

PREMIUM



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VISION STATEMENT

At Premium Textile Mills Ltd we envisage ourselves as a leading company in the manufacturing of value added yarn. Our relentless endeavors are directed to make our customers view Premium as a reliable brand that gets to the future first.

MISSION STATEMENT

Our mission is to manage and operate the company in a manner that allows continued growth and profitability without high risk for investors. We do this by offering quality products to our customers, by constantly striving to improve our product to meet our customer's needs and by trying to keep abreast of the new developments taking place in the textile world.

CORPORATE INFORMATION

Board of Directors

Mr. Mohammad Aslam Parekh
Mr. Abdul Kader Haji Adam
Mr. Mohammad Yasin Siddik
Mr. Mohammad Ali Jaliawala
Mr. Mohammad Tufail
Mr. Khizer Yousuf Sattar
Mr. Tanzeel Abdul Sattar (NIT Nominee)

Chairman
Chief Executive
Executive Director
Director
Director
Director
Director

Company Secretary

Iqbal Chappra

Managing Director

Mr. Zaid Siddik

Technical Director

Mr. Ashraf Aziz

Chief Financial Officer

Ms. Shenila Parekh

Head of Internal Audit

Mr. S. Wasif Hussain Naqvi

Auditors

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Registered office

1st floor, Haji Adam Chambers,
Altaf Hussain Road, New Challi,
Karachi.
Phone : 0213-2400405-8
Email: premhead@premiumtextile.com

Mill

Plot 58,60,61 & 76,77,78 Main Super
Highway, Nooriabad, Distt. Dadu (Sindh),
Pakistan. Phone : (025) 4007463-9

Website

www.premiumtextile.com

Share Registrar

FD Registrar Services (SMC-Pvt) Ltd.
17th floor, Saima Trade Tower _A
I.I. Chundrigar Road, Karachi
Phone: 0213-2271905-6
fdregistrar@yahoo.com

Bankers

Bank Al- Habib limited
Bank Al- Falah limited
Meezan Bank Limited
Habib Bank Limited

Audit Committee

Mr. Mohammad Tufail	Chairman
Mr. Mohammad Ali Jaliawala	Member
Mr. Khizer Yousuf Sattar	Member

Human Resources & Remuneration Committee

Mr. Mohammad Ali Jaliawala	Chairman
Mr. Mohammad Tufail	Member
Mr. Khizer Yousuf Sattar	Member

Company Profile

Ever since the inception of Premium Textile Mills Ltd. Took place in 1989 the group has successfully diversified into manufacturing of garments & auto parts and trading employing more than 700 people in its work force. The relentless perseverance of the formative years has been the guiding principle for the group to achieve an annual turnover in excess of Rs.8 billion. However, as the flagship company Premium Textile Mills Ltd remains the major contributor in the brilliant standing of the group.

Premium Textiles started its operations with 12,230 spindles serving only the local market in the initial years. It is now annually producing approximately 33,620,034 Kg (based on 20/1) with 81,660 spindles and installed the machines like MVS & ACO-9 which increase the productivity. Currently, the company is operating in both local and international horizons that have brought the company to a reckoned position in a competitive industry. With a commitment to invest every year in BMR, Premium Textiles is geared towards acquiring latest technology to provide better value for money to our customers in the form of Premium yarn. The company is also operating its own power generation plant to ascertain uninterrupted power supply all the year round.

Having served customers in the Americas, Europe, Middle East, Central Asia and Far East we have the requisite experience and feel of the customers around the world. Acquisition of latest technology coupled with stringent quality control measures have given us an edge that reflects in our quality and the portfolio of satisfied customers. Our standards of business ethics and the human capital form the assets that are revered not only throughout the organization but also in the industry.



BOARD OF DIRECTORS

Mr. Mohammed Aslam Parekh

Chairman

Mr. Aslam Parekh is the Chairman of Premium Textile Mills Ltd and has been associated with Premium textile Mills Ltd since 1990, being a Director of other companies takes and accepts challenges and takes decisions in critical situations & scenarios. He also plans & forecasts for both long & short term position. He actively participates in planning for the new projects and bared in an excellent manner for expansion & development. He attained very good experience of Textile Spinning, weaving & finishing. He has experience and is competent in business dealing especially for procurement of plant & machinery.

Mr. Abdul Kadir Haji Adam

Chief Executive

Mr. Abdul Kadir is the Chief Executive of Premium Textile. He possesses wide experience in textile Business. He has been in the business for more than 45 years. He has full knowledge of working of Textiles and provides guidance to the management for smooth running of the mills, future planning and selection of right person for the job. He travelled abroad and enjoys good reputation both in and outside the country. He is also on the Board of other companies & trust.

Mr. Mohammed Yasin Siddik

Executive Director

Education:

Matric St. Patrick's School Karachi (1973)
Graduation St. Patrick's College Karachi. (1979)
Post-Graduation M.B.A. Institute of Business Administration, Karachi (1982)

Working Experience:

- Internship with Grindlays Bank Ltd.
- 1982 went into the field of ship breaking at Gadani Beach and continued for 5- years during which 7 vessels were dismantled.
- Took dealership of Pakistan Steels and Peoples Steel Mills and traded in steel for 5 years
- Set up Premium Textile Mills Ltd.
- Started a Spinning Mills based on 12380 spindles in the Public Listed Sector and gradually increased it now to 81660 spindles. The company is by the name of **Premium Textile Mills Limited** and is listed on the Pakistan Stock Exchange. The annual turnover now is above Rs 8.8 Billion.
- Have held the office of Chairman APTMA (Sindh Baluchistan.) for 3 years.
- Was elected Chairman APTMA (All Pakistan.) 2013-2014.

Mr. Mohammed Ali Jaliawala

Non-Executive Director
Independent Director

Mr. M. Ali Jaliawala has been associated with Premium Textile Mills since 1990, being a Director he has undertaken various expansion projects of Textile. The textile has quite complex dimensions due to seasonal exposure and hence requires efficient planning. He is experienced and competent in business

dealings especially for procurement of raw material & others assets .He has a rich experience in export sales as well as in local market.

Mr. Mohammed Tufail
Non-Executive Director
Independent Director

Mr.Tufail Sattar joined the Board as a Director in 1998. He is also a member of the audit Committee at Premium Textile Mills Ltd. Mr.Tufail Sattar graduated with a Bachelor's degree in Business administration from Whittier College, California. He is also a partner in Prudential Enterprises, a trading company dealing in home textiles and dairy ingredients. He attended very good experience of Textile, participating in planning of expansions and new projects.

Mr.Khizer Yousuf Sattar
Non-Executive Director

Mr.Khizer Sattar joined the Board as a Director in 2018. He is a Partner in Prudential Enterprises, a trading and home textiles sourcing company. Mr.Khizer Sattar has vast experience in International Business, working closely with international retailers and importers to manage their supply chain and sourcing from Pakistan. Completed Directors' Training Program in Jun'2019.

Mr. Tanzeel Abdul Sattar (NIT Nominee)
Non-Executive Director

Mr. Tanzeel Abdul Sattar has been associated with NIT (National Investment Trust Ltd). He has had four year of experience in Mutual fund Industry and has earned experience of all facets of finance Division of the Asset Management Company (includes trust Accounts and Management Company Accounts). He also served as Departmental Head since 4 years with strong background in financial & business management, Strategic Planning, Budget Administration, Audit coordination & Tax planning. He was also associated with KPMG for three years as Supervisor responsible in planning & finalization of audit having IT experience.

BOARD OF DIRECTORS COMMITTEES

1- AUDIT COMMITTEE

The Board of Directors in compliance with the Code of Corporate Governance has established an Audit Committee and the following Directors are its members:

Mr. Mohammed Tufail Sattar	Chairman
Mr. Mohammed Ali Jaliawala	Member
Mr. Khizer Yousuf Sattar	Member

The terms of reference of the audit committee shall also include the following:

1. The Audit Committee shall, recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision by the external auditors of any service to the company in addition to audit of its financial statements.
2. Determination of appropriate measures to safeguard the company's assets;
3. Review of quarterly, half-yearly and annual financial statements of the company, prior to their approval by the Board of Directors, focusing on:
 - Major judgmental areas;
 - Significant adjustments resulting from the audit;
 - The going concern assumption;
 - Any changes in accounting policies and practices;
 - Compliance with applicable accounting standards;
 - Compliance with listing regulations and other statutory and regulatory requirements; and Significant related party transactions.
4. Review of preliminary announcements of results prior to publication;
5. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
6. Review of management letter issued by external auditors and management's response thereto;
7. Ensuring coordination between the internal and external auditors of the company;
8. Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;
9. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
10. Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
11. Review of the company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
12. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;
13. Determination of compliance with relevant statutory requirements;
14. Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
15. Consideration of any other issue or matter as may be assigned by the Board of Directors.

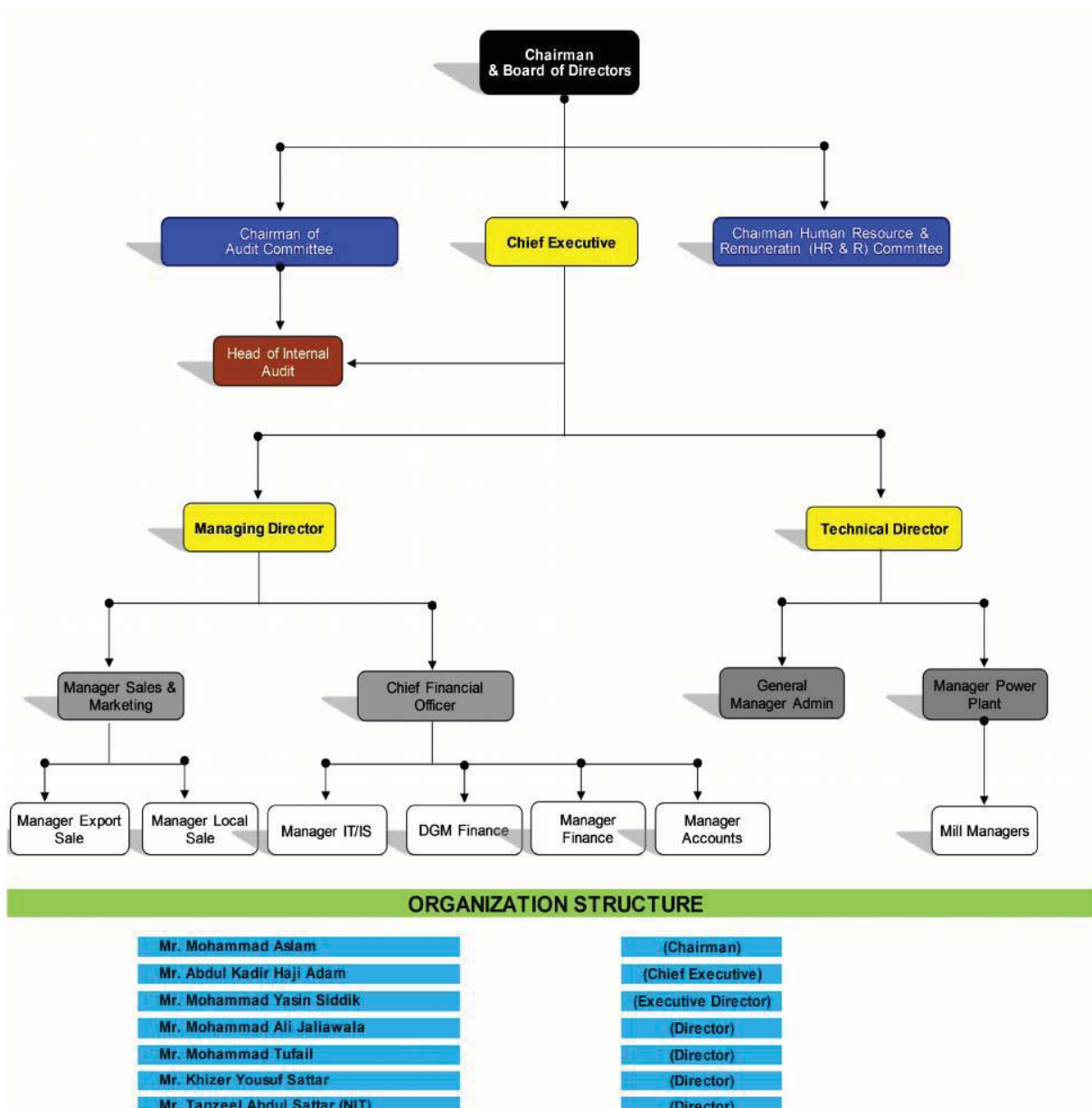
2-HUMAN RESOURCE AND REMUNERATION COMMITTEE (HR&R)

Human Resource and Remuneration (HR&R) Committee have three members comprising a majority of non-executive directors including Chairman of the Committee.

Mr. Mohammed Ali Jaliawala	Chairman
Mr. Mohammed Tufail Sattar	Member
Mr. Khizer Yousuf Sattar	Member

The terms of reference of the HR & R committee shall also include the following:

1. Recommending human resource management policies to the board;
2. Recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO.
3. Recommending to the board the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit; and
4. Consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO or COO.



Statement of Our Core values

Company Vision

At Premium Textile Mills Ltd we envisage ourselves as a leading company in the manufacturing of value added yarn. Our relentless endeavors are directed to make our customers view Premium as a reliable brand that gets to the future first.

Mission

Our mission is to manage and operate the company in a manner that allows continued growth and profitability without high risk for investors. We do this by offering quality products to our customers, by constantly striving to improve our product to meet our customer's needs and by trying to keep abreast of the new developments taking place in the textile world.

