگ اور ڈسٹری بیوشن کی سہولیات کو ممکنہ صارفین کو پیش کرنے کے اہل ہونگے۔ دوران سال کو روٹا دباؤ نے کمپنی کے آپریشن کو متاثر کیا اور حکومت پاکستان کی جانب سے دی گئی مناسب ایس اوپیز کے ساتھ دوبارہ کام شروع کرنے سے پہلے کچھ ہفتوں تک تعمیراتی کام رک گیا تھا۔

آڈیٹر کی کوالیفیکیشن کے بارے میں براہ کرم جوابی نقطہ نظر ملاحظہ کریں۔

(اے) تیسرے فریق کی تصدیق بھیجنا اور وصول کرنا (اس سلسلے میں، فرسٹ داؤد انویسٹمنٹ بینک اور بینک آف پنجاب سے بیلنس کنفرمیشن) بقیہ بیلنس کی توثیق کیلئے آڈیٹرز کے ذریعہ لاگو کردہ طریقہ کار میں سے ایک ہے۔ انتظامیہ نے ان ذمہ داریوں کے بارے میں ہر مادی حقیقت کا نوٹ نمبر 24.1، 24.2، 18.4، 18.2 کے تحت نہ صرف انکشاف کیا ہے بلکہ فرسٹ داؤد انویسٹمنٹ بینک لمیٹڈ اور بینک آف پنجاب کے قرضہ جات سے متعلق تمام دستاویزات بھی فراہم کئے ہیں جن کی مدد سے وہ دوسرے متبادل آڈٹ طریقہ کار کے ذریعہ اس طرح کے توازن کی تصدیق کر سکتے ہیں، لیکن آڈیٹراب بھی ان ذمہ داریوں کے اہل ہونے کا انتخاب کرتے ہیں کیونکہ وہ اپنے فیصلے کی بنیاد پر خود کو مطمئن نہیں کر سکتے۔

(بی) انتظامیہ اس بات پر یقین رکھتی ہے کہ معاشی فائدے کے آؤٹ فلوس سے زیادہ قرضہ جات ریکارڈ نہیں کیئے جانے

چاہئیں اور اس سلسلے میں جیسا کہ نوٹ نمبر 24.1 میں تحریر کیا گیا ہے۔ انتظامیہ اور قانونی مشیران کو پختہ یقین ہے کہ یہ آؤٹ فلو اس سے زیادہ نہیں ہوگا جو پہلے سے ہی کمپنی کی کتابوں میں درج ہے اور اس بنیاد پر انتظامیہ کی رائے ہے کہ زیر التواء قرضہ جات کے ساتھ بینک آف پنجاب کا مارک اپ مالی حسابات میں صحیح طور پر ریکارڈ اور تحریر کیا گیا ہے۔

(سی) مبلغ 2.59 روپے کے ڈویڈنڈ سے متعلق انتظامیہ شیئر رجسٹر کے ساتھ متعلقہ شیئر ہولڈر کی شناخت کیلئے کوشش کر رہی ہے۔ غیر کلیم شدہ ڈویڈنڈ کو کم از کم 15 سال یا اس سے زیادہ عرصہ گزرنے کی وجہ سے شیئر ہولڈر کی شناخت نہیں کی جاسکتی ہے۔

کارپوریٹ گورننس پوائنٹس میں اضافے کے سلسلے میں کمپنی نے کمپنیز ایکٹ 2017ء کی ضروریات کے مطابق چیف فنانشل آفیسر اور کمپنی سیکریٹری کا دفتر الگ کر دیا ہے کانٹریکٹ لیا گیا ہے۔ چیف فنانشل آفیسر اور کمپنی سیکریٹری کے پاس مناسب سند نہیں ہے۔ تاہم میں یہ اضافہ کرنا چاہتا ہوں کہ دونوں افراد 14 سال سے زائد عرصہ سے کمپنی میں اعلیٰ عہدوں پر اپنے فرائض انجام دے رہے ہیں اور انہوں نے تمام مالیاتی امور اور بینکوں اور ایس ای سی پی، پی ایس کے کے ساتھ معاملات بخوبی نبھائے ہیں۔ جیسے کمپنی کی مالی حالت میں بہتری آئے گی اور کمپنی زیادہ تنخواہ دینے کی متحمل حالت میں ہوگی تو کمپنی اور اعلیٰ قابل اور اہل افراد کا تقرر کرے گی۔ انٹرنل آڈٹ کے سربراہ جناب الطاف قادر ICMA سے سند یافتہ اور گریجویٹ ہیں۔ ڈائریکٹرز کی تربیت مکمل کرنے کیلئے انتظامیہ اداروں سے رابطے میں ہے۔

انتظامیہ لاجسٹکس جب کے معاہدوں کو محفوظ بنانے کیلئے کوششیں کر رہی ہے۔ آخر میں کورونا وبا کے سنگین خطرات کے بعد تمام ملازمین کی محنت اور استقامت کیلئے ان کا شکریہ ادا کرنا چاہتا ہوں۔



بورڈ کی جانب سے

ندیم الہی شیخ

چیف ایگزیکٹو

کراچی

مورخہ 15 اکتوبر 2020ء



## ALI ASGHAR TEXTILE MILLS LIMITED CHAIRMAN REVIEW

I am pleased to present to the shareholders chairman review of the company performance for FY-20.

As Chairman of the Board, the board committee overseeing various functions carried out their duties and decisions were reported in time to the stock exchange and SECP Board committees were monitored to ensure they provided stability to company functions and adhered to all regulations.

The board performance was evaluated a satisfactory as all rules of code of corporate governance were applied.

During the year the board considered and approved many things including quarterly and annual financial statement appointment of external auditors and other financial matter.

I wish to thank the board of members for all their valuable input and time they gave.

CHAIRMAN OF THE BOARD

MUHAMMAD AFZAL

KARACHI DATED 5-10-2020



# علی اصغر ٹیکسٹائل ملز لمیٹڈ

## چیئر مین کا جائزہ

میں شیئر ہولڈرز کو کمپنی کے مالیاتی سال 2020ء کی کارکردگی کا جائزہ پیش کرتے ہوئے مسرت محسوس کر رہا ہوں۔

بحیثیت بورڈ چیئر مین، بورڈ کمیٹی نے مختلف کاموں کی نگرانی کرتے ہوئے اپنے فرائض سرانجام دیئے اور فیصلوں کی بروقت اطلاع اسٹاک ایکسچینج اور ایس ای سی پی کو دی گئی، بورڈ کمیٹیوں کی نگرانی کی گئی تاکہ یہ یقینی بنایا جاسکے کہ وہ کمپنی کے افعال کو استحکام فراہم کرتے ہیں اور تمام قواعد و ضوابط پر عمل پیرا ہیں۔

بورڈ کی کارکردگی کا اطمینان بخش جائزہ لیا گیا کیونکہ کوڈ آف کارپوریٹ گورننس کے تمام قواعد لاگو تھے۔

دوران سال بورڈ نے ایکسٹرنل آڈیٹرز کے سہ ماہی اور سالانہ مالیاتی حسابات اور دیگر مالی معاملات سمیت مختلف امور پر غور کیا اور اس کی منظوری دی۔

میں بورڈ کے ممبران کا ان کے تعاون اور قیمتی وقت کیلئے ان کا شکریہ ادا کرنا چاہتا ہوں۔

بورڈ چیئر مین

محمد افضل

کراچی مورخہ 05-10-2020



# ALI ASGHAR TEXTILE MILLS LIMITED

306-308, Uni Tower,  
I.I.Chundrigar Road, Karachi.  
Phone : (9221) 32416060-2  
32467853-5  
Fax : (9221) 32416063  
Email : aatml@cyber.net.pk  
Website : www.aatml.com.pk

## STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of Company: Ali Asghar Textile Mills Limited  
Year Ended: 30 June 2020

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

1. The total number of Directors are Seven (7) as per the following:
  - a. Male : 7
  - b. Female: 0
2. The composition of board is as follows:
  - I) Independent directors  
Mr. Muhammad Zubair
  - II) Non-executive Director  
Mr. Ahmed Ali  
Mr. Muhammad Afzal  
Mr. Sultan Mehmood
  - III) Executive Directors  
Mr. Nadeem Ellahi  
Mr. Muhammad Suleman  
Mr. Abdullah Moosa
3. The Directors have confirmed that none of them are serving as a director in more than seven listed companies, including this Company.
4. The Company has prepared a code of conduct and ensures that appropriate steps have been taken to disseminate it through the company along with its supporting policies and procedure.
5. The Board has developed a vision and 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.





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6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/Shareholders as empowered by the relevant provisions of the Companies 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 Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Out of Seven Directors, one director meets the exemption requirements of the Directors' Training Program and six directors have to obtained the Directors Training program in future.
10. The Board has approved appointment of Chief Finance Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Finance Officer and Chief Executive Officer duly endorsed the financial statements of the Company before approval of the Board.
12. The Board has formed committees comprising of members given below:

a) Audit Committee

Name of Director	Designation
Mr. Muhammad Zubair.	Chairman
Mr. Sultan Mehmood	Member
Mr. Muhammad Afzal	Member

b) HR and Remuneration Committee:

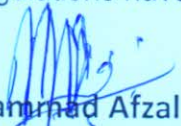
Name of Director	Designation
Mr. Muhammad Zubair	Chairman
Mr. Muhammad Afzal	Member
Mr. Ahmed Ali	Member
Mr. Nadeem Ellahi	Member

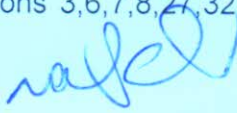


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13. The terms of reference of the aforesaid committees have been formed, documented and advised to the Committee for compliance.
14. The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following:
- |                                  |                   |
|----------------------------------|-------------------|
| a) Audit Committee               | Quarterly Meeting |
| b) HR and Remuneration Committee | Annual Meeting    |
15. The Board has set-up an effective Internal Audit Function managed by suitably qualified and experienced personnel who are involved in the internal audit function 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(ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants(IFAC) guidelines on the Code of Ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive, Chief Finance Officer, head of internal audit, company secretary or director of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of the Regulations 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with.

  
Mr. Muhammad Afzal  
Chairman

  
Nadeem Ellahi  
Chief Executive  
Date: October 5, 2020

**ALI ASGHAR TEXTILE MILLS LIMITED**  
**Notice of 54<sup>th</sup> Annual General Meeting**

Notice is hereby given that the 54<sup>th</sup> annual general meeting of Ali Asghar Textile Mills Limited will be held at 306-308 Unitowers, I.I. Chundrigar road, Karachi on October 27, 2020 at 08:30 A.M. sharp to transact the following business:

**ORDINARY BUSINESS**

1. To confirm minutes of the last General Meeting held on October 26, 2019. To receive, consider and adopt audited Accounts for the year ended 30<sup>th</sup> June 2019 together with Auditor's and Director Report thereon.
2. To appoint auditors for the financial year 2020-21 and to fix their remuneration.

**OTHER BUSINESS:**

1. To transact any other business as may be placed before the meeting with the permission of the chair.

Dated: October 2<sup>nd</sup> October 2020

By the order of Board  
Abdullah Moosa  
Company Secretary

**Notes:**

The Share Transfer Books will remain closed and no transfer of shares will be accepted for registration from October 21<sup>st</sup> to October 27<sup>th</sup> (both days inclusive).

1. Participation in the annual general meeting:



A member entitled to attend and vote at this meeting is entitled to appoint another member/any other person as his/her proxy to attend and vote.

2. Duly completed instrument of proxy, and the other authority under which it is signed, thereof, must be lodged with the secretary of the company at the company's registered office at least 48 hours before the time of the meeting.
3. The CDC account holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

**A. For attending the meeting:**

- 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 identity by showing his original computerized national identity card (CNIC) or 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 the meeting.

**B. For appointing proxies:**

- 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 submit the proxy form accordingly.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport
- iv) The proxy shall produce his/her original CNIC or original passport at the time of meeting.

v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted along with proxy form to the company.

4. Accounts of the company and other material information shall be provided on the website [www.aatml.com.pk](http://www.aatml.com.pk)
5. Pursuant to section 132(2) of the companies act 2017, if the company receives consent from membes holding aggregate 10% or more shareholding, residing in geographical location to participate in the meeting through video conference at least seven (7) days prior to the date of meeting, the company will arrange video conference facility in that city subject to availability of such facility in the city.

**KEY OPERATING AND FINANCIAL RESULTS**  
**FROM 2014-2015 TO 2019-2020**

ACCOUNTING YEAR	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
	'000	'000	'000	'000	'000	'000
<b>OPERATING RESULTS</b>						
Rental Income	3,855	11,173	12,134	5,723	3,637	3,046
Sales-Net	-	-	-	-	-	-
Gross Profit (Loss)	(17,066)	(7,558)	509	(6,161)	(8,372)	(12,378)
Net Profit (Loss) After Tax	134,532	(4,858)	(4,858)	(11,362)	(13,459)	(23,360)
<b>FINANCIAL POSITION</b>						
<b>Assets Employed:</b>						
Operating Assets	768,161	373,462	365,563	369,586	373,920	377,353
Current Assets	899,279	33,652	35,674	32,382	32,016	50,828
Other Assets	15,146	5,232	15,018	4,389	3,886	3,736
Deferred Cost	-	-	-	-	-	-
<b>Assets Financed By:</b>						
Shareholders Equity	1,453,622	319,112	317,186	255,743	268,014	20,655
Directors Loan	10,590	80,898	66,067	45,598	39,005	17,902
Surplus on revaluation of Fixed Assets	425,180	257,293	258,185	259,132	260,138	261,206
Long term Loan	60,701	60,886	60,886	108,642	100,755	78,835
Other Deferred Liability	1,906	1,725	1,544	2,785	1,492	1,329
Current Maturity	8,552	8,552	8,552	8,652	8,652	9,902
Other Current Liabilities	159,711	23,614	28,630	37,319	32,400	59,150
<b>Key Ratios</b>						
Gross Profit to Sales %	0	0	0	0	0	0
Net Profit (Loss) to Sales %	0	0	0	0	0	0
E.P.S	3.03	(0.29)	(0.11)	(0.26)	(0.30)	(0.53)
Current Ratio	5.34	1.05	0.93	0.77	0.78	0.86

### INDEPENDENT AUDITOR'S REVIEW REPORT

#### TO THE MEMBERS OF ALI ASGHAR TEXTILE MILLS LIMITED

*On the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulation, 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 **Ali Asghar Textile 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.



Following instances of non-compliance with the requirements of the Code were observed which are stated as under:

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations 2019.	Non-Compliances
01	The company has no female director.
02	The company has 3 executive directors, which is more than one third of board composition.
02	The company has only one independent director instead of two; also he is not meeting the eligibility criteria, as he is the employee of the company.
09	Company is not meeting the requirement of director training program criteria. Half of the total directors are not trained up to 30.06.2020, as required by the Code.
10	Chief Financial Officer and Company Secretary are not meeting the eligibility criteria.

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

Karachi:

Date: 05 Oct, 2020

  
MUSHTAQ & COMPANY  
Chartered Accountants  
Engagement Partner  
Zahid Hussain Zahid  
ACA





## Independent Auditors' Report

### To the Members of Ali Asghar Textile Mills Limited

#### Report on the Audit of the Financial Statements

##### *Qualified Opinion*

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

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

##### *Basis for Qualified Opinion*

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

- a) As disclosed in note no 18.1, balance payable to First Dawood Investment Bank Ltd amounting Rs. 47.64 million, Bank of Punjab amounting Rs.18.77 million and Bank Alfalah Limited amounting Rs.653,750 in respect of long term financing remains unconfirmed. We were also unable to satisfy ourselves as to the correctness of the reported balances by performing other alternate auditing procedures.
- b) The company has not accounted for markup amounting Rs.2.4 million approximately on outstanding balance in respect of long term loan from the Bank of Punjab. Had the company been accounted for markup, the loss for the current year would have been higher by the same amount. Consequently the aggregate amount of accrued markup would have been increased by Rs.2.4 million approximately and aggregate accumulated loss would have been higher by the same amount.
- c) The company has unclaimed dividend amounting Rs.239,589 as disclosed in note 21. The company has not complied with the requirement of Section 244 of the Companies Act, 2017 which states that the shares along with any dividend which remained unclaimed for a period of three years or more, are to vest with the Federal Government.



### Key Audit Matters

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

S. No.	Key audit matter	How the matter was addressed in our audit
1.	<p><b>Defined Benefit Obligations (Gratuity)</b></p> <p>Refer to note no. 19.1 to the audited financial statements.</p> <p>The Company operates an unfunded gratuity plan, giving rise to net liability of Rs.1.906 million, which is significant in the context of the overall balance sheet of the Company.</p> <p>The valuation of liability requires judgment and technical expertise in choosing appropriate assumptions. Changes in a number of the key assumptions, including:</p> <ul style="list-style-type: none"><li>- salary increase and inflation;</li><li>- discount rate; and</li><li>- mortality.</li></ul> <p>All can have a material impact on the calculation of the liability. The Company uses external actuaries to assist in assessing these assumptions and calculations of these liabilities.</p> <p>The use of these actuaries increases the risk of error as data is passed to third parties for analysis and calculation purposes.</p>	<p>We evaluated the qualification of actuary and assessed, whether the assumptions used in valuation report for calculating the gratuity plan liabilities, including salary increases, inflation, mortality rate and discount rate assumptions, were reasonable and consistent with based on national and industry data. We were satisfied that the rates used fell within acceptable ranges.</p> <p>We understood and tested key controls over the completeness and accuracy of data extracted and supplied to the Company's actuary</p> <p>We also performed sample testing to agree underlying employee data, supporting human resources documentation and assessed the appropriateness of the closing liability based on known movements and assumptions. No issues were identified to raise concerns over the valuation of the gratuity liability.</p> <p>We also read and assessed the disclosures made in the financial statements, including disclosures of the assumptions and restated figures of prior years and found them to be appropriate.</p>



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

Management is responsible for the other information. The other information comprises information obtained prior to the date of auditor's report, and information expected to be made available to us after the date of auditor's report; but does not include the financial statements and our auditor's report thereon.

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

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

### *Responsibilities of Management and Board of Directors for the Financial Statements*

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of 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 and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Engagement partner on the audit resulting in this independent auditor's report is **Zahid Hussain Zahid, ACA**.

Karachi.