Build Trust and Credibility

The success of our business is dependent on the trust and confidence we earn from our employees, customers and shareholders. We gain credibility by adhering to our commitments, displaying honesty and integrity and reaching company goals solely through honorable conduct. It is easy to *say* what we must do, but the proof is in our *actions*. Ultimately, we will be judged on what we do.

When considering any action, it is wise to ask: will this build trust and credibility for Premium Textile Mills Mills Ltd.? Will it help create a working environment in which Premium Textile Mills Ltd. can succeed over the long term? Is the commitment I am making one I can follow through with? The only way we will maximize trust and credibility is by answering "yes" to those questions and by working every day to build our trust and credibility.

Respect for the Individual

We all deserve to work in an environment where we are treated with dignity and respect. Premium Textile Mills Ltd. is committed to creating such an environment because it brings out the full potential in each of us, which, in turn, contributes directly to our business success. We cannot afford to let anyone's talents go to waste.

Premium Textile Mills Ltd. is an equal employment/affirmative action employer and is committed to providing a workplace that is free of discrimination of all types from abusive, offensive or harassing behavior. Any employee who feels harassed or discriminated against should report the incident to his or her manager or to human resources.

Create a Culture of Open and Honest Communication

At Premium Textile Mills Ltd. everyone should feel comfortable to speak his or her mind, particularly with respect to ethics concerns. Managers have a responsibility to create an open and supportive environment where employees feel comfortable raising such questions. We all benefit tremendously when employees exercise their power to prevent mistakes or wrongdoing by asking the right questions at the right times.

Premium Textile Mills Ltd. will investigate all reported instances of questionable or unethical behavior. In every instance where improper behavior is found to have occurred, the company will take appropriate action. We will not tolerate retaliation against employees who raise genuine ethics concerns in good faith.

Employees are encouraged, in the first instance, to address such issues with their managers or the HR manager, as most problems can be resolved swiftly. If for any reason that is not possible or if an

employee is not comfortable raising the issue with his or her manager or HR, Premium Textile Mills Ltd. does operate with an open-door policy.

Set Tone at the Top

Management has the added responsibility for demonstrating, through their actions, the importance of this Code. In any business, ethical behavior does not simply happen; it is the product of clear and direct communication of behavioral expectations, modeled from the top and demonstrated by example. Again, ultimately, our actions are what matters.

To make our Code work, managers must be responsible for promptly addressing ethical questions or concerns raised by employees and for taking the appropriate steps to deal with such issues. Managers should not consider employees' ethics concerns as threats or challenges to their authority, but rather as another encouraged form of business communication. At Premium Textile Mills Ltd, we want the ethics dialogue to become a natural part of daily work.

Uphold the Law

Premium Textile Mills Ltd.'s commitment to integrity begins with complying with laws, rules and regulations where we do business. Further, each of us must have an understanding of the company policies, laws, rules and regulations that apply to our specific roles. If we are unsure of whether a contemplated action is permitted by law or Premium Textile Mills Ltd. policy, we should seek the advice from the resource expert. We are responsible for preventing violations of law and for speaking up if we see possible violations.

Competition

We are dedicated to ethical, fair and vigorous competition. We will sell Premium Textile Mills Ltd. products and services based on their merit, superior quality, functionality and competitive pricing. We will make independent pricing and marketing decisions and will not improperly cooperate or coordinate our activities with our competitors. We will not offer or solicit improper payments or gratuities in connection with the purchase of goods or services for Premium Textile Mills Ltd. or the sales of its products or services, nor will we engage or assist in unlawful boycotts of particular customers.

Proprietary Information

It is important that we respect the proprietary rights of others. We will not acquire or seek to acquire improper means of a competitor's trade secrets or other proprietary or confidential information. We will not engage in unauthorized use, copying, distribution or alteration of software or other intellectual property.

Selective Disclosure

We will not selectively disclose (whether in one-on-one or small discussions, meetings, presentations, proposals or otherwise) any material nonpublic information with respect to Premium Textile Mills Ltd, its securities, business operations, plans, financial condition, results of operations or any development plan. We should be particularly vigilant when making presentations or proposals to customers to ensure that our presentations do not contain material nonpublic information.

Health and Safety

Premium Textile Mills Ltd. is dedicated to maintaining a healthy environment. A safety manual has been designed to educate you on safety in the workplace.

Avoid Conflicts of Interest

Conflicts of Interest

We must avoid any relationship or activity that might impair, or even appear to impair, our ability to make objective and fair decisions when performing our jobs. At times, we may be faced with situations where the business actions we take on behalf of Premium Textile Mills Ltd. may conflict with our own personal or family interests. We owe a duty to Premium Textile Mills Ltd. to advance its legitimate interests when the opportunity to do so arises. We must never use Premium Textile Mills Ltd. property or information for personal gain or personally take for ourselves any opportunity that is discovered through our position with Premium Textile Mills Ltd.

Determining whether a conflict of interest exists is not always easy to do. Employees with a conflict of interest question should seek advice from management. Before engaging in any activity, transaction or relationship that might give rise to a conflict of interest, employees must seek review from their managers or the HR department.

Gifts, Gratuities and Business Courtesies

Premium Textile Mills Ltd. is committed to competing solely on a merit of our products and services. We should avoid any actions that create a perception that favorable treatment of outside entities by Premium Textile Mills Ltd. was sought, received or given in exchange for personal business courtesies. Business courtesies include gifts, gratuities, meals, refreshments, entertainment or other benefits from persons or companies with whom Premium Textile Mills Ltd. does or may do business. We will neither give nor accept business courtesies that constitute, or could reasonably be perceived as constituting, unfair business inducements that would violate law, regulation or policies of Premium Textile Mills Ltd. or customers, or would cause embarrassment or reflect negatively on Premium Textile Mills Ltd.'s reputation.

Accepting Business Courtesies

Most business courtesies offered to us in the course of our employment are offered because of our positions at Premium Textile Mills Ltd. We should not feel any entitlement to accept and keep a business courtesy. Although we may not use our position at Premium Textile Mills Ltd. to obtain business courtesies, and we must never ask for them, we may accept unsolicited business courtesies that promote successful working relationships and good will with the firms that Premium Textile Mills Ltd. maintains or may establish a business relationship with.

Employees who award contracts or who can influence the allocation of business, who create specifications that result in the placement of business or who participate in negotiation of contracts must be particularly careful to avoid actions that create the appearance of favoritism or that may adversely affect the company's reputation for impartiality and fair dealing. The prudent course is to refuse a courtesy from a supplier when Premium Textile Mills Ltd. is involved in choosing or reconfirming a supplier or under circumstances that would create an impression that offering courtesies is the way to obtain Premium Textile Mills Ltd. business.

Meals, Refreshments and Entertainment

We may accept occasional meals, refreshments, entertainment and similar business courtesies that are shared with the person who has offered to pay for the meal or entertainment, provided that:

- They are not inappropriately lavish or excessive.
- The courtesies are not frequent and do not reflect a pattern of frequent acceptance of courtesies from the same person or entity.

- The courtesy does not create the appearance of an attempt to influence business decisions, such as accepting courtesies or entertainment from a supplier whose contract is expiring in the near future.
- The employee accepting the business courtesy would not feel uncomfortable discussing the courtesy with his or her manager or co-worker or having the courtesies known by the public.

Gifts

Employees may accept unsolicited gifts, other than money, that conform to the reasonable ethical practices of the marketplace, including:

- Flowers, fruit baskets and other modest presents that commemorate a special occasion.
- Gifts of nominal value, such as calendars, pens, mugs, caps and t-shirts (or other novelty, advertising or promotional items).

Generally, employees may not accept compensation, honoraria or money of any amount from entities with whom Premium Textile Mills Ltd. does or may do business. Tangible gifts (including tickets to a sporting or entertainment event) that have a market value greater than \$100 may not be accepted unless approval is obtained from management.

Employees with questions about accepting business courtesies should talk to their managers or the HR department.

Offering Business Courtesies

Any employee who offers a business courtesy must assure that it cannot reasonably be interpreted as an attempt to gain an unfair business advantage or otherwise reflect negatively upon Premium Textile Mills Ltd. An employee may never use personal funds or resources to do something that cannot be done with Premium Textile Mills Ltd. resources. Accounting for business courtesies must be done in accordance with approved company procedures.

Other than to our government customers, for whom special rules apply, we may provide non monetary gifts (i.e., company logo apparel or similar promotional items) to our customers. Further, management may approve other courtesies, including meals, refreshments or entertainment of reasonable value provided that:

- The practice does not violate any law or regulation or the standards of conduct of the recipient's organization.
- The business courtesy is consistent with industry practice, is infrequent in nature and is not lavish.
- The business courtesy is properly reflected on the books and records of Premium Textile Mills Limited.

Set Metrics and Report Results Accurately

Accurate Public Disclosures

We will make certain that all disclosures made in financial reports and public documents are full, fair, accurate, timely and understandable. This obligation applies to all employees, including all financial executives, with any responsibility for the preparation for such reports, including drafting, reviewing and signing or certifying the information contained therein. No business goal of any kind is ever an excuse for misrepresenting facts or falsifying records.

Employees should inform Executive Management and the HR department if they learn that information in any filing or public communication was untrue or misleading at the time it was made or if subsequent information would affect a similar future filing or public communication.

Corporate Recordkeeping

We create, retain and dispose of our company records as part of our normal course of business in compliance with all Premium Textile Mills Ltd. policies and guidelines, as well as all regulatory and legal requirements.

All corporate records must be true, accurate and complete, and company data must be promptly and accurately entered in our books in accordance with Premium Textile Mills Ltd.'s and other applicable accounting principles.

We must not improperly influence, manipulate or mislead any unauthorized audit, nor interfere with any auditor engaged to perform an internal independent audit of Premium Textile Mills Ltd. books, records, processes or internal controls.

Promote Substance over Form

At times, we are all faced with decisions we would rather not have to make and issues we would prefer to avoid. Sometimes, we hope that if we avoid confronting a problem, it will simply go away.

At Premium Textile Mills Ltd., we must have the courage to tackle the tough decisions and make difficult choices; secure in the knowledge that Premium Textile Mills Ltd. is committed to doing the right thing. At times this will mean doing more than simply what the law requires. Merely because we can pursue a course of action does not mean we *should* do so.

Although Premium Textile Mills Ltd.'s guiding principles cannot address every issue or provide answers to every dilemma, they can define the spirit in which we intend to do business and should guide us in our daily conduct.

Accountability

Each of us is responsible for knowing and adhering to the values and standards set forth in this Code and for raising questions if we are uncertain about company policy. If we are concerned whether the standards are being met or are aware of violations of the Code, we must contact the HR department.

Premium Textile Mills Ltd. takes seriously the standards set forth in the Code, and violations are cause for disciplinary action up to and including termination of employment.

Be Loyal

Confidential and Proprietary Information

Integral to Premium Textile Mills Ltd.'s business success is our protection of confidential company information, as well as nonpublic information entrusted to us by employees, customers and other business partners. Confidential and proprietary information includes such things as pricing and financial data, customer names/addresses or nonpublic information about other companies, including current or potential supplier and vendors. We will not disclose confidential and nonpublic information without a valid business purpose and proper authorization.

Use of Company Resources

Company resources, including time, material, equipment and information, are provided for company business use. Nonetheless, occasional personal use is permissible as long as it does not affect job performance or cause a disruption to the workplace.

Employees and those who represent Premium Textile Mills Ltd. are trusted to behave responsibly and use good judgment to conserve company resources. Managers are responsible for the resources assigned to their departments and are empowered to resolve issues concerning their proper use.



Premium Textile Mills Ltd.

Generally, we will not use company equipment such as computers, copiers and fax machines in the conduct of an outside business or in support of any religious, political or other outside daily activity, except for company-requested support to nonprofit organizations. We will not solicit contributions nor distribute non-work related materials during work hours.

In order to protect the interests of the Premium Textile Mills Ltd. network and our fellow employees, Premium Textile Mills Ltd. reserves the right to monitor or review all data and information contained on an employee's company-issued computer or electronic device, the use of the Internet or Premium Textile Mills Ltd.'s intranet. We will not tolerate the use of company resources to create, access, store, print, solicit or send any materials that are harassing, threatening, abusive, sexually explicit or otherwise offensive or inappropriate.

Questions about the proper use of company resources should be directed to your manager.

Media Inquiries

Premium Textile Mills Ltd. is a high-profile company in our community, and from time to time, employees may be approached by reporters and other members of the media. We must ensure that we speak with one voice and provide accurate information about the company.

Code of Ethics & Business Conduct

Objectives

The objectives of Premium Textiles Mills Ltd. are to engage efficiently & responsibly in the yarn manufacturing business. We seek a high standard of performance and aim to maintain a long-term competitive position for sustainable growth.

Standard of Conduct

We conduct our operations with honesty, integrity & openness, and with respect for the rights & interests of our stakeholders. We shall continue conferring respect to the legitimate interests of those with whom we have relationships.

Shared Responsibilities

Premium Textiles Mills Ltd. is committed to increasing its value to customers, employees & shareholders by providing products and services to the concerns that it serves. We will fulfill this commitment while upholding the highest level of ethical conduct and meeting our responsibilities as a good corporate citizen. Although laws may vary from time to time, our basic ethical standards do not vary and are set forth in this guide.

Upholding the Law

The Premium Textiles Mills Ltd. concerns and its employees are required to comply with the laws & regulations enacted at local, national and international level.

Shareholders

Premium Textiles Mills Ltd. will conduct its operations in accordance with the principles of good corporate governance. As a guardian of their investment, we will provide timely, regular and reliable information on our activities, structure, financial situation and performance to all shareholders.

Customers

We are committed to providing quality products & service which are tailored for their intended use. The products and services will be supported by the requisite technical and commercial expertise.

Employees

Premium Textiles Mills Ltd. is committed to improvement in the working environment where there is mutual trust and respect and where everyone feels the pulse of responsibility for the performance and reputation of the company. We are committed towards safe & healthy working conditions for all employees. We appreciate the "to-do-it" instinct of employees that is beneficial for their growth and the company.

Business Partners

We bind ourselves to establish mutually beneficial relationship with our contractors, customers, suppliers and other business dealings, and to promote the application of these principles in so doing. In our business dealings, we expect our partners to adhere to business principles consistent with our own.

Community & Society

Premium Textile Mills Ltd. strives to be a trusted corporate citizen and as an integral part of society to fulfill the responsibilities towards the societies and communities in which it operates.

Public & Associated Activities

Premium Textiles Mills Ltd. concerns are encouraged to promote and defend their legitimate business interests. We will cooperate with governments and other organizations, both directly and through trade bodies such as trade associations, in the development of proposed legislature and other regulations which may affect legitimate business interests.

Continuous improvement

We have always endeavored for continuous improvement in terms of our products, services, and physical structure, tangible and intangible assets. This spirit serves as a guiding principle towards sustainable development leading to profits. Without profits and a strong financial foundation, it would not be possible to fulfill the responsibilities outlined above.

Compliance


Every effort will be made across the board for compliance with the above mentioned principles.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 33rd Annual General Meeting of the Shareholders of **PREMIUM TEXTILE MILLS LIMITED** will be held on **Wednesday the 28th October, 2020 at 04:30 p.m.** at Registered Office 1st Floor, Haji Adam Chambers, Altaf Hussain Road, Karachi, to transact the following business:

1. To confirm minutes of the 32nd Annual General Meeting held on October 24, 2019.
2. To receive, consider and adopt the Report of Directors, Auditors and Audited Accounts of the Company for the year ended 30th June, 2020.
3. To approve the payment of cash dividend @ 80% (i.e.Rs.8.00/- per share) as recommended by the Board of Directors.
4. To appoint Auditors for the next year 2020-2021 and fix their remuneration.
5. To transact any other business with the permission of the Chair.

By order of the Board of Directors


YASIN SIDDIK
Executive Director

Karachi:
30th Sept, 2020

CORONAVIRUS CONTINGENCY PLANNING FOR GENERAL MEETING OF PREMIUM TEXTILE MILLS LIMITED

Participation in the meeting through online facilities:

In wake of the prevalent COVID-19 pandemic situation and in the light of the relevant guidelines issued by the Securities and Exchange Commission of Pakistan (SECP) vide their circular No.5 of 2020 dated: March 17, 2020 which have been extended up to October 31, 2020 vide their another circular No.25, 2020.

The shareholders of PTML are encouraged to participate in the 33rd AGM through electronic means as offered by the Company and get themselves registered with Company's Share Registrar i.e. M/s. FD Registrar Services (SMC-Pvt) Ltd.at least 48 hours before the meeting time of AGM at fdregistrar@yahoo.com.

The shareholders will be able to login and participate in the 33rd AGM proceedings through their smart phones or computer devices from their homes or any convenient location after completing all the required formalities for verification and identification of the shareholders.

The login facility will be opened at 04:00 p.m. on October 28, 2020 enabling the participants to join the proceedings which will be started at 04:30 p.m. sharp.

The shareholders are requested to provide the information as per the below format. The details of the video link will be sent to the shareholders on the email address provided in the below table:

S.No.	Name of Shareholder	CNIC Number	Folio/CDS AC Number	Cell Number	Email Address

Shareholders may send their queries, comments and suggestions relating to the proposed agenda items of the 33rd AGM of the Company at least two working days before the AGM, at fdregistrar@yahoo.com or Whatsapp or SMS on Cell No.0300-2450300(timing 9:00 a.m-6:00 p.m.). Shareholders are required to mention their full name, CNIC number and Folio/CDS number for the purpose.

NOTES:

1. Closure of Share Transfer Books

- i- The Share Transfer Books of the Company will remain closed from 22nd October 2020 to 28th October 2020 (both days inclusive), when no transfers of shares will be accepted for registration. Transfer received in order at the office of Share Registrar, F.D.Registrar Services (SMC-Pvt) Ltd., 17th

Floor, Saima Trade Tower-A,I,I.Chundrigar Road, Karachi by the close of business on 22nd October, 2020 will be considered in time to determine the above mentioned entitlement to the transferee and to attend and vote at the meeting.

- ii- A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on his / her behalf. A proxy need not be a member of the company. Instrument of appointing proxy and the power of attorney or other authority under which it is signed or a certified copy of the power or authority must be submitted at the Registered Office of the Company at least 48 hours before the time of the Meeting.
- iii- CDC Account Holders will have to follow the under-mentioned guidelines as laid down in Circular No.1 dated January 26, 2020 issued by the Securities and Exchange Commission of Pakistan (SECP).
- iv- The SECP vide circular No.25 of 2020 dated: August 31, 2020 has given regulatory relief to dilute impact of Coronavirus (COVID-19) for corporate sector. Accordingly this notice of AGM of the Company shall be dispatched to the shareholders through printed copies and shall be electronically available on the PUCARS system of the Pakistan Stock Exchange Limited and the Company's website (www.premiumtextile.com) under "Notice to Shareholders". Shareholders are requested to provide the Company their email addresses at info@premiumtextile.com if notice of the meeting is required through email.

2. Attending the Meeting

- i- Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her Original CNIC or Passport to prove his/her identity and in case of Proxy must enclose additionally an attested copy of his/her CNIC or Passport.
- ii- In case of corporate entity, The Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

3. 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 as per the above requirement.
- ii- The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii- Certified copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv- In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

4. Changes in Members Addresses

A member holding shares in physical form are requested to promptly notify Share Registrar of the Company of any change in their addresses. Shareholders maintaining their shares in electronic form should have their addresses updated with their participant or CDC Investor Accounts Service.

5. Submission of copies of CNIC and NTN Certificate (Mandatory)

Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP). Dividend Warrants shall mandatorily bear the Computerized National Identity Card (CNIC) numbers of shareholders. Shareholders are therefore requested to fulfill the statutory requirements and submit a copy of their CNIC (if not already provided) to the Company's Share Register, M/s Premium Textile Mills Limited without any delay.

In case of non-availability of a valid copy of the Shareholders CNIC in the records of the Company the company shall be constrained to withhold the Dividend Warrants in, which will be released by the Share Registrar only upon submission of a valid copy of the CNIC in compliance with the aforesaid SECP directives.

6. Payment of Cash Dividend Electronically (Mandatory)

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. Therefore, shareholders are requested to provide the details of their bank mandate specifying: (a) title of account, (b) account number (c) IBAN number (d) bank name and (e) branch name, code and address to the Company & Share Registrar. Those shareholders who hold shares with participants / Central Depository Company of Pakistan (CDC) are advised to provide the same to their concerned participants / CDC.

Please note that as per Section 243(3) of the Companies Act, 2017, listed companies are entitled to withhold payment of dividend, if necessary information is not provided by shareholders.

In order to receive dividend directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form attached in printed financial statement and send it duly signed along with a copy a CNIC to the Registrar of the Company, M/s F.D.Registrar Services (SMC-Pvt) Ltd. in case of physical shares.

In case shares are held in CDC the Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services.

7. Revision of Withholding Tax on Dividend Income:

Government of Pakistan through Finance Act, 2017 has made certain amendments in section 150 of the income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

(a)	For Filer of income tax returns	15 %
(b)	For Non-Filer of income tax returns	30 %

Shareholders, who are filers, are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 30% instead of 15%.

8. Withholding Tax on Dividend in case of Joint Account Holders

In order to enable the Company to follow the directives of the regulators to determine shareholding ratio of the Joint Account Holder(s) (where shareholding has not been determined by the Principal shareholder) for deduction of withholding tax on dividends of the Company, shareholders are requested to please furnish the shareholding ratio details of themselves as Principal shareholder and their Joint Holders, to the Company's Share Registrar, in writing as per format given below enabling the Company to Compute withholding tax of each shareholder accordingly.

Company Name	Folio/CDX Account No.	Total Shares	Principal Shareholder		Joint Shareholder(s)	
			Name & CNIC No.	Shareholding Proportion(No. of Shares)	Name & CNIC No.	Shareholding Proportion (No. of shares)

The required information must reach our Share Registrar within 15 Days of this notice; otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Holder(s).

Withholding tax exemption from dividend income shall only be allowed if a copy of valid tax exemption certificate is made available to the Company's Share Registrar by 21st October, 2020.

9. Availability of Financial Statements and Reports on Website

In accordance with the provisions of Section 223(7) of the Companies Act, 2017, the audited financial statements of the Company for the year ended June 30, 2020 are available on the Company's website (<http://www.premiumtextile.com>).

10. Transmission of Audited Financial Statements Through CD

SECP, through SRO 470(I)/ 2016 dated May 31, 2016, have allowed to circulate their annual balance sheet, profit & (loss) account, auditor's report and director's report to its members through CD at their registered addresses. In view of the above Company has sent its Annual Report to the shareholders' in the form of CD. Any member requiring printed copy of the Annual Report 2020 may send a request using a "Standard Request Form" placed on the Company's website (<http://www.premiumtextile.com>).

Members who are interested in receiving the annual reports and notice of annual general meeting electronically in future are requested to send their email addresses on the consent form placed on the Company's website (<http://www.premiumtextile.com>) to the Company's Share Registrar.

11. Unclaimed/Unpaid Shares and Dividends

In accordance with the provisions of Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it is due and payable, the Company shall proceed to deposit the unclaimed or unpaid Dividends with the Federal Government.

12. Deposit of Physical Shares in CDC account

As per Section 72 of the Companies Act, 2017 every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act i.e., May 30, 2017.

The Shareholders having physical shareholding are encouraged to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form.

13. Postal Ballot

Pursuant to Companies (postal ballot) Regulations 2018, for the purpose of election of Directors and for any other agenda item subject to the requirements of section 143 and 144 of the Companies Act, 2017, members holding in aggregate 10% or more shareholding will be allowed to exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.

DIRECTOR'S REPORT

Dear Shareholders,

The Directors are pleased to present to you the 33rd Annual Report together with the Audited accounts of the Company for the year ended 30th June, 2020 for your consideration and approval.

Operating Result

	2020	2019
Operating Profit	923,344,177	892,994,355
Financial & Others	(653,176,821)	(361,655,155)
Profit before Taxation	270,167,356	531,339,200
Taxation	(88,715,441)	(69,683,726)
Profit after Taxation	181,451,895	461,655,474
Earnings per share	29.44	74.91
Gross Margin %	13.96%	14.18 %
Operating Profit %	10.53 %	10.51%

FINANCIAL HIGHLIGHTS

The net turnover of the Company grew by 3.29% from R.s 8.492 billion to 8.771 billion. Production expenses increased by 20.24%. The Finance Costs increased by 42.94 % due to increase in long term loans and short term borrowings. The KIBOR / SBP Discounting rate remained high in the first three quarters and then reduced drastically in the last quarter.

Profits after tax for the year ended June 30, 2020 was 181.451 million and EPS Rs. 29.44 per share.

DIVIDEND

The Board of Directors of the Company has recommended following appropriations for the FY-2019-20 for approval of the members at the Annual General Meeting to be held on 28th October, 2020:

Cash Dividend of Rs.8.00/- per share, i.e. 80% (2019: Rs22.5/- per share, i.e.225%).

BUSINESS PERFORMANCE HIGHLIGHTS**PRINCIPAL ACTIVITY**

The principal activity of the Company is manufacturing of yarn.

PRODUCT DIVERSIFICATION AND IMPROVEMENT

Your Company is always busy in the search and development of new products to enhance profitability. It is planning to develop some new products with Viscose Fibre. On the other side, the Company is in the process of installing it's own Fibre dyeing Plant this will add to the flexibility of the product line and make us competitive in colors which currently we cannot make. We are also in the installation process of Margassa waste recycling plant to reuse the waste without affecting the yarn quality.

FORWARD LOOKING INFORMATION

Your company has invested in modern plant & machinery for better quality production and control in order to increase Customer satisfaction in today s day and age and to reduce the Power and Labour costs to make the production process more lean. . In order to reduce energy

cost another Genset has also been installed which consumes much less gas than the previous machines.

All was well till the third quarter, when the affects of the Covid -19 virus began to affect the textile industry. This virus has internationally imposed big challenges for economies as a whole and the textile industry in general. We feel that we are ready to face the challenges that have been thrown at us and Insha-Allah we shall overcome them.

During the year under review following assets have been added:

BUILDING	Rs. 238.855Million
<u>MACHINERY</u>	
RIETER CARDS C70	Rs. 234.580Million
ROVING SETS	Rs. 149.137Million
RX 300 SPINNING FRAME	Rs. 144.977Million
COMBERS	Rs. 92.550Million
DRAW FRAMES	Rs. 77.735Million
BLOW ROOM MACHINERY	Rs. 51.289Million
ROVING BOBBINS	Rs. 11.223Million
DUST & WASTE REMOVAL SYSTEM	Rs. 10.721Million
CHILLER	Rs. 20.180Million
LAB EQUIPMENT	Rs. 28.011Million
GENSET	Rs. 4.600Million
HUMIDIFICATTION SYSTEM	Rs. 1.205Million
OTHER AUXILLARY MACHINES	Rs. 12.530Million
ELECTRICAL WORKS	Rs. 167.097Million
FURNITURE & FIXTURES	Rs. 9.534Million
VEHICLE	Rs. 6.594Million
COMPUTER EQUIPMENT	Rs. 1.531Million

CORPORATE ENVIRONMENT, HEALTH & SOCIAL RESPONSIBILITY

The Company maintains working conditions which are safe and without risk to the health of all employees and public at large, our focus remains on improving all aspects of safety especially with regards to the safety in production, delivery, storage and handling of materials. Safety equipments have been placed at different sites in the Mills as well as registered head office of the company. Regular visit of Doctor to mill has been made possible to provide medical advice and treatment.