Dated: 05 Oct, 2020

  
MUSHTAQ & CO.  
Chartered Accountants



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

	Note	2020 Rupees	2019 Rupees Restated	2018 Rupees Restated
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Operating fixed assets	4	768,161,724	357,730,691	353,347,473
Capital Work in Progress	5	8,178,406	-	11,202,138
Long Term Investments	6	-	8,884	14,652
Long Term Deposits	7	3,850,387	2,336,169	2,336,169
Long Term loans and advances	8	3,117,771	2,887,194	1,465,976
		783,308,288	362,962,938	368,366,408
<b>CURRENT ASSETS</b>				
Inventory		-	-	1,980,000
Loans and advances	9	5,663,791	7,803,087	5,947,499
Investments	10	886,753,103	-	-
Trade deposits and short term prepayments	11	1,611,230	1,611,230	1,611,230
Other receivables	12	213,854	21,362,359	21,362,359
Tax refunds due from Government	13	3,214,866	2,494,277	3,538,344
Cash and bank balances	14	1,822,305	381,286	235,350
		899,279,148	33,652,238	34,674,782
<b>TOTAL ASSETS</b>		<b>1,682,587,436</b>	<b>396,615,179</b>	<b>403,041,190</b>
<b>EQUITY AND LIABILITIES</b>				
<b>SHARE CAPITAL AND RESERVES</b>				
Authorized share capital 50,000,000 (2019: 50,000,000) ordinary shares of Rs. 5 each		250,000,000	250,000,000	250,000,000
Issued, subscribed and paid-up capital	15	222,133,470	222,133,470	222,133,470
Interest free loan from directors	16	10,590,745	80,898,745	66,067,055
Surplus on Revaluation of Fixed Assets	17	682,474,489	257,293,537	258,185,303
Unappropriated Profit/ (Loss)		538,423,575	(257,100,050)	(241,601,114)
		1,453,622,279	303,225,702	304,784,714
<b>NON-CURRENT LIABILITIES</b>				
Long term financing	18	58,508,315	58,508,315	58,508,315
Long term Deposits		287,000	833,850	833,850
Deferred liabilities	19	1,906,239	1,880,956	1,711,000
		60,701,554	61,223,121	61,053,165
<b>CURRENT LIABILITIES</b>				
Trade and other payables	20	100,397,668	13,011,250	15,405,424
Unclaimed Dividends	21	239,589	239,589	239,589
Accrued Mark-up	22	4,930,250	4,930,250	4,930,250
Book overdrafts	23	54,143,648	5,432,819	8,075,600
Current portion of long term borrowings	18	8,552,448	8,552,448	8,552,448
		168,263,603	32,166,356	37,203,311
<b>CONTINGENCIES AND COMMITMENTS</b>	24	-	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,682,587,436</b>	<b>396,615,179</b>	<b>403,041,190</b>

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

  
**NADEEM E. SHAIKH**  
Chief Executive

  
**ABDULLAH MOOSA**  
Director

  
**M.SULEMAN**  
Chief Financial Officer

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

	Note	2020 Rupees	2019 Rupees Restated
Revenue from Rental Income		3,855,480	11,173,280
Directly attributable Cost	25	(20,921,655)	(22,387,342)
<b>Gross Loss</b>		<b>(17,066,175)</b>	<b>(11,214,062)</b>
Administrative expenses	26	(16,250,974)	(5,859,880)
Other expenses	27	(30,575,589)	(5,768)
Other income	28	206,754,111	1,772,568
		159,927,548	(4,093,080)
<b>Profit/(Loss) from operations</b>		<b>142,861,373</b>	<b>(15,307,142)</b>
Finance cost	29	(98,729)	(38,559)
<b>Profit/(Loss) before taxation</b>		<b>142,762,644</b>	<b>(15,345,701)</b>
<b>Taxation</b>			
Current		(8,230,050)	(1,133,711)
Prior Year Tax		-	(61,737)
<b>Profit/ (Loss) after taxation</b>		<b>134,532,594</b>	<b>(16,541,149)</b>
<b>Earning /(Loss) per share - basic and diluted</b>	30	<b>3.03</b>	<b>(0.11)</b>

*The annexed notes form an integral part of these financial statements.*



**NADEEM E. SHAIKH**  
 CHIEF EXECUTIVE



**ABDULLAH MOOSA**  
 Director



**M.SULEMAN**  
 Chief Financial Officer



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

	Note	2020 Rupees	2019 Rupees Restated
Profit/(Loss) after taxation		134,532,594	(16,541,149)
<b>Other comprehensive income/ (loss)</b>			
<i>Items that cannot be reclassified subsequently to profit or loss account:</i>			
Unrealized loss on remeasurement of available for sale investmen	10	(22,005,286)	-
Unrealized gain on remeasurement of staff retirement benefits	19.1	188,817	150,447
<b>Total comprehensive Profit/ (Loss) for the year</b>		<b>112,716,125</b>	<b>(16,390,702)</b>

*The annexed notes form an integral part of these financial statements.*

  
 NADEEM E. SHAIKH  
 Chief Executive

  
 ABDULLAH MOOSA  
 Director

  
 M.SULEMAN  
 Chief Financial Officer



**ALI ASGHAR TEXTILE MILLS LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019
Note	Rupees	Rupees
		Restated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	142,762,644	(15,345,701)
<b>Adjustments for:</b>		
Depreciation	7,410,640	7,988,295
Bad Debt Expense	21,362,358	
Loss on Building Revaluation	9,207,271	
Staff retirement benefits - gratuity	314,100	320,403
Gain on disposal of PPE	(156,293,133)	
Unrealized Gain on remeasurement of trading securities	(22,005,286)	5,768
Finance cost	98,729	38,559
Liability no longer payable	-	
Loss on Inventory Write Off	-	-
	(139,905,320)	8,353,025
Profit before working capital changes	2,857,323	(6,992,676)
<b>(Increase) / decrease in current assets</b>		
Loans and advances	2,139,296	(1,855,588)
Investment in Mutual Funds and Shares	(886,753,103)	
Inventory	-	1,980,000
	(884,613,807)	124,412
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	87,282,991	(2,394,174)
Unclaimed dividend	-	-
<b>Cash generated from operations</b>	(794,473,493)	(9,262,438)
Finance cost paid	(98,729)	(38,559)
Taxes paid	(8,498,252)	(151,381)
Staff retirement benefits gratuity paid	(100,000)	-
	(8,696,981)	(189,940)
<b>Net cash generated from operating activities</b>	(803,170,475)	(9,452,378)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Long term Loans	(230,577)	(1,421,218)
Long Term Deposits	(1,514,218)	
Capital Work in Progress	(8,178,406)	-
Long term investment	8,884	
Fixed capital expenditure	(1,883,952)	(1,169,374)
<b>Net cash used in investing activities</b>	(11,798,269)	(2,590,592)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds and repayment from long term financings - net	-	-
Proceeds from Disposal of PPE	839,100,633	
Interest free directors and other loan	(70,308,000)	14,831,690
Deposit Paid	(546,850)	
Book overdraft	48,710,829	(2,642,781)
<b>Net cash generated from financing activities</b>	816,409,762	12,188,909
<b>Net increase in cash and cash equivalents</b>	1,441,018	145,938
<b>Cash and cash equivalents at the beginning of the year</b>	381,285	235,350
<b>Cash and cash equivalents at the end of the year</b>	1,822,305	381,285

*The annexed notes form an integral part of these financial statements.*



**NADEEM E. SHAIKH**  
Chief Executive Officer



**ABDULLAH MOOSA**  
Director




**M.SULEMAN**  
Chief Financial Officer

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

	Issued, subscribed and Paid up Capital	Loan from directors and others	Reserves			Revaluation Surplus on Property Plant and Equipment	Total Equity
			Capital Reserve	Revenue Reserve	Sub Total		
			Share Premium	Unappropri- ated Profit/ (Loss)			
Rupees							
<b>Balance as at June 30, 2018</b>	222,133,470	66,067,055	-	(229,218,910)	(229,218,910)	258,185,303	317,166,918
<b>Effect of Restatement: Refer note 3.16</b>							
Decrease in unappropriated profit due to depreciation charged on leased assets	-	-	-	(12,215,921)	(12,215,921)	-	(12,215,921)
Decrease in unappropriated profit due to increase in gratuity expense.	-	-	-	(21,908)	(21,908)	-	(21,908)
Loss on remeasurement of staff retirement benefits- gratuity	-	-	-	(144,375)	(144,375)	-	(144,375)
<b>Balance as at June 30, 2018 (restated)</b>	<u>222,133,470</u>	<u>66,067,055</u>	<u>-</u>	<u>(241,601,114)</u>	<u>(241,601,114)</u>	<u>258,185,303</u>	<u>304,784,714</u>
<b>Balance as at July 1, 2018 (restated)</b>	222,133,470	66,067,055	-	(241,601,114)	(241,601,114)	258,185,303	304,784,714
Loss for the year	-	-	-	(16,541,149)	(16,541,149)	-	(16,541,149)
Other comprehensive income/ (loss) for the year	-	-	-	-	-	-	-
Transferred from Surplus on Revaluation - Incremental Depreciation	-	-	-	891,766	891,766	(891,766)	-
Gain on remeasurement of staff retirement benefits- gratuity	-	-	-	150,447	-	-	150,447
Transfer from long term loan from directors	-	14,831,690	-	-	-	-	14,831,690
<b>Balance as at June 30, 2019 (restated)</b>	<u>222,133,470</u>	<u>80,898,745</u>	<u>-</u>	<u>(257,100,050)</u>	<u>(257,250,497)</u>	<u>257,293,537</u>	<u>303,225,702</u>
Balance as at July 1, 2019 (restated)	222,133,470	80,898,745	-	(257,100,050)	(257,250,497)	257,293,537	303,225,702
Profit for the year	-	-	-	134,532,594	134,532,594	-	134,532,594
Other comprehensive loss for the year:							
Unrealized loss on remeasurement of available for sale investment	-	-	-	(22,005,286)	(22,005,286)	-	(22,005,286)
Surplus on Revaluation of Land	-	-	-	-	-	1,122,839,000	1,122,839,000
Reversal of surplus on revaluation of part of land disposed off	-	-	-	682,807,500	682,807,500	(682,807,500)	-
Gain on remeasurement of staff retirement benefits- gratuity	-	-	-	188,817	188,817	-	188,817
Adjustment of loss on revaluation of building on leasehold land (mill and others)	-	-	-	-	-	(14,850,548)	(14,850,548)
Loan from directors and others (Note 16)	-	(70,308,000)	-	-	-	-	(70,308,000)
<b>Balance as at June 30, 2020</b>	<u>222,133,470</u>	<u>10,590,745</u>	<u>-</u>	<u>538,423,575</u>	<u>538,273,128</u>	<u>682,474,489</u>	<u>1,453,622,279</u>

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

  
NADEEM E. SHAIKH  
Chief Executive

  
ABDULLAH MOOSA  
Director

  
M.SULEMAN  
Chief Financial Officer

**ALI ASGHAR TEXTILE MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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**1 THE COMPANY AND IT'S OPERATIONS**

**1.1** The Ali Asghar Textile Mills Limited (the Company) was incorporated in Pakistan on February 9, 1967 as a public limited company under the Companies Act, 1913. Registered office of the company is located at Uni Towers, I. I. Chundrigar Road, Karachi, Sindh. Its shares are quoted on Pakistan Stock Exchange Limited. The principal line of business is to provide the services of logistics, warehouse, construction, rental and allied business. The business premises of the Company is located at plot no.6, Korangi Industrial Area, Karachi, in the province of Sindh.