BOARD COMMITTEES:

The committees of the Board comprise of:

(a) Audit Committee :

Mr. Mohammad Tufail	Chairman
Mr. Mohammad Ali Jaliawalla	Member
Mr. Khizer Sattar	Member

(b) HR and Remuneration Committee

Mr. Mohammad Ali Jaliawalla	Chairman
Mr. Mohammad Tufail	Member
Mr. Khizer Sattar	Member

CONTRIBUTION TO NATIONAL EXCHEQUER

Premium Textile contributes towards the national economy of account of Taxes & Other levies; during the period under review our company paid Rs.249.638 Million as tax & customs duties.

CHARITY AND DONATION

Charity and donation amounting to Rs.3.980 million paid during the period.

RURAL DEVELOPMENT PROGRAMME

As the factory is situated on superhighway near Nooriabad Industrial estate the employment has been awarded to nearest locality persons in the fields of manufacturing, loading, un-loading, packing, security etc. Premium Textile Mills Ltd practices active corporate citizenship through corporate philanthropy, energy conservation, environmental protection measures, community service, consumer protection measures, employment of special persons, occupational health and safety, business ethics, anticorruption measures and contribution to national exchequer.

FUTURE OUTLOOK

It seems to me that the future of Pakistan s Textile sector is very bright provided that the State continues to realize that it has to provide a level playing field to its entrepreneurs. The rift between USA and China is pushing the textile business out of China and the spillover is in part towards Pakistan among other countries.

Your company has taken certain steps to strengthen its position in the market by installing most modern technology to become the leader in Recycled products which is the need of the hour. Your company intends to reuse each kg of its wastage and not to sell out any wastage thus making it a GREEN PRODUCER.

CORPORATE & FINANCIAL REPORTING FRAME WORK

Your company is committed to standards of corporate governance and continually seeking improvements. The company applies the principles contained in the following manner.

- a) The financial statements, prepared by the company, fairly presents its state of affairs in operations, cash flows and changes in equity.
- b) Proper books of accounts have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment, of financial statements and any deviation has been adequately disclosed.
- d) International accounting Standards, as applicable in Pakistan, has been followed in preparation.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There has been no deviation from the best practices of corporate governance, as mentioned in the listing regulations.
- g) The Company's record shows growth in terms of quantity and sales of value added yarn as per plan keeping in view future prospects regarding sales, the company has improved its production performance by making capital expenditure in different departments of mill. This was done in line with the company's objective of providing quality products and value added yarn.
- h) During the year under review four Board of Directors meetings were held and attended as follows:

<u>NAME OF DIRECTORS</u>	<u>NO.OF MEETING ATTENDED</u>
01- Mr.Aslam Parekh	4
02- Mr.Abdul Kadir Adam	4
03- Mr.M.Yasin Siddik	4
04- Mr.Tufail Sattar	4
05- Mr.M.Ali Jalliawala	4
06- Mr.Khizar Yousuf Sattar	4
07- Mr.Tanzeel Abdul Sattar (NIT Nominee)	4

- i) During the year under review, trading in shares of the Company by the Directors, CEO and their spouses are as follows:

	Opening Balance <u>01-07-2019</u>	Purchases	Gifted	Closing Balance <u>30-06-2020</u>
Mr.Abdul Kadir Adam	69,386	-	50,000	19,386
Mr. Yasin Siddik	284,075	-	-	284,075
Mrs.Nabila Yasin	121,858	-	-	121,858

AUDITORS

The Present Auditors of the Company M/S Rehman Sarfraz Rahim Iqbal Rafiq (Chartered Accountants) retire and being eligible, offer themselves for reappointment as auditors for the ensuing year.

PATTERN OF SHAREHOLDING


The pattern of shareholding of the company as at June 30, 2020 is annexed

ACKNOWLEDGEMENT

The Board is pleased to record its appreciation to its bankers for their continued support, its staff members and workers for their hard work. The Board appreciates the valued shareholders for their confidence & moral support. The Board also thanks its valued customers for their business and support to your Company.

On behalf of Board of Directors.

30th September, 2020.
Karachi.


Yasin Siddik
Executive Director

سربراہ کی رپورٹ

معزز شراکت دار،

کمپنی کے تمام سربراہان ۳۳ ویں سالانہ رپورٹ آڈٹ اکاؤنٹس کے ساتھ برائے سال ۳۰ جون ۲۰۲۰ بڑی خوشی کے ساتھ آپ تمام حضرات کو آپ تمام حضرات کی منظوری کے لئے پیش کر رہے ہیں۔

اجتماعی نتیجہ

۲۰۲۰	۲۰۱۹	
923,344,177	892,994,355	منافع
(653,176,821)	(361,655,155)	مالیاتی
270,167,356	531,339,200	ٹیکسیشن سے پہلے منافع
(88,715,441)	(69,683,726)	ٹیکسیشن
181,451,895	461,655,474	ٹیکسیشن کے بعد منافع
29.44	74.91	فی حصص آمدنی
13.96%	14.17%	مجموعی منافع
10.53 %	10.51%	منافع

مالیاتی سرخیاں:

کمپنی کا خالص کاروبار Rs. 3.29 فیصد سے بڑھ کر Rs. 8.492 بلین میں 8.771 ارب ہو گیا ہے۔ پیداواری لاگت میں 20.24 فیصد کا اضافہ ہوا ہے۔ طویل مدتی قرضوں اور مختصر مدتی قرضوں میں اضافے کی وجہ سے فنانس لاگت میں 42.94 فیصد کا اضافہ ہوا ہے۔ KIBOR/SBP ڈسکاؤنٹ کی شرح پہلے تین سہ ماہیوں میں زیادہ رہی اور پھر آخری سہ ماہی میں اس میں زبردست کمی واقع ہوئی۔

سال ۳۰ جون ۲۰۲۰ کا منافع ٹیکس کی کٹوتی کے بعد 181.451 million تھا اور رائٹنگ پر شیئر eps rs 29.44

منافع (ڈیویڈنڈ):

کمپنی کے تمام سربراہان نے مندرجہ ذیل تجویز دی ہے FY 2019.20 کے لئے تمام ممبران کے اپروول کیلئے جس کی میٹنگ 28 oct 2020 کو ہوگی۔

Cash Dividend of Rs.8.00/- Per share, i.e. 80% (2019: Rs22.5/- per share, i.e.225%).

کاروبار کی کارکردگی کی سرخیاں:

بنیادی سرگرمیاں:

کاروبار کی بنیادی سرگرمی دھاگے کو بنانا ہے۔

مصنوعات کی تقسیم اور اصلاح:

آپ کی کمپنی منافع کو بڑھانے کے لئے نئی مصنوعات کی تلاش اور ترقی میں ہمیشہ مصروف رہتی ہے۔ اس کا Viscose فائبر کے ساتھ کچھ نئی مصنوعات تیار کرنے کا منصوبہ ہے۔ دوسری طرف کمپنی خود فائبر رنگنے والے پلانٹ کو انسٹال کرنے کی تیاری میں ہے اس سے پروڈکٹ لائن کی لچک میں اضافہ ہوگا اور ہمیں رنگوں میں مسابقتی بنائے گی جو فی الحال ہم نہیں بنا سکتے ہیں۔ سوت (Yarn) کے معیار کو متاثر کیے بغیر ہم فضلہ کو دوبارہ استعمال کرنے کے لئے مارگاسا (Margassa) کچرے کی ری سائیکلنگ پلانٹ کی تنصیب کے عمل میں بھی ہیں۔

عام ترقیاتی پروگرام:

چونکہ یہ فیکٹری نوری آباد صنعتی اسٹیٹ کے قریب سپر ہائی وے پر واقع ہے یہ فیکٹری مینوفیکچرنگ، لوڈنگ، ان لوڈنگ، پیکنگ، سیکورٹی وغیرہ کے شعبوں میں قریبی علاقے کے لوگوں کو روزگار فراہم کرتی ہے۔ پریمیم ٹیکسٹائل ملز لمیٹڈ کارپوریٹ انسان دوستی، توانائی کے تحفظ، ماحولیاتی تحفظ کے اقدامات، برادری کی خدمت، صارفین کے تحفظ کے اقدامات، خصوصی افراد کی ملازمت، پیشہ وارانہ صحت اور حفاظت، کاروباری اخلاقیات، انسداد بدعنوانی کے اقدامات اور قومی خزانے میں شرکت کے ذریعہ کارپوریٹ شہریت پر عمل پیرا ہیں۔

آگے کی تلاش کی طرف:

آپ کا پیسہ مشینری اور آلات میں لگایا گیا ہے تاکہ صارفین کو موجودہ دور کو دیکھتے ہوئے ان کی ضروریات کو پورا کیا جائے۔ منافع کو مزید بڑھانے کے لیے بجلی اور لیبر کی کاسٹ میں کمی کے لئے کوششیں کی جا رہی ہیں۔ اس کے ساتھ ہی اندرونی استعمال کے وقت جو کچرا جمع ہوتا ہے اس کے لئے ہم نے جدید ٹیکنالوجی لگا دی ہے کہ جس سے دھاگے کی کوالٹی پر کوئی فرق نہیں پڑے گا اور اس کچرے کو دوبارہ استعمال میں لائے گی۔ توانائی کی بچت کے لئے ایک اور genset لگا دیا گیا ہے۔

تیسری سہ ماہی تک سب ٹھیک تھا، جب Covid-19 وائرس کے اثرات ٹیکسٹائل انڈسٹری کی صنعت پر پڑنے لگے۔ اس وائرس نے بین الاقوامی سطح پر مجموعی طور پر معیشتوں اور عام طور پر ٹیکسٹائل کی صنعت کے لئے بڑے چیلنجز عائد کر دیئے ہیں۔ ہم محسوس کرتے ہیں کہ ہم ان چیلنجز کا مقابلہ کرنے کے لئے تیار ہیں جو ہم ڈالے گئے ہیں اور انشاء اللہ ہم اس پر قابو پالیں گے۔

مندرجہ ذیل آٹائٹوں میں اسی سال اضافہ کیا گیا ہے

Rs 238.855million

عمارت

مشینری

Rs. 234.580 million

ریٹر کارڈ C70

Rs. 149.137 million

رووینگ سیٹ

Rs. 144.977 million	آرائیس ۳۰۰ سپنگ فریم
Rs. 92.550 million	کمرس
Rs. 77.735 million	ڈرافٹ میس
Rs 51.289 million	بلوروم مشین
Rs. 11.223 million	روویگ بوئینس
Rs. 10.721 million	ڈسٹ اینڈ ویسٹ ریموویل
Rs. 20.180 million	چلر
Rs. 28.011 million	لیب آلات
Rs. 4.6 million	جن سیٹ
Rs 1.205 million	ہمڈ کیلکیشن سسٹم
Rs 12.53 million	دوسری اوکسیری مشین
Rs.167.097 Million	الیکٹرک ورکس
Rs. 9.534 Million	فرنیچر
Rs. 6.594 Million	گاڑی
Rs. 1.531 Million	آفس اور کمپیوٹر

کارپوریٹ ماحول، صحت اور سماجی ذمہ داری:

کمپنی تمام ملازمین کی صحت کو مد نظر رکھتے ہوئے حفظان صحت کے اصولوں کے مطابق کام کرتی ہے ہمارا تمام فوکس کمپنی کے تمام ڈپارٹمنٹس کہ جس میں پروڈکشن، ڈیلیوری، اسٹوریج اور خام مال ہے ان تمام ڈپارٹمنٹس میں ملازمین کی سیفٹی کا خاص خیال رکھا جاتا ہے۔ سیفٹی آلات کمپنی کی مختلف جگہوں پر رکھے گئے ہیں اور ساتھ ہی رجسٹرڈ ہیڈ آفس میں بھی رکھے گئے ہیں۔ روزانہ کا ڈاکٹر کا وزٹ جتنا زیادہ ہو سکتا ہے ممکن بنایا جاتا ہے تاکہ میڈیکل ٹریٹمنٹ کی جائے۔

بورڈ کمیٹی:

بورڈ کی کمیٹی مندرجہ ذیل لوگوں پر مشتمل ہے۔

A آڈٹ کمیٹی

چیرمین

جناب محمد طفیل

ممبر

جناب محمد علی جالیا والا

ممبر

جناب خضر یوسف ستار

A ایچ آر اینڈ ریمو نیویشن کمیٹی

جناب محمد علی جالبیوالا	چیئر مین
جناب محمد طفیل	ممبر
جناب خضر یوسف ستار	ممبر

محکمہ خزانہ میں حصہ

پریٹیم ٹیکسٹائل ہر سال اپنا ٹیکس باقاعدگی سے جمع کرواتا ہے تاکہ ملکی خزانہ میں پیسے آتے رہیں اور اس سال ہم نے Rs 249.638 million کا ٹیکس اور کسٹم ڈیوٹی ادا کی۔

زکوٰۃ فطرہ

زکوٰۃ اور فطرہ کی مد میں Rs 3.980 million ادا کئے گئے۔

مستقبل کا نقطہ نظر:

مجھے ایسے لگتا ہے کہ پاکستان کے ٹیکسٹائل کے شعبے کا مستقبل بہت روشن ہے بشرطیکہ ریاست کو یہ احساس جاری رہتا ہے کہ اسے اپنے کاروباری افراد کو ایک سطح کا کھیل فراہم کرنا ہے۔ امریکہ اور چین کے مابین ٹیکسٹائل کے کاروبار کو چین سے باہر کر رہا ہے اور اس کا اثر دوسرے ممالک کے درمیان بھی پاکستان کی طرف ہے۔ آپ کی کمپنی نے ری سائیکل مصنوعات میں لیڈر بننے کے لئے جدید ٹیکنالوجی لگا کر مارکیٹ میں اپنی پوزیشن کو مستحکم کرنے کے لئے کچھ اقدامات اٹھائے ہیں جو وقت کی ضرورت ہے۔ آپ کی کمپنی کا ارادہ ہے کہ اس میں سے ہر ایک کلو کا دوبارہ استعمال کرنا ضائع (Wastage) کرنا ہے اور کسی ضائع (Wastage) کو فروخت نہ کرنا اسے ایک اچھا گرین پروڈیوسر بنانا ہے۔

کارپوریٹ کی مالی رپورٹنگ فریم ورک:

آپ کی کمپنی کارپوریٹ گورننس کے معیارات کی پابند ہے اور مستقل طور پر بہتری کی تلاش میں ہے۔ کمپنی مندرجہ ذیل طریقے میں موجود اصولوں کا اطلاق کرتی ہے:-

- (۱) کمپنی کے ذریعے تیار کردہ مالی بیانات، کاروائیوں، نقد بہاؤ اور ایکویٹی کی تبدیلی میں اپنی صورتحال کو منصفانہ طور پر پیش کرتے ہیں۔
- (۲) اکاؤنٹس کی مناسب کتابوں کو برقرار رکھا گیا ہے۔
- (۳) مالی بیانات کی تیاری کے لئے مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور محاسبہ کا تخمینہ معقول اور محتاط فیصلے پر مبنی ہوتا ہے، مالی بیانات اور کسی بھی انحراف کا کافی حد تک انکشاف کیا جاتا ہے۔
- (۴) بین الاقوامی اکاؤنٹنگ معیارات، جیسا کہ پاکستان میں قابل اطلاق ہیں، کی تیاری میں عمل کیا گیا ہے۔
- (۵) اندرونی کنٹرول کا نظام ڈیزائن میں مستحکم ہے اور اس کی موثر انداز میں نافذ اور نگرانی کی گئی ہے۔

- (۶) کارپوریٹ گورننس کے بہترین طریقہ کار سے کوئی انحراف نہیں ہوا ہے، جیسا کہ فہرست سازی کے ضوابط میں ذکر کیا گیا ہے۔
- (۷) کمپنی کے ریکارڈ میں فروخت کے حوالے سے مستقبل کے امکانات کو مد نظر رکھتے ہوئے منصوبہ بندی کے مطابق ویلیو سوت (Yarn) کی مقدار اور فروخت کے لحاظ سے نمونہ کو ظاہر کیا گیا ہے، کمپنی مل کے مختلف محکموں میں سرمایہ خرچ کر کے اپنی پیداواری کارکردگی میں بہتری لائی ہے۔ یہ کمپنی کی معیاری مصنوعات اور ویلیو سوت (Yarn) فراہم کرنے کے مقصد کے مطابق کیا گیا ہے۔
- (۸) جائزہ لینے والے سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس ہوئے اور اس میں شرکت کی۔

اسی سال مندرجہ ذیل میٹنگز کا انعقاد کیا گیا کہ جس میں چار بورڈ کے سربراہان نے شرکت کی

نام	میٹنگ
اسلم پارکھ	4
عبدالقادر آدم	4
ایم یاسین صدیق	4
ایم طفیل ستار	4
ایم علی جالبوالا	4
خضر یوسف ستار	4
تنزیل عبدالستار (NIT نوٹینی)	4

بحر حال غیر حاضری کی درخواست ان حضرات کو بھیج دی گئی تھی جو کہ کسی وجہ سے غیر حاضر تھے۔ شیئرز کی شرکت، جو کہ کمیٹی کے ڈائریکٹرز سی ای او اور انکے بچوں کی طرف سے ہوتی ہے وہ یہ ہے۔

اوپننگ بینکس	خرید/ٹرانسفر/تحفہ	سیل/تحفہ	کلوزنگ
۲۰۱۹-۷-۱			۲۰۲۰-۶-۳۰
جناب عبدالقادر آدم	۶۹،۳۸۶	۵۰،۰۰۰	۱۹،۳۸۶ تحفہ
جناب یاسین صدیق	۲۸۴،۰۷۵		۲۸۴،۰۷۵
مسز نبیلہ یاسین	۱۲۱،۸۵۸		۱۲۱،۸۵۸


آڈیٹرز:

کمپنی کے موجودہ آڈیٹر جناب رحمان سرفراز، رحیم اقبال، رفیق (چارٹرڈ اکاؤنٹنٹ) کو دوبارہ آڈیٹر کیلئے نامزد کیا گیا ہے۔

شیر ہولڈنگ کا مراسلہ:
کمپنی کی شیر ہولڈنگ کا نمونہ 30 جون 2020 کو الحاق کر لیا گیا ہے۔

اعتراف:
بورڈ تمام بینکرز، اپنے اسٹاف ممبران کا شکر گزار ہے اور ان کی محبت کا اور اپنے تمام کسٹمرز کا بھی جن کی وجہ سے اتنا بزنس آیا ہے۔

تمام بورڈ آف ڈائریکٹر کی طرف سے

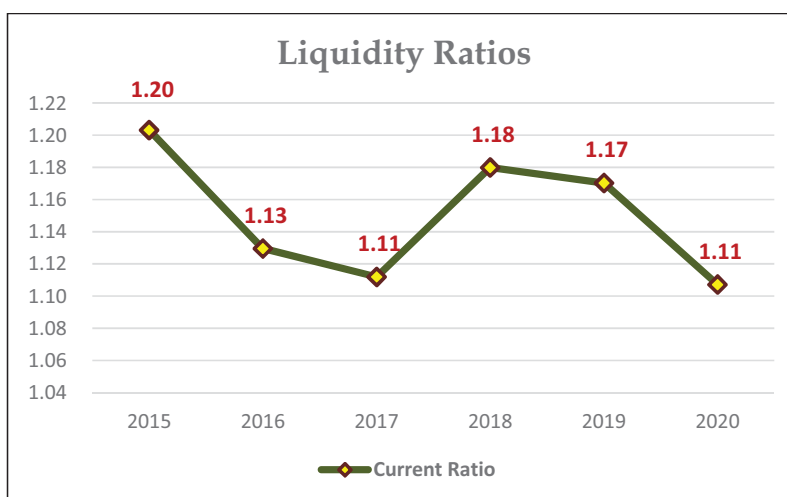
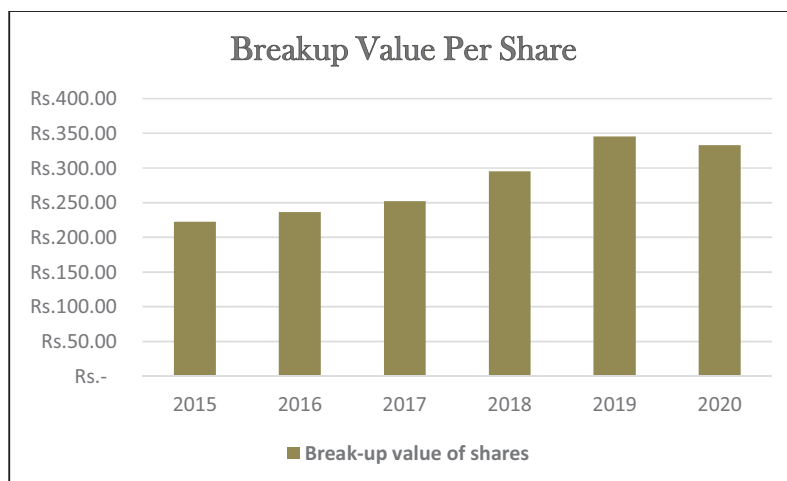
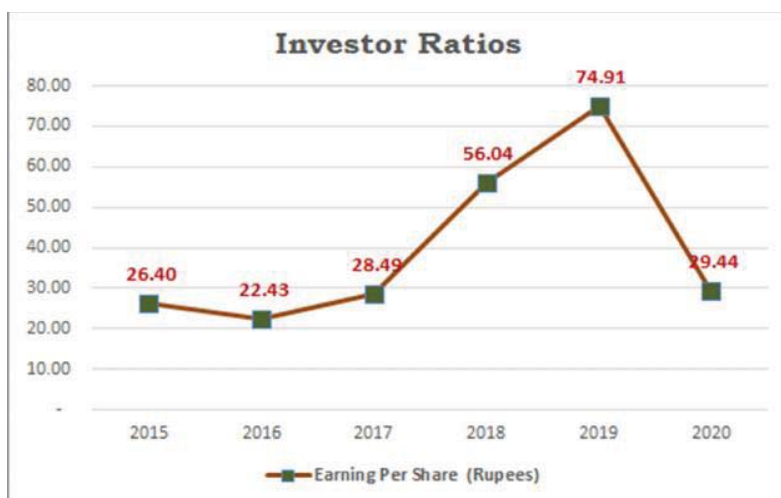

محمد یاسین صدیقی
ایگزیکٹو ڈائریکٹر

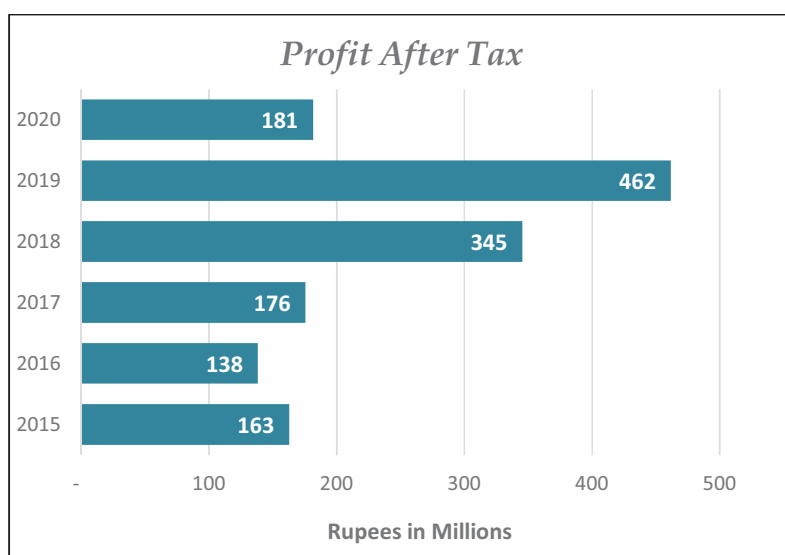
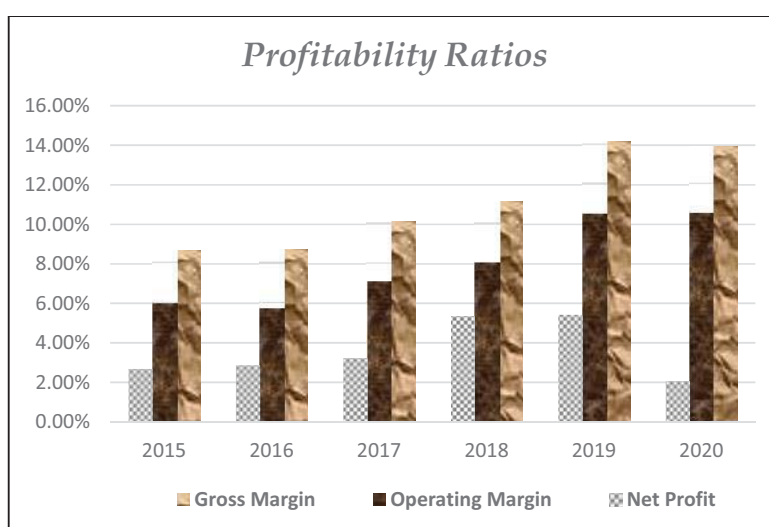
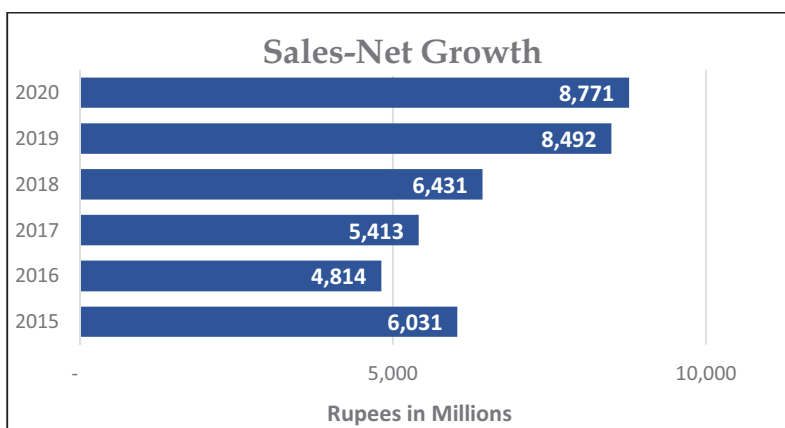
۳۰ ستمبر ۲۰۲۰ء کراچی