**1.2** In the AGM held in October 2016 presented shareholders with a new business plan and detailed cash flows. After approval the management has started hiring new employees and started business activities. A state of the art automated logistic hub is been constructed with the help of kirby international Kuwait designed to provide modern support sources to e-commerce oriented companies, FMCG/Pharma.

**1.3** Management assesses the reliability of going concern assumption in preparation of these financial statements and concluded that, it is still in going concern based on following mitigating factors. Accordingly, these financial statements have been prepared on going concern assumption.

**a) Logistic Hub and Warehousing Business**

The directors of the company in a board of directors meeting held in year 2016, approved the business of logistics and warehousing. Equipment for prefabricated building is been installed and completion data is by end of december 2020.

**b) Support of Directors and Sponsors**

Directors and sponsors of the company have committed that if in case any additional funds are required for running the business of the company; it will be provided by the sponsors and directors.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) issued by the international Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2 Accounting Convention**

These financial statements have been prepared under the historical cost convention except as otherwise stated in respective policies.

**2.3 Functional and presentation currency**

These financial statements are presented in Pakistan Rupees which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupee.

**2.4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

**2.5 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS**

**2.5.1 Standards, amendments or interpretations which became effective during the year.**

IFRS 16 'Leases' became effective from 01 July 2019. IFRS 16 "Leases" has replaced IAS 17 "Leases", the former lease accounting standard, and has become effective from annual accounting periods beginning on or after January 1, 2019. IFRS 16 has introduced a single, on-balance sheet accounting model for lessees. As a result, the entity, as a lessee has recognized right-of-use asset representing its rights to use the underlined assets and lease liabilities representing its obligation to make lease payments. The company adopted IFRS-16 using modified approach with the date of initial application of July-19. Under this method, the Standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Accordingly the information presented for prior year has not been restated.



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

2.5.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

		Effective date (annual reporting periods beginning on or after)
IAS 1	Presentation of financial statements	01 Jan, 2020
IAS 8	Accounting policies, changes in accounting	01 Jan, 2020
IAS 16	Property, Plant and Equipment (Amendments)	01 Jan, 2022
IAS 37	Provisions, Contingent Liabilities and	01 Jan, 2022
IAS 39	Financial Instruments: Recognition and	01 Jan, 2020
IFRS 9	Financial instruments (Amendments)	01 Jan, 2020

2.5.3 There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant to the Company and therefore have not been presented here.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, plant and equipment

**Owned assets**

Property, plant and equipment are stated at cost less accumulated depreciation except leasehold land, which is stated at revalued amount less impairment loss, if any. Building on leasehold land is stated at revalued amount less accumulated depreciation and impairment loss, if any. Cost comprises acquisition and other directly attributable costs.

Depreciation is provided on a reducing balance method and charged to profit or loss account to write off the depreciable amount of each asset over its estimated useful life at the rates specified in relevant note. Depreciation on addition to property, plant and equipment is charged from the month of addition while no depreciation is charged in the month of disposal.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized, if any. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit and loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in the profit or loss account.

The Company reviews the useful life and residual value of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on depreciation charge.

**Leased assets subject to finance lease**

Assets subject to finance lease are initially recorded at the lower of present value of minimum lease payment under the lease agreement and the fair value of the leased asset. The related obligations under the lease less financial charges allocated to future period are shown as a liability. Financial charges are allocated to accounting period in a manner to provide constant periodic rate of charge on the outstanding liability. Capitalized or leased assets are depreciated on the same basis and on the same rate as owned assets. Income arising from sales and lease back transaction, if any, is deferred and is amortized equally over the lease period.

**Operating lease**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments received under operating leases are charged to the statement of profit or loss on a straight-line basis over the period of the lease.

**Derecognition**

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.

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

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**Capital work-in-progress**

Capital work in progress is stated at cost and represents expenditure on fixed assets in the course of construction and installation. Transfers are made to relevant fixed assets category as and when assets are available for use intended.

**3.2 Investments**

Investments intended to be held for less than twelve months from the statement of financial position date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

**3.3 Trade debts and other receivables**

Trade debts are initially recognized at fair value and subsequently measured at cost less provision for doubtful debts. A provision for doubtful debts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the trade debts. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy of financial reorganization, and default or delinquency in making payments are considered indicators that the trade debt is doubtful and the provision is recognized in the profit and loss account. When a trade debt is uncollectible, it is written off

**3.4 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

**3.5 Borrowings**

Borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

**3.6 Staff Retirement Benefit**

*Defined benefits plans*

The company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Contributions are made annually to cover the obligation under the scheme on the basis of actuarial valuation and are charged to income. The most recent valuation was carried out on June 30, 2020 using the "Projected Unit Credit Method".

The company has adopted IAS 19, (Revised) 'Employee Benefits'. The amendments in the revised standard require the company to eliminate the corridor approach and recognize all actuarial gains and losses (now called 'remeasurements', that result from the remeasurement of defined benefits obligations and fair value of plan assets at the balance sheet date) in other comprehensive income as they occur, immediately recognize all past service costs and replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefits liability / asset.

**3.7 Trade and other payables**

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

**3.8 Taxation**

**Current year**

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

**Deferred tax**

The company has provided for the current tax based on normal provisions of the income tax ordinance 2001. However, the Company has not provided for deferred tax since the Company's management expects that in consonance with the past trends, future tax liabilities would continue to be finalized and taxed as Separate block of income for Income from Property. Therefore, any timing differences arising during the year are not expected to reverse in future periods.

**ALI ASGHAR TEXTILE MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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**3.9 Dividend and appropriation to reserves**

Dividend and appropriation to reserves are recognised in the financial statements in the period in which they are approved by the shareholders and therefore, they are accounted for as non-adjusting post balance sheet event.

**3.10 Provisions**

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

**3.11 Revenue recognition**

Revenue is recognized to the extent, that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates, and sales tax or duties. The company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or an agent. The Company has concluded that it is acting as a principal in all its revenue arrangements. The following are the specific recognition criteria that must be met before revenue is recognized:

- i. Rental income is recognized on straight-line basis over the lease term except for contingent rental income which is recognized when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognized as an expense over the lease term on the same basis as the lease income. Incentives for lease to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise the option. Amounts received from tenants to terminate leases or to compensate for dilapidations are recognized in the statement of comprehensive income when the right to receive them arises.
- ii. Interest income is recognized as it accrues using the effective interest rate method.
- iii. Dividend income is recognized when the right to receive dividend is established
- iv. Revenue from Service income is recognised when service are rendered.



### 3.12 IFRS 9 "Financial Instruments"

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement bringing together aspects of the accounting for financial instruments: classification and measurement and impairment.

#### **Classification and measurement**

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

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

IFRS 9 permits either a full retrospective or a modified retrospective approach for adoption. The Company has adopted the standard using the modified retrospective approach for classification, measurement and impairment. This means that the cumulative impact, if any, of the adoption is recognized in unappropriated profit as of July 1, 2018 and comparatives are not restated. Details of these new requirements as well as their impact on the Company's financial statements are described below:

This new standard requires the Company to assess the classification of financial assets in its statement of financial position in accordance with the cash flow characteristics of the financial assets and the relevant business model that the Company has for a specific class of financial asset.

IFRS 9 no longer has an "Available for Sale" classification for financial assets. IFRS 9 has different requirements for debt and equity financial assets.

Debt instrument should be classified and measured at either:

- (i) amortized cost, where the effective interest rate method will apply;
- (ii) fair value through other comprehensive income (FVTOCI), with subsequent recycling to the profit or loss upon disposal of the financial asset; or
- (iii) fair value through profit or loss (FVTPL).

Investment in equity instruments, other than those to which consolidation or equity accounting applies should be classified and measured at:

- (i) fair value through other comprehensive income (FVTOCI), with no subsequent recycling to the profit or loss upon disposal of the financial

#### **Financial instruments**

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instruments. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprises the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specific in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement

#### **Financial assets**

##### **Classification**

- a) Amortized cost where the effective interest rate method will apply;
- b) fair value through profit or loss;
- c) fair value through other comprehensive income.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this depends on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI). The Company reclassifies debt investments when its business model for managing those assets changes.

##### **Recognition and derecognition**

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

##### **Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

##### **Debt Instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

###### **a) Amortized cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other operating gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

**b) Fair value through other comprehensive income (FVTOCI)**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to statement of profit or loss and recognized in other income/charges. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/charges and impairment expenses are presented as separate line item in the statement of profit or loss.

**c) Fair value through profit or loss (FVTPL)**

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is substantially measured at FVTPL is recognized in statement of profit or loss and presented net within other operating gains/(losses) in the period in which it

**De-recognition of financial assets**

A financial asset (or, where applicable part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the assets, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the assets.

In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**Impairment of financial assets**

Company assesses on a forward looking basis the Expected Credit Losses (ECL) associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Following are financial instruments there are subject to the ECL model:

- Trade debts
- Loans, advances, deposits, prepayments and other receivables
- Short term investments
- Cash and bank balance

**Simplified approach for trade debts**

The Company recognizes life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of further economic conditions.

Trade debts are separately assessed for ECL measurement. The lifetime expected credit losses are estimated using the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

**Recognition of loss allowance**

The Company recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making a contractual payment.

**Write off**

The company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

**Financial liabilities****Classification, initial recognition and subsequent**

The Company classifies its financial liabilities in the following categories:

- a fair value through profit or loss; and
- Other financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

a) Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.

b) Amortized cost

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in the statement of profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

**De-recognition of financial liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liabilities 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 or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

**Off-Setting financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set off the recognized amounts, and the Company either intends to settle on a net basis, or realize the asset and settle the liability simultaneously. Legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or bankruptcy of the company or the counter party.

**Fair value measurement**

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either;

- In the principal market for the asset or liability ; or

The principal or the most advantageous market is accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized with the fair value hierarchy,

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2-Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to their measurement). The Company's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement. External valuers may be involved for valuation of significant assets and significant liabilities. For the purpose of fair value disclosures, the Company determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.



**3.13 Foreign currency transactions and translation**

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in profit or loss account.

**3.14 Earnings per share - basic and diluted**

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

**3.15 Related party transactions**

All transactions with related parties are carried out by the Company at arms' length price using the method prescribed under the Companies Act, 2017. Nature of the related party relationship as well as information about the transactions and outstanding balances are disclosed in the relevant notes to the financial statements.

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 FOR THE YEAR ENDED JUNE 30, 2020

3.16 Effect of change as per IAS-8 'Accounting Policies, Changes in Accounting Estimates and Errors'

During the previous years, the management had not been charging depreciation on leased assets. Now, the management has decided to charge depreciation on leased assets. The effect of change has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and the comparative figures have been restated. The companies financial statements are affected by the depreciation on leased assets relating to prior years.

During the year, the company has adopted IAS 19, (Revised) 'Employee Benefits'. The amendments in the revised standard require the company to eliminate the corridor approach and recognize all actuarial gains and losses (now called 'remeasurements', that result from the remeasurement of defined benefits obligations and fair value of plan assets at the balance sheet date) in other comprehensive income as they occur, immediately recognize all past service costs and replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefits liability / asset. This change in accounting policy has been accounted for retrospectively as required under International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and the comparative financial statements have been restated

The effects of change have been summarized below:

	2019	2018
<b>Impact on Balance Sheet</b>		
Increase in the retirement benefits obligation	11,045	166,283
Decrease in value of leased assets due to increase in depreciation	(3,515,675)	(12,215,921)
<b>Impact on Statement of changes in equity</b>		
Gain/ (loss) on remeasurement of staff retirement benefits-OCI	150,447	(144,375)
Decrease in unappropriated profit due to increase in gratuity expense	(139,402)	(21,908)
Decrease in unappropriated profit due to depreciation	-	-
<b>Impact on Statement of profit or loss</b>		
Increase in cost of service- due to change in gratuity expense	139,402	21,908
Increase in cost of service- due to depreciation	(3,515,675)	(12,215,921)
<b>Impact on Statement of comprehensive Income</b>		
<i>Items that cannot be reclassified subsequently to profit or loss account :</i>		
Increase/ (decrease) in remeasurement gain	150,447	(144,375)

4 PROPERTY, PLANT AND EQUIPMENT

	Note	2020 Rupees	2019 Rupees
Operating fixed assets	4.1	768,161,724	357,730,691
Capital work in progress	4.4	8,178,406	-
		<u>768,161,724</u>	<u>357,730,691</u>

4.1 Operating fixed assets

2020											
Cost as at July 01, 2019	Additions/ Transferred from CWIP	Adjustments	Revaluation surplus/ (loss)	(Disposal)	Cost as at June 30, 2020	Accumulated depreciation as at July 01, 2019	Depreciation charge for the year	Adjustments/ (Disposal)	Accumulated depreciation as at June 30, 2020	Book value as at June 30, 2020	Annual depreciatio n rate %
Rupees											

Owned Assets

Leasehold land	242,776,000			1,122,839,000	(682,807,500)	682,807,500	-	-	-	682,807,500	-	
Building on leasehold land-Mill	13,327,055	-	(8,424,668)	(3,360,501)	-	1,541,886	8,277,387	192,254	(8,424,668)	44,973	1,496,914	7%
Building on leasehold land-others	46,676,417	1,002,500	(17,781,125)	(20,697,318)	-	9,200,474	16,544,907	1,504,565	(17,781,125)	268,347	8,932,127	5%
Plant and machinery	117,178,828	-	-	-	-	117,178,828	87,659,255	2,066,370	-	89,725,625	27,453,203	7%
Electric Fittings	2,990,757	-	-	-	-	2,990,757	2,082,140	63,603	-	2,145,744	845,013	7%
Generator	520,565	-	-	-	-	520,565	305,848	15,030	-	320,878	199,687	7%
Office Equipments	6,661,221	601,538	-	-	-	7,262,759	4,612,030	259,812	-	4,871,842	2,390,917	7%
Furniture & Fixture	2,240,174	-	-	-	-	2,240,174	1,969,378	18,956	-	1,988,333	251,841	7%
Vehicle	345,471	279,914	-	-	(38,170)	587,215	243,110	20,472	(22,210)	241,372	345,843	20%

Right to use assets

Plant and Machinery	138,173,171	-	-	-	-	138,173,171	91,464,912	3,269,578	-	94,734,490	43,438,681	7%
<b>30.06.2020</b>	<b>570,889,659</b>	<b>1,883,952</b>	<b>-</b>	<b>1,098,781,181</b>	<b>(682,845,670)</b>	<b>962,503,329</b>	<b>213,158,967</b>	<b>7,410,640</b>	<b>(26,228,003)</b>	<b>194,341,604</b>	<b>768,161,724</b>	

## 2019

	Cost as at July 01, 2018	Additions	Adjustments	Revaluation surplus	(Disposal)	Cost as at June 30, 2019	Accumulated depreciation as at July 01, 2018	Depreciation charge for the year (Disposal)	Accumulated depreciation as at June 30, 2019	Book value as at June 30, 2019	Annual depreciatio n rate %
<b>Rupees</b>											
<b>Owned Assets</b>											
Leasehold land	242,776,000	-	-	-	-	242,776,000	-	-	-	242,776,000	-
Building on leasehold land-Mill	13,327,055	-	-	-	-	13,327,055	7,897,305	380,083	8,277,387	5,049,669	7%
Building on leasehold land-others	34,467,460	12,208,957	-	-	-	46,676,417	14,959,038	1,585,869	16,544,907	30,131,510	5%
Plant and machinery	117,178,828	-	-	-	-	117,178,828	85,437,352	2,221,903	87,659,255	29,519,572	7%
Electric Fittings	2,990,757	-	-	-	-	2,990,757	2,013,750	68,390	2,082,140	908,617	7%
Generator	520,565	-	-	-	-	520,565	289,686	16,162	305,848	214,717	7%
Office Equipments	6,547,666	113,555	-	-	-	6,661,221	4,457,790	154,240	4,612,030	2,049,191	7%
Furniture & Fixture	2,240,174	-	-	-	-	2,240,174	1,948,995	20,383	1,969,378	270,796	7%
Vehicle	296,471	49,000	-	-	-	345,471	217,520	25,590	243,110	102,361	20%
<b>Leased assets</b>											
Plant and Machinery	138,173,171	-	-	-	-	138,173,171	87,949,237	3,515,675	91,464,912	46,708,259	7%
<b>30.06.2019 (Restated)</b>	<b>558,518,147</b>	<b>12,371,512</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>570,889,659</b>	<b>205,170,673</b>	<b>7,988,295</b>	<b>-</b>	<b>213,158,968</b>	<b>357,730,691</b>



4.2 Depreciation for the period has been allocated as under.

	Note	2020 Rupees	2019 Rupees
Directly Attributable Cost	25	7,047,797	4,204,016
Administrative expenses	26	362,843	3,784,279
		<u>7,410,640</u>	<u>7,988,295</u>

4.3 Particular of Immovable Asset in the name of the Company are as follows:

Location	Address	Total Area (Square yards)
Karachi	Sector 25, Korangi Industrial Area Karachi.	15173.61

4.4 Movement in Capital work in progress as follows:

Opening balance	-	11,202,138
<i>Addition during the year:</i>		
Building- Mill	9,180,906	1,006,819
	9,180,906	12,208,957
Transfer to operating fixed assets	(1,002,500)	(12,208,957)
Closing balance	<u>8,178,406</u>	<u>-</u>

4.5 Disposal of property, plant and equipment

Particulars	Particulars of buyer	Cost	Accumulated depreciation	Written down value	Gain/(Loss)	Sale Proceeds	Mode of disposal
Leasehold land	Artistic Milliners	682,807,500	-	682,807,500	156,293,133	839,100,633	Negotiation
Vehicles	Mr.Jan Muhammad	38,170	22,210	15,960	(5,960)	10,000	Negotiation
2020		<u>682,845,670</u>	<u>22,210</u>	<u>682,823,460</u>	<u>156,293,133</u>	<u>839,100,633</u>	

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

	Cost as on June 30, 2020	Accumulated depreciation	Book value June 30, 2020	Cost as on June 30, 2019	Accumulated depreciation	Book value June 30, 2019
Leasehold land	121,388,000	-	121,388,000	242,776,000	-	242,776,000
Building on leasehold land-Mill	13,327,055	8,630,865	4,696,190	13,327,055	8,277,387	5,049,669
Building on leasehold land-others	47,678,917	16,569,969	31,108,948	46,676,417	16,544,907	30,131,510
	<u>182,393,972</u>	<u>25,200,834</u>	<u>157,193,138</u>	<u>302,779,472</u>	<u>24,822,293</u>	<u>277,957,179</u>