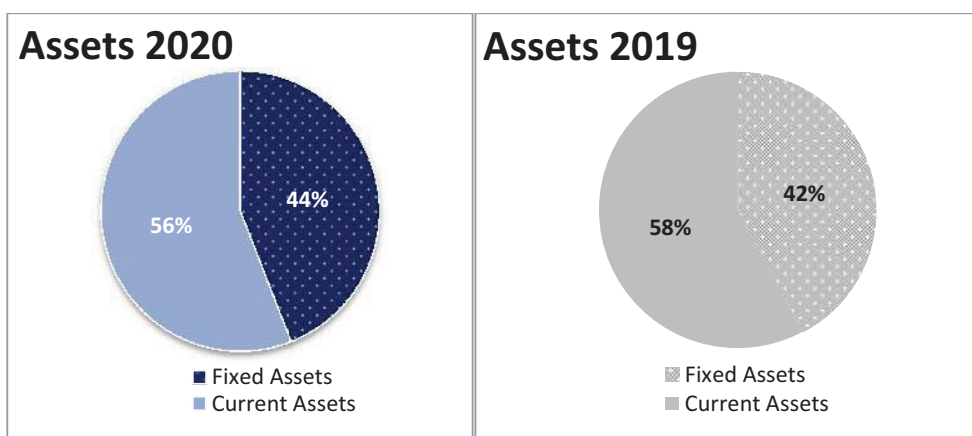
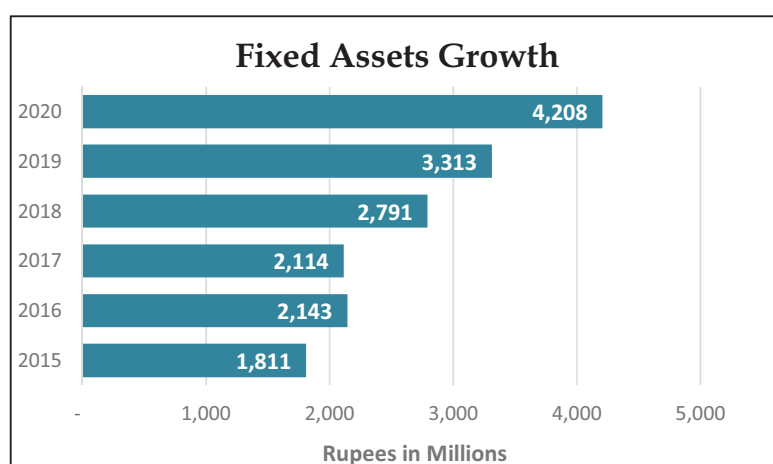
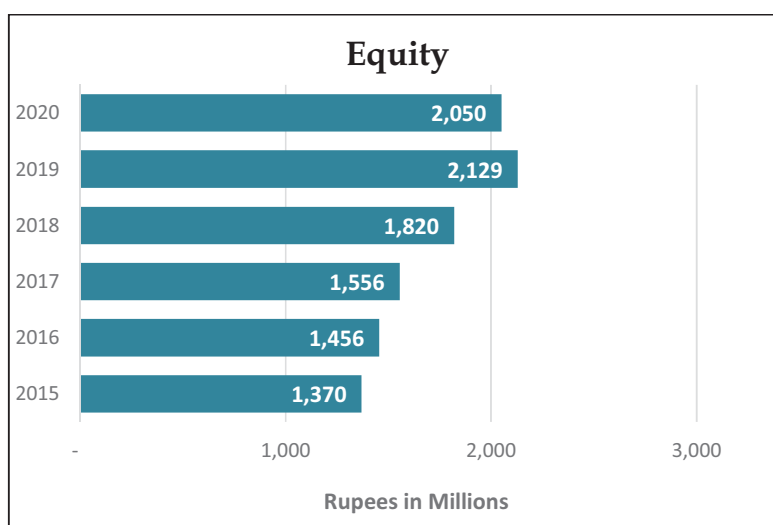
KEY OPERATING AND FINANCIAL RESULTS

(Rupees in ' 000)

	2020	2019	2018	2017	2016	2015
OPERATING DATA						
Sales (net)	8771414	8492199	6431373	5413151	4814022	6030823
Cost of Goods Sold	7546977	7288305	5714213	4864806	4394522	5506409
Gross Profit	1224437	1203894	717161	548345	419500	524414
Operating Profit	923344	892994	517632	385471	274693	359436
Financial charges & others	653177	361655	189992	178548	152597	166941
Profit /(Loss) before taxation	270167	531339	327639	206922	122096	192495
Profit /(Loss) after taxation	181452	461655	345351	175597	138264	162707
FINANCIAL DATA						
Shareholders equity	2050330	2128902	1819828	1555594	1455576	1369630
Long term liabilities	2366168	1586434	1403775	805266	857624	700000
Deferred liabilities	311423	261720	8135	31429	33819	33714
Current liabilities	4827264	3888639	2435988	2472733	1563597	1432340
	9555186	7865695	5667726	4865022	3910615	3535684
Fixed Assets	4207779	3312870	2791194	2113732	2142795	1810720
Long Term Deposit	2149	1999	1999	1504	1504	1504
Current Assets	5345258	4550826	2874533	2749786	1766316	1723460
	9555186	7865695	5667726	4865022	3910615	3535684
KEY RATIOS						
Gross Margin	13.96%	14.18%	11.15%	10.13%	8.71%	8.70%
Operating Margin	10.53%	10.52%	8.05%	7.12%	5.71%	5.96%
Net Profit	2.07%	5.44%	5.37%	3.24%	2.87%	2.70%
Current Ratio	1.11	1.17	1.18	1.11	1.13	1.20
Earning Per Share (Rupees)	29.44	74.91	56.04	28.49	22.43	26.40
Break-up value of shares	Rs. 332.68	Rs. 345.43	Rs. 295.28	Rs. 252.41	Rs. 236.18	Rs. 222.23
Cash Dividend %	80.00%	225.00%	225.00%	125.00%	100.00%	60.00%
STATISTICS						
Spindles Installed	81660	75540	73308	77628	77628	61260
Spindles Worked	69778	68814	69291	68215	58562	59659
Production Capacity Conversion 20/s in Kgs.	33620034	28966403	25656625	26507906	26507906	20861356
Actual Production Conversion 20/s in Kgs.	28728098	25457634	24865547	20391993	19997216	21239598







PATTERN OF HOLDING OF SHARES AS AT JUNE 30, 2020

Number Of Share Holders	Share Holding			Total Shares Held
	From		To	
515	1	-	100	37,513
91	101	-	500	28,438
38	501	-	1000	33,486
51	1001	-	5000	135,723
19	5001	-	10000	150,710
4	10001	-	15000	49,040
4	15001	-	20000	71,086
3	20001	-	25000	69,500
1	35001	-	40000	35,400
1	45001	-	50000	50,000
1	50001	-	55000	51,800
1	60001	-	65000	61,200
1	70001	-	75000	74,010
1	85001	-	90000	88,600
2	95001	-	100000	200,000
5	110001	-	115000	553,900
1	120001	-	125000	121,858
1	240001	-	245000	240,523
1	280001	-	285000	284,075
1	400001	-	405000	404,250
1	615001	-	620000	615,623
1	2805001	-	2810000	2,806,265
744				6,163,000

**Detail of Categories of Shareholders
As at June 30, 2020**

Shareholders' Category	Shares Held	%
BANKS DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS		
NATIONAL BANK OF PAKISTAN	455	
Sub-Total :	455	0.01
DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSE, MINOR CHILDREN AND RELATIVES		
MR.MUHAMMAD ASLAM PAREKH	CHAIRMAN	11,600
MR.ABDUL KADER HAJI ADAM	CHIEF EXECUTIVE	19,386
MR.MOHAMMAD YASIN SIDDIK	EXECUTIVE DIRECTOR	284,075
MR.KHIZER YOUSUF SATTAR	DIRECTOR	3,000
MR.MOHAMMAD ALI JALIAWALA	DIRECTOR	3,000
MR.TUFAIL SATTAR	DIRECTOR	3,000
MRS.NABILA YASIN	W/O.YASIN SIDDIK	121,858
MR.ZAID YASIN	S/O.YASIN SIDDIK	10,000
MS.SAADIA YASIN	D/O.YASIN SIDDIK	10,000
MST. RAZIA		110,700
MST. NEELUM SIDDIQ		110,700
MST. FARHEEN SIDDIQ		110,700
MST. LUBNA SIDDIQ		110,700
MST MUNEZA SIDDIQ		110,700
Sub-Total :	1,019,419	16.54
NIT AND ICP		
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT)	615,623	
INVESTMENT CORP. OF PAKISTAN	500	
Sub-Total :	616,123	10.00
OTHERS		
MAPLE LEAF CAPITAL LIMITED	1	
MRA SEC (PVT) LTD.	100	
FIKREE'S (SMC-PVT) LTD.	381	
MUHAMMAD AHMAD NADEEM SEC (SMC-PVT) LTD	500	
FREEDOM ENTERPRISES (PVT) LTD	1,000	
PAKISTAN MEMON EDUCATIONAL & WELFARE SOC	2,000	
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BE	2,597	
M/S ABDUL KADIR ADAM BENEFICIARY TRUST	5,000	
CDC - TRUSTEE AKD OPPORTUNITY FUND	10,000	
PREMIER FESHONS (PVT.) LTD	15,000	
GOLDEN ARROW SELECTED STOCKS FUND LIMITED	23,400	
AL HAYY TRADING (PVT.) LIMITED	24,000	
YOUSUF YAQOOB KOLIA AND COMPANY (PVT) LT	35,400	
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES	74,010	
TRUSTEES OF NABILA AND ABDUL KADIR ADAM	240,523	
RAHMAT INVESTMENT COMPANY (PVT) LTD	404,250	
TRUSTEES OF ABDUL KADIR ADAM BENEFICIARY	2,806,265	
Sub-Total :	3,644,427	59.13
Individual		
Local - Individuals	882,576	
Sub-Total :	882,576	14.40
Grand Total :	6,163,000	100.00



Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq

CHARTERED ACCOUNTANTS

Plot No. 180, Block-A, S.M.C.H.S.
Karachi-74400, PAKISTAN.
Tel. No.: (021) 34549345-9
E-Mail : info@rsrir.com
Website: www.rsrir.com
Other Offices at
Lahore - Rawalpindi / Islamabad

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of M/s. Premium Textile Mills Limited

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('the Regulations') prepared by the Board of Directors of **Premium 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. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

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

Further, we highlight below the Company's explanation for non-compliance with a non-mandatory requirement of the Code as stated in paragraph 18 of the Statement of Compliance:

S. No.	Nature of the Requirement	Paragraph No.	Description of the Non-Compliance
1	Non-mandatory	18	As per Regulation 06 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, a listed company shall have at least two or one-third members of the Board of Directors, whichever is higher, as independent directors. Further, it requires a listed company to explain the reasons, in its Statement of Compliance, if any fraction contained in such one-third number is not rounded up as one.

(continued on the next page)

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Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

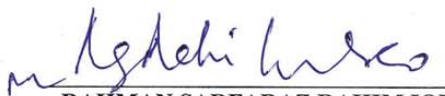
Plot No. 180, Block-A, S.M.C.H.S.
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Website: www.rsrir.com
Other Offices at
Lahore - Rawalpindi / Islamabad

-: 2 :-

S. No.	Nature of the Requirement	Paragraph No.	Description of the Non-Compliance (continued)
1	Non-mandatory	18	<i>(continued from the previous page)</i> Since the total number of directors of the Company is 7, its one-third fraction comes to 2.33 . In contrast, during the year ended June 30, 2020, the number of independent directors of the Company has been 2 . However, as stated in clause 18 of the Statement of Compliance, the Company intends to round up the fraction of 0.33 by electing another independent director in the next election of directors which are due to be held in February 2021 .

Karachi.

Date: **30 SEP 2020**



RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

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

FOR THE YEAR ENDED JUNE 30, 2020

M/s. Premium Textile Mills Limited ('the Company') has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2019, ('the Regulations') in the following manner:

1. The total number of directors of the Company are 7 as follows:

Male:	07
Female:	None

2. The composition of the Board of Directors ('the Board') is as follows:

I) Non-Executive Directors	
a. Independent Directors	Mr. Mohammad Tufail Sattar; and Mr. Mohammad Ali Jaliawala;
b. Other Non-Executive Directors	Mr. Mohammad Aslam; Mr. Khizar Yousuf Sattar; and Mr. Tanzeel Abdul Sattar
II) Executive Directors	Mr. Abdul Kader Haji Adam; and Mr. Mohammad Yasin Siddik

3. The directors have confirmed that none of them is serving as a director on more than seven (7) listed companies including the Company;
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that a complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 and the Regulations;
7. The meetings of the Board were presided over by the Chairman, and in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board;
8. The Board have a formal policy and transparent procedure for remuneration of directors in accordance with the Companies Act, 2017 and the Regulations;
9. Up to the end of the reporting period (i.e. June 30, 2020), the Board has arranged Directors' Training Program for the following directors:

Name of the director	Details of the certification	
	Date of certification	Name of the institute
Mr. Mohammad Tufail Sattar	Qualifies the requisite criteria for exemption	
Mr. Mohammad Ali Jaliawala	Qualifies the requisite criteria for exemption	
Mr. Mohammad Alam	Qualifies the requisite criteria for exemption	
Mr. Khizar Yousuf Sattar	June 2019	Institute of Chartered Accountants of Pakistan
Mr. Tanzeel Abdul Sattar	The training is yet to be acquired	
Mr. Abdul Kader Haji Adam	Qualifies the requisite criteria for exemption	
Mr. Mohammad Yasin Siddik	Qualifies the requisite criteria for exemption	

10. The Board has approved the appointment of the Chief Financial 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. The Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:


Audit Committee	
Mr. Mohammad Tufail Sattar	Chairman
Mr. Mohammad Ali Jaliawala	Member
Mr. Khizar Yousuf Sattar	Member
HR & Remuneration Committee	
Mr. Mohammad Ali Jaliawala	Chairman
Mr. Mohammad Tufail Sattar	Member
Mr. Khizar Yousuf Sattar	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;
14. The frequency of meetings of the committees were as follows:

Audit Committee	Quarterly
HR & Remuneration Committee	Annually

15. The Board has set-up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or a 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 Companies Act, 2017, the 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 regulation no. 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with. In this relation, however, it may please be noted that, under regulation no. 6 of the Regulations, the Company is required to have at least two (02) or one-third members of the Board of Directors, whichever is higher, as independent directors. Since the Company has a total number of seven (07) directors, the said one-third number comes to 2.33. However, currently, the Company has not rounded up the fraction of 0.33 as one which it intends to so (by electing another independent director) in the next election of directors due to be held in February 2021.
19. There has been no non-compliance with the requirements of the non-mandatory provisions of the Listed Companies (Code of Corporate Governance) Regulations, 2019.