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

	Note	2020 Rupees	2019 Rupees
<b>5 CAPITAL WORK IN PROGRESS</b>		8,178,406	-
		<u>8,178,406</u>	<u>-</u>
<b>6 LONG TERM INVESTMENTS</b>			
<b>Investment in Shares-</b>			
Engro Power Generation Qadirpur Limited	6.1	-	8,884
6.1 434 shares of Rs.20.47 per share have been transferred to short term investment, refer note 10.			
<b>7 LONG TERM DEPOSITS</b>			
Utilities		2,400,387	886,169
Leasing Companies		1,450,000	1,450,000
		<u>3,850,387</u>	<u>2,336,169</u>
<b>8 LONG TERM LOANS AND ADVANCES</b>			
<i>Considered good-secured</i>			
Loan to staff		3,557,771	3,327,194
Less: Current Portion	9	(440,000)	(440,000)
		<u>3,117,771</u>	<u>2,887,194</u>
8.1 Loan to staff is secured against gratuity.			
<b>9 LOANS AND ADVANCES</b>			
<i>Considered good-unsecured</i>			
Advance to suppliers		5,223,791	7,363,087
Current portion of loan to staff		440,000	440,000
		<u>5,663,791</u>	<u>7,803,087</u>

			Note	2020 Rupees	2019 Rupees
<b>10 INVESTMENTS- Fair Value through Other Comprehensive Income</b>					
	No. of Shares/ Units	Cost	Fair value adustment	Fair value 2020	Fair value 2019
<b>Investments in Equity shares</b>					
Abbot laboratories (Pakistan) Limited.	21,000	7,321,842	6,599,058	13,920,900	-
Adamjee Insurance Company Limited.	147,000	5,449,500	(582,330)	4,867,170	-
Altern Energy Limited.	334,500	8,537,114	(425,489)	8,111,625	-
Agriauto Industries Limited.	60,200	10,516,039	440,361	10,956,400	-
Engro Powergen Qadirpur Limited.	434	8,784	(9)	8,775	-
Century Paper & board mills Limited.	500	27,625	8,160	35,785	-
Archroma Pakistan Limited.	3,100	1,925,350	(98,210)	1,827,140	-
Engro Polymer & Chemicals Limited.	2,024,500	58,088,158	(7,518,173)	50,569,986	-
Fatima Fertilizer Company Limited.	366,000	9,864,765	(81,585)	9,783,180	-
Fauji Cement Company Limited.	294,000	4,993,065	(30,345)	4,962,720	-
Habib Metropolitan Bank Limited.	203,000	7,648,740	(2,003,310)	5,645,430	-
Oil & Gas Development Company	6,600	590,370	129,030	719,400	-
Engro Corporation Limited.	3,800	954,218	158,878	1,113,096	-
United Bank Limited.	124,800	12,796,856	102,472	12,899,328	-
Bank Al Habib Limited.	711,683	38,162,027	(941,006)	37,221,021	-
Habib Bank Limited.	343,467	34,537,992	(1,266,344)	33,271,648	-
Indus Motor Company Limited.	31,360	24,288,441	6,914,445	31,202,886	-
Maple Leaf Cement Factory Limited.	364,000	9,984,045	(527,325)	9,456,720	-
Pakgen Power Limited.	818,000	10,180,900	(356,720)	9,824,180	-
Nishat Power Limited.	602,000	11,960,785	1,674,515	13,635,300	-
Engro Fertilizers Limited.	159,000	9,984,564	(400,044)	9,584,520	-
Fauji Fertilizer Company Limited.	50,000	5,550,575	(51,075)	5,499,500	-
AGP Limited.	42,500	4,972,500	(308,550)	4,663,950	-
	<u>6,711,444</u>	<u>278,344,255</u>	<u>1,436,405</u>	<u>279,780,661</u>	<u>-</u>
<b>Investments in AMC's</b>					
Faysal halal amdani fund	208,351	70,935,663	(50,073,417)	20,862,246	-
Faysal Islamic saving and growth fund	217,856	99,940	22,371,982	22,471,922	-
Faysal money market fund	777,226	50,613,353	28,563,307	79,176,660	-
NBP money market fund	15,170,675	20,835,004	129,089,189	149,924,193	-
UBL Government securities fund	313,679	24,781,120	8,350,685	33,131,805	-
MCB cash management optimizer	1,682,700	79,047,384	90,619,025	169,666,409	-
NBP stock fund	4,901,816	149,662,168	(90,996,251)	58,665,917	-
UBL stock advantage fund	1,598	33,182,621	(33,086,472)	96,149	-
MCB Pakistan stock market fund	532,652	169,256,880	(128,279,739)	40,977,141	-
	<u>23,806,553</u>	<u>598,414,133</u>	<u>(23,441,691)</u>	<u>574,972,442</u>	<u>-</u>
MCB term deposit receipt (TDR).	-	-	-	32,000,000	-
	<u>30,517,997</u>	<u>876,758,388</u>	<u>(22,005,286)</u>	<u>886,753,103</u>	<u>-</u>

## 11 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Infrastructure fee	11.1	<u>1,611,230</u>	<u>1,611,230</u>
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11.1 This represent 50% payment made to Excise and Taxation Department of Government of Sindh against levy of Infrastructure Fee. (refer note 20.3)

	Note	2020 Rupees	2019 Rupees	
<b>12 OTHER RECEIVABLES</b>				
Quality claim receivable	12.1	-	7,362,359	
Price difference claim	12.1	-	14,000,000	
Others		213,854	-	
		<b>213,854</b>	<b>21,362,359</b>	
12.1 The company has written off quality claim and price claim receivable as bad debt expense.				
<b>13 TAX REFUND DUE FROM GOVERNMENT</b>				
Income tax refundable	13.1	1,483,022	1,214,820	
Sales tax refundable		1,661,849	1,259,853	
FED receivable		69,995	19,604	
		<b>3,214,866</b>	<b>2,494,277</b>	
<b>13.1 Income tax refundable</b>				
Opening balance		1,214,820	2,329,784	
Tax deducted during the period		8,498,252	80,484	
		9,713,072	2,410,268	
Less:				
Opening provision for tax liability		-	-	
Provision for current year		(8,230,050)	(1,133,711)	
Prior year tax adjustment		-	(61,737)	
		(8,230,050)	(1,195,448)	
Closing balance		<b>1,483,022</b>	<b>1,214,820</b>	
<b>14 CASH AND BANK BALANCES</b>				
Cash in Hand				
-at Mill		101,518	80,588	
-at Head office		870,459	40,000	
		971,977	120,588	
Cash at Banks - Current Accounts		850,327	260,697	
		<b>1,822,304</b>	<b>381,285</b>	
<b>15 Issued, subscribed and paid-up capital</b>				
		2020	2019	
		Number of shares	Rupees	
		2020	2019	
		Rupees	Rupees	
38,298,874	38,298,874	Ordinary shares of Rs. 5 each allotted for consideration paid in cash	191,494,370	191,494,370
6,127,820	6,127,820	Ordinary shares of Rs. 5 each issued as	30,639,100	30,639,100
<b>44,426,694</b>	<b>44,426,694</b>		<b>222,133,470</b>	<b>222,133,470</b>
<b>16 Loan from directors and others</b>				
Loan from directors and others		<b>10,590,745</b>	<b>80,898,745</b>	
16.1 These are unsecured and interest free loans repayable on the discretion of the company. In compliance with TR-32 issued by The Institute of Chartered Accountants of Pakistan, these loans have been treated as part of equity.				



	Note	2020 Rupees	2019 Rupees
<b>17 SURPLUS ON REVALUATION OF FIXED ASSETS</b>			
Balance as at July 01,			
Land		682,474,489	242,442,989
Building - Mill		4,866,249	5,232,526
Building - Other		9,984,299	10,509,788
		697,325,037	258,185,303
Less: Incremental depreciation			
Building - Mill		(4,866,249)	(366,277)
Building - Others		(9,984,299)	(525,489)
Balance as at June 30,		<u>682,474,489</u>	<u>257,293,537</u>

**17.1** The company revalued its Land & Building on market value basis on 18th February 2020 by Anderson Consulting (Pvt) Ltd , an independent value which result in downward valuation of **Rs 24.057 million**. Previously it was carried out on June 30, 2011 by M/s Asif Associates (Pvt.) Ltd and before that on June 30, 2006 by M/s Consultancy Support and Services. Revaluation of Land was carried out on March 14, 2005 by Consultancy Support and Services, and revaluation was carried out on April 1, 1994 on the basis of market value determined by Eastern Surveyors.

#### **18 LONG TERM FINANCING**

Loans from banking companies and redeemable capital	<b>18.1</b>	<u>58,508,315</u>	<u>58,508,315</u>
<b>18.1 Loans from banking companies and Redeemable Capital - secured</b>			
Redeemable Capital	<b>18.2</b>	47,636,398	47,636,398
Bank Alfalah Limited	<b>18.3</b>	653,750	653,750
Bank of Punjab	<b>18.4</b>	18,770,615	18,770,615
		67,060,763	67,060,763
Less: Current portion shown under current liabilities		(8,552,448)	(8,552,448)
		<u>58,508,315</u>	<u>58,508,315</u>

	Lenders	Particulars	Mark-up rate p.a (%)	No. of instalments outstanding	Date of final repayment
<b>18.2</b>	First Dawood Investment Bank	These are 5 Term Finance Certificates (TFCs) amounting to Rs. 91.3 million and are secured by the ownership right over the leased asset, personal guarantee of directors and post dated cheques. The TFC started from December 01, 2011 and will be matured after 9.7 years. The liability of these TFCs are recorded at the present value of future outflows.	-	-	2021
<b>18.3</b>	Bank Alfalah Limited	As per order of Honorable Court, The company has to pay Rs. 6,030,000 in eight bi-annual equal installments of Rs. 753,750 each.	-	1 semi annual installments	2015
<b>18.4</b>	Bank of Punjab	This liability is against leasing facility. Case filed by the bank of punjab, See Note 23.1	-	-	-

#### **19 DEFERRED LIABILITIES**

Staff retirement benefits - gratuity	<b>19.1</b>	1,906,239	1,880,956
		<u>1,906,239</u>	<u>1,880,956</u>

	Note	2020 Rupees	2019 Rupees
<b>19.1 Staff retirement benefits</b>			
<b>Movement in the net liability recognized in balance sheet</b>			
Opening net liability		1,880,956	1,711,000
Expense for the year	19.2	314,100	320,403
Remeasurement (Gains) recognized in OCI	19.2	(188,817)	(150,447)
		2,006,239	1,880,956
Benefits paid during the year		(100,000)	-
Closing net liability		<b>1,906,239</b>	<b>1,880,956</b>
<b>Movements in present value of defined benefits</b>			
PVDBO - opening		1,880,956	1,711,000
Past service cost		-	-
Current service cost		178,768	98,024
Interest cost		135,332	222,379
Remeasurements (gains)/losses		(188,817)	(150,447)
Benefits paid in the year		(100,000)	-
PVDBO - closing		<b>1,906,239</b>	<b>1,880,956</b>
<b>19.2 Expense recognized in profit or loss account</b>			
Current service cost		178,768	98,024
Interest cost		135,332	222,379
		<b>314,100</b>	<b>320,403</b>
<b>Expense recognized in other comprehensive income</b>			
Net actuarial loss/(gain) recognized		(188,817)	(150,447)
<b>Total</b>		<b>125,283</b>	<b>169,956</b>

### 19.3 General description

The scheme provides for terminal for all its permanent employees who attain the minimum qualifying period. Annual charge is made using the actuarial technique of Projected Unit Credit Method.