Mohammad Aslam
Chairman of the Board of Directors

Premium Textile Mills Limited

Date: 30th September, 2020

FINANCIAL

STATEMENTS

2020



Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the members of Premium Textile Mills Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matter(s)

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.

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Following is the Key audit matter:

Key audit matter	How the matter was addressed in our audit
<p>Provision for Gas Infrastructure Development Cess (GIDC)</p> <p>As disclosed in note 14.2 to the financial statements, during the year ended June 30, 2020, the Company has recognized a provision for GIDC payable for the period January 2012 to June 2015, which it had, previously, disclosed as a contingent liability in its financial statements for the year ended June 30, 2019.</p> <p>The aforesaid newly recognized liability is in addition to the GIDC payable for the period from July 2015 to June 30, 2019 (which had already been recognized by the Company as a provision in its financial statements for the year ended June 30, 2019) and has been accounted for in view the judgement passed by the Honourable Supreme Court of Pakistan ('the Apex Court'), on August 13, 2020, regarding the constitutionality of the Gas Infrastructure Development Cess Act, 2015 whereby it has upheld the said Act including its provision regarding the validity of the cess levied, charged, collected or realized by gas utility companies from gas consumers under the provision of the Gas Infrastructure Development Cess Act, 2011 (which was enacted in December 2011). In its aforesaid judgement, the Apex Court has restrained the Federal Government from charging further cess from the date of the judgement and, in addition, has directed all gas utility companies to recover, from the industrial and commercial consumers of natural gas, the arrears of the cess that have become due up to July 31, 2020 in 24 equal monthly installments commencing from the month of August, 2020.</p> <p>As stated in the note referred to above, the Company has accounted for the aforesaid increase in the amount of GIDC provision as a change in accounting estimate with its corresponding charge recognized directly in unappropriated profits in accordance with the requirement of paragraph 37 of the International Accounting Standard (IAS) 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>.</p> <p>We identified this matter as a Key Audit Matter (KAM) because it required us to devote our significant attention in evaluating the management's key judgments with respect the recognition and measurement of the GIDC provision and because of its significance in our audit due to its materiality for the financial statements.</p>	<p>The audit procedures we performed to address the matter include, but are not limited to, the following:</p> <ul style="list-style-type: none"> ▪ We conducted inquiries of management as to how it assessed that payment of GIDC for the period January 2012 to June 2015 has become probable and that the liability can be estimated reliably (since, under IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>, these are two of the requisite criteria that must be met before a provision can be recognized); ▪ Discussed with management the rationale for treating the increase in GIDC provision as a change in accounting estimate and recognizing its corresponding debit effect directly in unappropriated profits and assessed the reasonableness of management's conclusions in this regard in light of the guidance provided in the applicable financial reporting framework; ▪ Obtained, from management, the working of the movement in GIDC provision and performed recalculations thereof by paying particular attention to the amount and timing of the 24 monthly installments and evaluating the reasonableness of the discount rate used; and ▪ Evaluated the related quantitative and qualitative disclosures made by management in the financial statements for their relevance, accuracy, completeness, and understandability.

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

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the director's report, but does not include the financial statements of the company 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, on other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



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Rahman Sarfaraz Rahim Iqbal Rafiq

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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional scepticism 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.



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Rahman Sarfaraz Rahim Iqbal Rafiq
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Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance; and

The engagement partner on the audit resulting in this independent auditor's report is Mr. Muhammad Rafiq Dosani.


Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Karachi

Date: 30 SEP 2020

Premium Textile Mills Ltd.

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

		2020	2019
		Rupees	
ASSETS	<i>Note</i>		
Non- current assets			
Property, plant and equipment	4	4,207,779,137	3,312,870,055
Long term deposits		2,149,100	1,999,100
		4,209,928,237	3,314,869,155
Current assets			
Stores and spares	5	116,619,021	122,917,143
Stock in trade	6	3,193,302,670	2,500,820,603
Trade debts	7	1,792,049,911	1,656,744,400
Taxation-net	8	138,302,457	224,418,647
Advances, deposits and other receivables	9	69,275,677	33,085,745
Cash and bank balances	10	35,708,159	12,839,392
		5,345,257,895	4,550,825,930
Total assets		9,555,186,132	7,865,695,085
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
7,000,000 (2019: 7,000,000) ordinary shares of Rs. 10/- each		70,000,000	70,000,000
Issued, subscribed and paid-up capital	11	61,630,000	61,630,000
Capital reserves			
Surplus on revaluation of plant and equipment	12	3,281,186	3,645,762
Revenue reserves			
Unappropriated profit		1,985,418,933	2,063,626,100
Total equity		2,050,330,119	2,128,901,862
LIABILITIES			
Non-current liabilities			
Long term loan-secured	13	2,366,168,168	1,586,434,250
Deferred liabilities	14	311,423,425	261,720,432
		2,677,591,593	1,848,154,682
Current liabilities			
Trade and other payables	15	866,745,027	649,315,106
Unclaimed dividend		6,826,376	6,115,281
Accrued markup	16	110,141,548	102,415,706
Short term borrowings - secured	17	3,652,478,772	3,056,510,666
Current portion of long term loan	13	191,072,697	74,281,782
		4,827,264,420	3,888,638,541
Contingencies and commitments	18		
Total equity and liabilities		9,555,186,132	7,865,695,085

The annexed notes from 1 to 35.6 form an integral part of these financial statements.


Chief Executive Officer


Director


Chief Financial Officer

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

		2020	2019
	Note	<u>Rupees</u>	<u>Rupees</u>
Sales - net	19	8,771,413,766	8,492,199,066
Cost of sales	20	(7,546,976,748)	(7,288,305,043)
Gross profit		1,224,437,018	1,203,894,023
Administrative expenses	21	(155,066,242)	(118,283,025)
Distribution costs	22	(146,026,659)	(192,616,643)
		(301,092,901)	(310,899,668)
Operating profit		923,344,117	892,994,355
Finance costs	23	(568,086,767)	(397,418,236)
Other operating expenses	24	(21,537,263)	(39,379,597)
Other income / (expenses) - net	25	(63,552,791)	75,142,678
		(653,176,821)	(361,655,155)
Profit before taxation		270,167,296	531,339,200
Taxation	26	(88,715,441)	(69,683,726)
Profit after taxation		181,451,855	461,655,474
Earnings per share - basic and diluted	27	29.44	74.91

The annexed notes from 1 to 35.6 form an integral part of these financial statements.



Chief Executive Officer

Director

Chief Financial Officer

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

	2020	2019
	Rupees	
Profit after taxation	181,451,855	461,655,474
Other comprehensive loss		
<i>Items that will not be reclassified subsequently to statement of profit or loss</i>		
Actuarial loss on defined benefit obligation	(8,120,947)	(13,914,046)
Total comprehensive income for the year	<u>173,330,908</u>	<u>447,741,428</u>

The annexed notes from 1 to 35.6 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

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

	Issued, subscribed & paid up capital	Revenue Reserves Unappropriated profits	Capital Reserves Surplus on revaluation of plant and equipment	Sub-total	Total
	Rupees				
Balance as at June 30, 2018	61,630,000	1,754,147,087	4,050,847	1,758,197,934	1,819,827,934
Total comprehensive income for the year ended June 30, 2019					
-Profit after tax	-	461,655,474	-	461,655,474	461,655,474
-Other comprehensive loss	-	(13,914,046)	-	(13,914,046)	(13,914,046)
	-	447,741,428	-	447,741,428	447,741,428
Transfer to unappropriated profits on account of incremental depreciation	-	405,085	(405,085)	-	-
Transactions with owners					
Final cash dividend paid @ 225% for the year ended June 30, 2018 (2017: 125%)	-	(138,667,500)	-	(138,667,500)	(138,667,500)
Balance as at June 30, 2019	61,630,000	2,063,626,100	3,645,762	2,067,271,862	2,128,901,862
Effect of provision of Gas Infrastructure Development Cess (Note 14.2)	-	(113,235,151)	-	(113,235,151)	(113,235,151)
Total comprehensive income for the year ended June 30, 2020					
-Profit after tax	-	181,451,855	-	181,451,855	181,451,855
-Other comprehensive loss	-	(8,120,947)	-	(8,120,947)	(8,120,947)
	-	173,330,908	-	173,330,908	173,330,908
Transfer to unappropriated profit on account of incremental depreciation	-	364,576	(364,576)	-	-
Transactions with owners					
Final cash dividend paid @ 225% for the year ended June 30, 2019 (2018: 225%)	-	(138,667,500)	-	(138,667,500)	(138,667,500)
Balance as at June 30, 2020	61,630,000	1,985,418,933	3,281,186	1,988,700,119	2,050,330,119

The annexed notes from 1 to 35.6 form an integral part of these financial statements.



Chief Executive Officer



Director




Chief Financial Officer


STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES	Rupees	
Profit before taxation	270,167,296	531,339,200
Adjustments for:		
- Depreciation	369,224,275	299,277,968
- Loss / (gain) on disposal of property, plant and equipment	12,875,393	(641,485)
- Provision for gratuity	22,742,706	19,349,671
- Provision for doubtful debt	4,683,928	543,384
- Amortization of government grant	299,677	-
- Provision for Workers' Profit Participation Fund	14,585,228	28,535,940
- Provision for Workers' Welfare Fund	6,952,035	10,843,657
- Unrealized exchange gain on export receivables	(4,378,474)	(42,278,798)
- Finance costs	568,086,767	397,418,236
	995,071,535	713,048,573
Cash generated from operating activities before working capital changes	1,265,238,831	1,244,387,773
Effect on cash flow due to working capital changes (Increase)/decrease in current assets		
- Stores and spares	6,298,122	(84,561,282)
- Stock in trade	(692,482,067)	(1,047,843,701)
- Trade debts	(135,610,965)	(477,248,004)
- Advances, deposits and other receivables	(36,189,932)	26,560,906
- Sales tax payable / (refundable)	91,771,904	(43,791,283)
Increase/(decrease) in current liabilities		
- Trade and other payables	166,097,670	142,244,544
	(600,115,268)	(1,484,638,820)
Cash generated from / (used in) operations	665,123,563	(240,251,047)
- Taxes paid	(96,658,018)	(74,660,252)
- Gratuity paid	(33,778,020)	(26,599,328)
- Payment of Workers' Profit Participation Fund	(44,763,314)	(27,602,376)
- Finance cost paid	(544,133,551)	(328,134,764)
- Long term deposits refunded	(150,000)	-
Net cash used in operating activities	(54,359,340)	(697,247,767)
CASH FLOWS FROM INVESTING ACTIVITIES		
- Acquisition of property, plant and equipment	(1,292,436,078)	(823,780,069)
- Proceeds from disposal of property, plant and equipment	15,427,328	3,468,001
Net cash used in investing activities	(1,277,008,750)	(820,312,068)
CASH FLOWS FROM FINANCING ACTIVITIES		
- Long term loan paid	(199,404,624)	(233,232,968)
- Long term loan obtained	1,095,629,780	446,606,000
- Dividend paid	(137,956,405)	(137,855,443)
Net cash generated from financing activities	758,268,751	75,517,589
Net decrease in cash and cash equivalents	(573,099,339)	(1,442,042,246)
Cash and cash equivalents at the beginning of the year	(3,043,671,274)	(1,601,629,028)
Cash and cash equivalents at the end of the year	(3,616,770,613)	(3,043,671,274)

The annexed notes from 1 to 35.6 form an integral part of these financial statements.


Chief Executive Officer


Director


Chief Financial Officer

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

1 STATUS AND NATURE OF BUSINESS

Premium Textile Mills Limited ('the Company') is a public listed company incorporated in Pakistan under the repealed Companies Ordinance, 1984 ('the Ordinance') which has now been replaced by Companies Act, 2017. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of cotton and polyester yarn.

The geographical location of Company's offices are as follows:

- | | | | |
|---|-----------|------------------------------------|---|
| - | Karachi | Head office
(Registered office) | 1st Floor, Haji Adam Chamber, Altaf Hussain Road, New Challi, Karachi |
| - | Nooriabad | Factory | Plot 58,60,61 and 76,77,78, Nooriabad, District Daddu, Sindh |

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 as applicable in Pakistan comprises of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard 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 Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

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

- Plant and machinery and electrical instruments and installations which are carried at revalued amounts less accumulated depreciation and impairment loss thereon if any; and
- Staff retirement benefits which are carried at the present value of the defined benefit obligation.

2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Areas where various assumptions

and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policy are as follows:

	<u>Note</u>
- Useful lives, depreciation methods and residual values of property, plant and equipment;	3.1
- Provision for staff retirement benefits; and	3.8
- Provision for taxation.	3.10

2.5 New accounting pronouncements

2.5.1 *Amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2020*

There are new and amended standards and interpretations that are mandatory for accounting periods beginning July 01, 2019 including (IFRS 16 'Leases') which are considered not to be relevant or do not have any significant effect on the financial statements of the Company and are, therefore, not stated in these financial statements.