#### Principal actuarial assumption

Discount rate	8.50%	14.25%
Average Rate of increment in salary	10.00%	10.00%
Expected year of services (years)	10	10

Estimated charge to P&L for June 30, 2021 Rs. 378,363

The weighted average duration of defined benefit obligation is '4 years.

#### Sensitivity analysis for actuarial assumptions

The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / decreased as a result of change in respective assumptions by 100 basis point.

	Increase in assumptions	Decrease in assumptions
	----- Rupees -----	----- Rupees -----
Discount rate	<b>48,260</b>	(50,068)
Future salaries	<b>(48,919)</b>	<b>48,042</b>

#### Historical information

	2020	2019	2018	2017	2016
	----- R U P E E S -----				
Present value of defined benefit obligation	<b>1,906,239</b>	<b>1,880,956</b>	<b>1,711,000</b>	<b>2,785,015</b>	<b>1,492,000</b>

	Note	2020 Rupees	2019 Rupees
<b>20 TRADE &amp; OTHER PAYABLES</b>			
Trade creditors	20.1	606,350	5,108,027
Accrued liabilities	20.2	98,177,662	6,289,567
Advance from customers		2,426	2,426
Excise and Taxation	20.3	1,611,230	1,611,230
		<u>100,397,668</u>	<u>13,011,250</u>

20.1 Trade creditors include loan from M/s. Premium Exports, sponsor, Rs.499,900 (2019: Rs.4,978,189)

20.2 Accrued liabilities include loan from Mrs. Gulnar Humayun, sponsor, Rs.5,367,301 (2019: Rs.5,367,301).

20.3 The Company has filed a suit against levy of Infrastructure fee, decision of the Honourable Sindh High Court dated 17 September 2008 in which the imposition of levy of infrastructure cess before 28 December 2006 has been declared as void and invalid. However, the Excise and Taxation Department has filed an appeal before the Honourable Supreme Court of Pakistan against the order of the Honourable Sindh High Court. During the current year, the Honourable Supreme Court of Pakistan has disposed off the appeal with a joint statement of the parties that during the pendency of the appeal, another law i.e. fifth version came into existence which was not the subject matter of in the appeal hence the case was referred back to High Court of Sindh with right to appeal to Supreme Court. On May 31, 2011, the High Court of Sindh has granted an interim relief on an application of petitioners on certain terms including discharge and return of bank guarantees / security furnished on consignment released up to December 27, 2006 and any bank guarantee / security furnished on consignment released after December 27, 2006 shall be encashed to extent of 50% of the guaranteed or secured amount only with balance kept intact till the disposal of petition. In case the High Court upholds the applicability of fifth version of the law and its retrospective application the authorities are entitled to claim the amounts due under the said law with the right to appeal available to petitioner.

#### 21 UNCLAIMED DIVIDENDS

Unclaimed Interim Dividend 1995-1996	27,875	27,875
Unclaimed Interim Dividend 1996-1997	95,664	95,664
Unclaimed Interim Dividend 1999-2000	116,050	116,050
	<u>239,589</u>	<u>239,589</u>

#### 22 ACCRUED MARK-UP

Accrued mark-up on long term financing	<u>4,930,250</u>	<u>4,930,250</u>
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22.1 This balance includes markup payable to Bank of Punjab amounting to Rs. 4,930,250 (2019: Rs. 4,930,250), see note 24.1.

#### 23 BOOK OVERDRAFT

Book overdraft	23.1	<u>54,143,648</u>	<u>5,432,819</u>
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23.1 This represents Cheques issued in excess of bank balance. Since there was no banking facility, this has been grouped under Book overdraft.

#### 24 CONTIGENCIES & COMMITMENTS

##### Contingencies

24.1 The Bank of Punjab has filed Suit 62 of 12 before Honorable Banking Court NO. V, Karachi against the company for recovery of Rs. 42.35 million (Principal Rs. 17.1 million alongwith Markup Rs. 25.241 million) as outstanding dues against the leasing facilities provided by the bank. The company has filed an application for leave to defend on 07.02.2013. The company has also provided liabilities amounting to Rs. 18.77 million along with markup Rs. 4.93 million. The management believes that there wont be any outflow of economic benefit more than what it has already recorded and disclosed. In the opinion of Legal advisors of the company, the aforementioned amount of Rs. 42.35 million is exaggerated and is not supported by the statement of account filed by the Bank of Punjab before the learned banking court.

	Note	2020 Rupees	2019 Rupees
24.2	The company has Suit No. B-102 of 13. First Dawood Investment Bank Versus Ali Asghar Textile Mills Limited pending before Honorable Highcourt of Sindh at Karachi. The company trying to settle its TFCs amounting to Rs.89.609 million with First Dawood Bank Limited.The First Dawood Investment Bank has filed suit for the recovery of 89.609 million against lease finance which was converted to TFC's.The company has counter filed case against First Dawood Investment and defending the case and in the opinion of Legal advisor, the management of the company is trying to settle its TFCs with First Dawood Bank Limited at its earliest and is taking all the steps to conclude the aforementioned case.		
24.3	The company has CP no. D-1009 of 12. Ali Asghar Textile Mills Limited Versus Fed. of Pakistan pending before Honorable High Court of Sindh at Karachi. The company trying to settle it at its earliest and in the opinion of Legal advisor, The merits of the case pending are in the favor of the company as it is taking all the steps to conclude the aforementioned case.		
24.4	Guarantees issued by banks on behalf of the Company	1,611,230	1,611,230
24.5	There were no commitments as on year end (2019: Nil).		

## 25 DIRECTLY ATTRIBUTABLE COST

Salaries, wages and benefits	25.1	8,331,590	3,734,301
Land bifurcation charges		-	9,104,400
Power		27,365	63,190
Repairs and maintenance		2,165,179	185,979
Depreciation	4.2	7,047,797	7,719,690
Utilities		235,998	265,254
Printing and stationery		1,510	2,040
Conveyance charges		69,555	57,899
Security expenses		406,012	498,725
Entertainment		51,825	54,225
Vehicle running and maintenance		-	701,639
Legal and professional charges		2,584,824	-
		<b>20,921,655</b>	<b>22,387,342</b>

25.1 Salaries and wages include Rs.314,100 (2019: Rs.320,403) in respect of staff retirement benefits gratuity.

## 26 ADMINISTRATIVE EXPENSES

Directors' remuneration and other benefits		1,525,000	123,604
Travelling and conveyance		214,545	207,993
Rent expenses		624,360	-
Utilities		1,686,706	1,551,698
Postage and telephone		383,682	732,060
Printing and stationery		287,458	159,193
Vehicles running and maintenance		1,784,349	988,214
Fees and subscription		5,569,575	261,261
Entertainment		283,964	290,745
Legal and professional		845,958	237,878
Auditors' remuneration	26.1	225,000	180,000
Repairs and maintenance		651,153	375,383
Depreciation	4.2	362,843	268,603
Advertisement		36,590	49,369
Insurance		359,705	331,826
Miscellaneous expenses		49,271	102,053
Others		1,360,815	-
		<b>16,250,974</b>	<b>5,859,880</b>



	Note	2020 Rupees	2019 Rupees
<b>26.1 Auditors' remuneration</b>			
Annual audit		175,000	130,000
Half yearly review		50,000	50,000
		<b>225,000</b>	<b>180,000</b>
<b>27 OTHER EXPENSES</b>			
Loss on disposal of vehicle		5,960	-
Loss on trading securities		-	5,768
Loss on revaluation of building (mill and others)		9,207,271	-
Bad debts expenses		21,362,358	-
		<b>30,575,589</b>	<b>5,768</b>
<b>28 OTHER INCOME</b>			
Gain on disposal of leasehold land		156,293,133	-
Scrap sales		186,350	74,200
Rent payable waived off		-	1,698,368
Gain on disposal of trading securities		21,334,271	-
Dividend income		28,726,503	-
Others		213,854	-
		<b>206,754,111</b>	<b>1,772,568</b>
<b>29 FINANCE COST</b>			
Bank charges		98,729	38,559
		<b>98,729</b>	<b>38,559</b>
<b>30 EARNING/ (LOSS) PER SHARE</b>			
<b>Basic Earning / (Loss) Per Share</b>			
Earning/(loss) for the year		134,532,594	(4,878,545)
Weighted average number of ordinary shares		44,426,694	44,426,694
Earning/(Loss) per share - basic and diluted		3.03	(0.11)
<b>Dilutive Earning Per Share</b>			

30.1 There were no convertible dilutive potential ordinary shares in issue as at June 30, 2020 and June 30, 2019.

### 31 RELATED PARTY DISCLOSURE

The related parties comprises directors and key management personnel. Amounts due to related parties are shown in the relevant notes to the financial statements. Transactions with related parties are disclosed below:

Nature of transaction	Nature of Relationship	Note	2020 RUPEES	2019
Rent and other expenses	Sponsor	26	(624,360)	-
Loan (repaid)/ received From directors	Director	16	(70,308,000)	14,831,690
Short term loan received from Mrs. Gulnar Humayun	Sponsor	20.2	-	4,450,000
Short term loan-net (repaid) to / received from Premium exports	Sponsor	20.1	(4,478,289)	4,924,226

### 32 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

#### Chief Executive

Remuneration	26	1,440,000	-
Other benefits-Utilities	26	1,412,883	1,544,488
		<b>2,852,883</b>	<b>1,544,488</b>
Number of person		<b>1</b>	<b>1</b>

#### Directors

Remuneration	26	85,000	56,000
Other benefits		-	67,604
		<b>85,000</b>	<b>123,604</b>
Number of persons		<b>5</b>	<b>5</b>

32.1 The chief executive of the company is provided with company maintained car and utilities at residence.

### 33 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURE

The company has exposure to the following risks from its use of financial instruments

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

The board of directors has overall responsibility for the establishment and oversight of company's risk management framework. The board is also responsible for developing and monitoring the company's risk management policies.

#### 33.1 Credit risk

Credit risk represents the accounting loss that would be recognized at reporting date if counter-parties failed completely to perform as contracted. Company does not have significant exposure to any individual counter-party. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. Management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. To mitigate the risk, company has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of inland letters of credit, cash security deposit, bank guarantees and insurance guarantees.

#### 33.2 Exposure to credit risk

The maximum exposure to credit risk at the reporting date was as follows:

	30th June	30th June
	2020	2019
	----- PKR -----	
Long term Investment	-	8,884
Long term deposits	3,850,387	2,336,169
Loans and advances	5,663,791	7,803,087
Trade deposits and short term prepayments	1,611,230	1,611,230
Other receivables	213,854	21,362,359
Cash and bank balances	1,822,305	381,286
	<b>13,161,567</b>	<b>33,503,015</b>

Credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit rating (if available) or to historical information about counterparty default rate.

Due to Company's long standing business relationship with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company.

#### 33.3 The aging of trade debtors at the close of the balance sheet date is as follows:-

Not past due	-	-
0 - 30 days past due	-	-
31 - 90 days past due	-	-
90 - 1 year past due	-	-
Over one year	-	-
Impairment	-	-
	<b>-</b>	<b>-</b>

#### 33.4 Based on the past experience, sales volume, consideration of financial position, past track records and recoveries, economic conditions of particularly the textile sectors and generally the industry, the company believes that it is prudent to provide trade.

### 33.5 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities. The Company manages liquidity risk by maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows.

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

June 30, 2020						
Carrying amount	Contractual cash flow	Six months or less	Six to twelve months	Two to five years	More than five years	
-----PKR-----						
Non derivative financial liabilities:-						
Long term financing	58,508,315	-	-	-	58,508,315	-
Long term loans from directors	-	-	-	-	-	-
Long Term Deposits	287,000	-	-	-	287,000	-
Trade and other payables	100,397,668	-	-	-	100,397,668	-
Accrued mark up	4,930,250	-	-	-	4,930,250	-
	<b>164,123,233</b>	-	-	-	<b>164,123,233</b>	-

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

June 30, 2019						
Carrying amount	Contractual cash flow	Six months or less	Six to twelve months	Two to five years	More than five years	
-----PKR-----						
Non derivative financial liabilities:-						
Long term financing	58,508,315	-	-	-	58,508,315	-
Long term loans from directors	-	-	-	-	-	-
Long Term Deposits	833,850	-	-	-	833,850	-
Trade and other payables	13,011,250	-	-	-	13,011,250	-
Accrued mark up	4,930,250	-	-	-	4,930,250	-
	<b>77,283,665</b>	-	-	-	<b>77,283,665</b>	-

33.6 The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at June 30. The rates of mark up have been disclosed in relevant notes to these financial statements.

### 33.7 Market Risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instruments, changes in market sentiments, speculative.

### 33.8 Currency risk

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

The Company is not exposed to any currency risk arising from various currency exposures

### 33.9 Other Price Risk

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

### 33.10 Interest Rate Risk

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates. Majority of the interest rate arises from short and long term borrowings from bank.

	2020	2019
	RUPEES	
<b>Fixed rate instruments</b>		
Financial assets	-	8,884
Financial liabilities	-	-
<b>Variable rate instruments</b>		
Financial assets	886,753,103	-
Financial liabilities	58,508,315	58,508,315

#### Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

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

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss		Equity	
	100 bp Increase	100 bp Decrease	100 bp Increase	100 bp Decrease
	-----PKR-----			
Cash sensitivity analysis				
Variable rate instruments 2020	8,282,448	(8,282,448)	-	-
Cash sensitivity analysis				
Variable rate instruments 2019	585,083	(585,083)	-	-

### 33.11 Fair value of financial assets and liabilities

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



### 33.12 Fair value of financial assets and liabilities

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

### 33.13 Fair Value Hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 to 3 based on the degree to which the fair value is observed.

Level 1 fair value measurement are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurement are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### 33.14 Capital risk management

The company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowings divided by total capital employed. Borrowings represent long term financing, long term financing from directors and others and short term borrowings. Total capital employed includes total equity as shown in the balance sheet plus borrowings.

34 NUMBER OF EMPLOYEES	2020	2019
Total number of employees as at June 30	28	28
Average number of employees during the year	27	27

### 35 SUBSEQUENT EVENT

No subsequent events were identified during the period.

### 36 IMPACT OF COVID-19 ON FINANCIAL STATEMENTS

During the year, the World Health Organization declared the Novel strain of Corona virus (Covid-19) a global pandemic and recommended containment and mitigation measures worldwide. The Federal and Provincial governments of Pakistan also took various measures, including imposition of lockdown, from the end of March 2020 to contain the spread of Covid-19. This caused an overall economic slowdown and varying degree of disruption to various businesses resulting in temporary decline in revenue. Company's management has assessed the possible accounting implications arising from Covid-19 for these financial statements.

### 37 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison, the effects of which are not material.

### 38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **5 October 2020** by the Board of Directors of the Company.

### 39 GENERAL

The figure have been rounded off to the nearest Rupee.



**NADEEM E. SHAIKH**  
Chief Executive



**ABDULLAH MOOSA**  
Director



**M.SULEMAN**  
Chief Finance Officer

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## PROXY FORM

I/We .....  
of ..... being a member of  
**ALI ASGHAR TEXTILE MILLS LIMITED** and a holder of ..... ordinary shares  
as per Share Register Folio No. ....  
(in case of Central Depository System Account Holder A/c No. ....  
Participant I.D.NO. ....) hereby appoint .....  
of ..... another member of the Company as per  
Register Folio No. .... or (failing him / her) .....  
of ..... another member of the Company) as my / our Proxy  
to attend and vote for me/us and on my/our behalf at 48th Annual General Meeting of the Company  
to be held on Thursday, October 30, 2014 at 1:00 p.m. at Plot 2&6 Sector No.25 Korangi Industrial  
Area Karachi and at any adjournment thereof.

(Member's Signature)

Witness(1): \_\_\_\_\_

NIC #. \_\_\_\_\_

Address \_\_\_\_\_

Witness(2): \_\_\_\_\_

NIC #. \_\_\_\_\_

Address \_\_\_\_\_

Place \_\_\_\_\_ Date \_\_\_\_\_

Affix Rs. 5/-  
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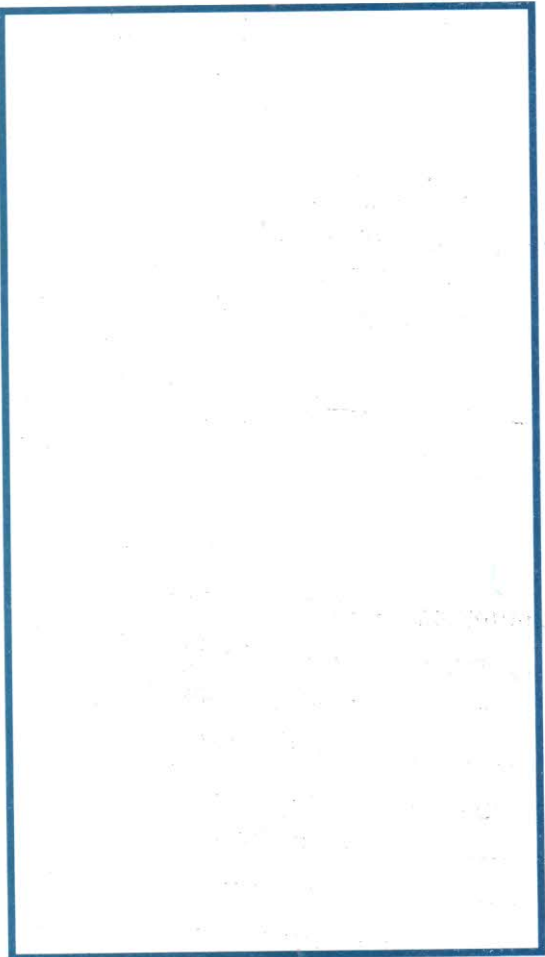
(Signature should agree with the  
specimen signature registered in  
the Company)

**NOTE:**

1. The Proxy should be deposited at the Registered Office of the Company not later than 48hours before the time for holding the meeting.
2. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy to attend and instead of him/her.
3. In case of Central Depository System Account Holder, an attested copy of identify card should be attached to this Proxy Form.
4. Proxies, in order to be effective, must be duly stamped, signed and witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned.

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