2.5.2 *New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective*

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after the date specified below;

- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after January 01, 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The application of the amendment is not likely to have an impact on the Company's financial statements.

- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after January 01, 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards. The amendments are not likely to affect the financial statements of the Company.

- Interest rate benchmark reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after January 01, 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has, in turn, led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

- Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after June 01, 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent

concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b. any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- c. there is no substantive change to the other terms and conditions of the lease.

The above amendments are not likely to affect the financial statements of the Company.

Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after January 01, 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. The amendments are not likely to affect the financial statements of the Company.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after January 01, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are not likely to affect the financial statements of the Company.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after January 01, 2022 clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are not likely to affect the financial statements of the Company.

- Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above amendments are not likely to affect the financial statements of the Company.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

3.1 Property, plant and equipment

Operating assets

These are stated at cost less accumulated depreciation and impairment loss, if any, except for plant and machinery and electrical instruments and installations which are stated at revalued amounts less accumulated depreciation and impairment loss, if any.

Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss during the year in which they are incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year in which the asset is derecognized.

Depreciation on all property, plant and equipment is charged using reducing balance method in accordance with the rates specified in note 4.1 to these financial statements. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. The Company's estimate of residual value of property, plant and equipment as at June 30, 2020 did not require any adjustment. Depreciation on additions is charged from the date when the assets become available for use till the date of disposal.

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

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Whenever the carrying amount of these assets exceed their recoverable amount,

an impairment loss is recognized in the statement of profit or loss.

Gains / losses on disposal of property, plant and equipment are charged to the statement of profit or loss.

Capital work - in - progress

Capital work - in - progress is stated at cost less accumulated impairment losses, if any. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work - in - progress. These are transferred to operating assets as and when the assets are available for use.

3.2 Stores and spares

Stores and spares excluding items in transit are valued at lower of average cost and net realizable value. Provision is made for slow moving and obsolete items. Items in transit are valued at cost comprising invoice values plus other charges incurred thereon accumulated to the reporting date.

3.3 Stock-in-trade

Stock in trade is valued at lower of cost and net realizable value. Cost in relation to stock-in-trade represents direct cost of materials, direct wages and an appropriate portion of production overheads and the related duties where applicable. Cost is determined as follows.

- | | |
|---------------------------------------|---|
| a) Raw materials - in hand | at average cost |
| b) Raw materials - in transit | at directly attributable cost |
| c) Work-in-process and finished goods | at average cost comprising direct cost of raw material, labour and other manufacturing overheads. |
| d) Waste materials | at net realizable value |
| e) Packing material | at average cost |

Provision is made in the financial statements against slow moving and obsolete stock-in-trade based on management's best estimate regarding their future usability whenever necessary and is recognised in the statement of profit or loss.

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

3.4 Trade debts

These are carried at their transaction price less any allowance for lifetime expected credit losses. A receivable is recognized when the goods are delivered to dealers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

3.5 Cash and cash equivalents

Cash and cash equivalent are carried in the statement of financial position at amortized cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash and bank balances and short term borrowings.

3.6 Government grants

Grants from government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Government grants relating to cost are deferred and are recognized in the statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

3.7 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method.

3.8 Staff retirement benefits - Defined benefit plan

The Company operates an unfunded gratuity scheme covering all permanent employees. Contribution is made to this scheme on the basis of actuarial recommendations. The actuarial valuation is carried out using the Projected Unit Credit Method.

Staff retirement benefits are payable to staff on completion of prescribed qualifying period of service under the scheme.

All remeasurement gains and losses are recognised in other comprehensive income.

3.10 Taxation

Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilise those temporary differences and unused tax losses and credits.

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognised deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.11 Provisions and contingent liabilities

Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises

from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.12 Foreign currency transactions and translation

Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the reporting date. Transactions in foreign currencies are translated into functional currency using the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

3.13 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalised as part of the cost of relevant asset.

3.14 Revenue recognition

Revenue from sale of goods

Revenue from sale of goods (yarn) is recognized when the customer obtains control of the goods, being when the goods are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been dispatched from the Company premise, the risk of loss has been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have elapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company does not expect to have contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

3.15 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of impairment loss for a cash generating unit is allocated to the assets of the unit pro rata with the carrying amounts of those assets. The increase in the carrying amounts shall be treated as reversals of impairment losses for

individual assets and recognized in profit or loss unless the asset is measured at revalued amount. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

3.16 Financial liabilities

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

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

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

3.17 Financial assets

3.17.1 Initial recognition, classification and measurement

The Company recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment. The Company classifies its financial assets into either of following three categories:

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

(a) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when either:

- (a) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; or
- (b) it is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the Company at initial recognition.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid.

Such financial assets are initially measured at fair value.

3.17.2 Subsequent Measurement

a) Financial assets at FVOCI

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (except for investments in equity instruments which are designated as at fair value through other comprehensive income in whose case the cumulative gain or loss previously recognized in other comprehensive income is not so reclassified). Interest is calculated using the effective interest method and is recognised in profit or loss.

b) Financial assets at FVTPL

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in profit or loss.

c) Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in profit or loss.

3.17.3 Impairment

The Company recognises a loss allowance for expected credit losses in respect of financial assets measured at amortised cost.

For trade receivables, the Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance.

For other financial assets, the Company applies the IFRS 9 'General Approach' to measuring expected credit losses whereby the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company measures expected credit losses on trade receivables in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the

past events, current conditions and forecast of future economic conditions. The Company recognises in profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

3.17.4 De-recognition

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 risks and rewards of ownership.

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

3.18 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle liability simultaneously.

3.19 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

		2020	2019
	Note	Rupees	
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	4,013,592,815	3,148,769,819
Capital work in progress	4.2	194,186,322	164,100,236
		<u>4,207,779,137</u>	<u>3,312,870,055</u>

(67)

Rupees									
As at July 01, 2018									
Cost / revalued amount	14,406,976	772,404,268	2,794,267,906	15,914,725	12,999,035	3,588,341	136,121,492	649,872,899	37,150
Accumulated depreciation	-	(355,260,685)	(941,816,819)	(9,166,437)	(8,930,135)	(2,206,506)	(62,410,868)	(230,170,790)	(34,854)
Net book value	14,406,976	417,143,583	1,852,451,087	6,748,288	4,068,900	1,381,835	73,710,624	419,702,109	2,296
Movement during the year ended June 30, 2019									
Opening net book value	14,406,976	417,143,583	1,852,451,087	6,748,288	4,068,900	1,381,835	73,710,624	419,702,109	2,296
Additions / transfers during the year	7,658,000	84,198,701	528,863,020	-	343,800	177,000	11,048,799	28,969,285	-
Disposals									
Cost	-	-	-	-	-	-	(9,139,463)	-	-
Accumulated depreciation	-	-	-	-	-	-	(2,826,516)	-	-
Depreciation for the year	-	(43,137,219)	(194,834,350)	(674,832)	(425,188)	(436,957)	(15,723,852)	(44,045,340)	(2,30)
Closing net book value	22,064,976	458,205,065	2,186,479,757	6,073,456	3,987,512	1,121,878	66,209,055	404,626,054	2,066
As at June 30, 2019									
Cost / revalued amount	22,064,976	856,602,969	3,323,130,926	15,914,725	13,342,835	3,765,341	138,030,828	678,842,184	37,150
Accumulated depreciation	-	(398,397,904)	(1,136,651,169)	(9,841,269)	(9,355,323)	(2,643,463)	(71,821,773)	(274,216,130)	(35,084)
Net book value	22,064,976	458,205,065	2,186,479,757	6,073,456	3,987,512	1,121,878	66,209,055	404,626,054	2,066
Movement during the year ended June 30, 2020									
Opening net book value	22,064,976	458,205,065	2,186,479,757	6,073,456	3,987,512	1,121,878	66,209,055	404,626,054	2,066
Additions / transfers during the year	-	238,855,451	838,738,162	-	9,534,549	1,530,500	6,594,297	167,097,033	-
Disposals									
Cost	-	-	(24,911,612)	-	-	-	(4,637,545)	(67,051,944)	-
Accumulated depreciation	-	-	20,518,507	-	-	-	3,567,102	44,212,771	-
Depreciation for the year	-	(47,814,664)	(256,362,846)	(627,778)	(884,570)	(616,950)	(1,070,443)	(22,839,173)	(207)
Closing net book value	22,064,976	649,245,852	2,764,461,968	5,445,678	12,637,491	2,035,428	57,777,105	499,922,458	1,859
As at June 30, 2020									
Cost / revalued amount	22,064,976	1,095,458,420	4,136,957,476	15,914,725	22,877,384	5,295,841	139,987,580	778,887,273	37,150
Accumulated depreciation	-	(446,212,568)	(1,372,495,508)	(10,469,047)	(10,239,893)	(3,260,413)	(82,210,475)	(278,964,815)	(35,291)
Net book value	22,064,976	649,245,852	2,764,461,968	5,445,678	12,637,491	2,035,428	57,777,105	499,922,458	1,859
Annual rates of depreciation	-	10%	10%	10%	10%	30%	20%	10%	10%
Depreciation for the year has been allocated as under :							Note		Rupees
Cost of sales							20.4	359,083,978	286,583,177
Administrative expenses							21	10,140,297	12,694,791
								369,224,275	299,277,968

4.1.2 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Location	Usage of Immovable Property	Total Area (Square meters)	Covered Area (Square meters)
Nooriabad	Basic accomodation, Machinery halls, Generator rooms, Admin & TD Offices, Main Store & Finished Good Halls	226,624	86,590

4.1.3 The Company measures its plant and machinery and electrical instruments and installations using revaluation model. The latest revaluation of plant and machinery and electrical instruments and installations was carried out by an independent valuer M/s. MYK Associates on June 30, 2018. The Company's estimate of residual value of plant and machinery and electric instruments and installations as per revaluation report is considered insignificant and hence the effect thereof has not been incorporated in the year of revaluation i.e. June 30, 2018.

Had there been no revaluation, the net carrying amount of plant and machinery and electrical instruments and installations would have been amounting to Rs: 3,261,103,240 (2019: 2,587,460,049).

4.1.4 As per the aforesaid valuation carried out in June 2018, the forced sale value of the plant and machinery and electrical instruments and installations amounted to Rs. 1,594,434,100.

	Note	2020	2019
		Rupees	
4.2 Capital work in progress			
Opening balance		164,100,236	1,578,772
Additions;			
- Machinery		972,576,064	586,322,141
- Civil works		204,946,579	136,727,520
- ERP Software under development		8,409,974	250,000
		1,185,932,617	723,299,661
Transferred to operating fixed assets		(1,155,846,531)	(560,778,197)
		194,186,322	164,100,236
5 STORES AND SPARES			
In hand		99,045,001	122,917,143
In transit		17,574,020	-
		116,619,021	122,917,143
6 STOCK IN TRADE			
Raw material			
- In hand	6.1	2,531,014,613	1,982,587,681
- In transit		29,647,849	79,512,928
		2,560,662,462	2,062,100,609
Work in process		77,198,657	68,933,015
Finished goods	6.1	539,628,817	356,449,498
Waste material		705,003	737,786
		540,333,820	357,187,284
Packing materials		15,107,731	12,599,695
		3,193,302,670	2,500,820,603

6.1 Detail of stock in hand pledged against finance facilities (refer note 17) obtained from banks is as follows:

Description of stock	UOM	Quantity		Amount	
		2020	2019	2020	2019
Raw cotton - local	Bales	3,309	20,000	111,180,000	764,900,000
Raw cotton - imported	Bales	3,471	11,049	201,140,000	432,420,000
Dyed cotton	Kgs	-	247,000	-	55,570,000
Polyester fibre	Bales	-	11,733	-	377,300,000
Cotton yarn	Bags	-	21,500	-	369,630,000
				312,320,000	1,999,820,000

		2020	2019
	Note	Rupees	
7	TRADE DEBTORS - Considered good		
Local debtors - unsecured	7.1	1,700,122,896	1,145,375,654
Foreign debtors - secured		99,101,193	513,858,996
		1,799,224,089	1,659,234,650
Less: Provision for doubtful debt	7.2	(7,174,178)	(2,490,250)
		1,792,049,911	1,656,744,400

7.1 This includes receivable from Premium Knits (the related party) amounted to Rs. 41,978,524 as at June 30, 2020 (June 30, 2019: Rs. 16,473). The maximum aggregate amount due from the related party during the year was Rs. 41,798,524 (2019: Rs. 5,893,376). The age analysis of receivable from the related party is as follows:

	2020		2019	
	Gross carrying amount	Life time expected credit	Gross carrying amount	Life time expected credit
Not past due	17,097,019	-	-	-
Past due 1 to 30 days	18,073,873	-	-	-
Past due 31 to 60 days	5,279,995	-	-	-
Past due 61 to 90 days	1,316,952	-	16,473	-
Past due 91 to 150 days	30,685	-	-	-
	41,798,524	-	16,473	-

		2020	2019
	Note	Rupees	
7.2	Movement for provision for doubtful receivable		
Opening balance		2,490,250	1,946,866
Add: provision for the year		4,683,928	543,384
		7,174,178	2,490,250

8 TAXATION - NET

Advance tax		225,486,851	176,497,721
Less: provision for current tax for the year		(87,184,394)	(43,850,978)
	8.1	138,302,457	132,646,743
Sales tax refundable		-	91,771,904
		138,302,457	224,418,647

		2020	2019
8.1	Advance tax - movement	Rupees	
	Opening balance	132,646,743	101,837,469
	Provision for current tax for the year	(87,184,394)	(43,850,978)
	Taxes deducted at source during the year	92,840,108	74,660,252
	Closing balance	138,302,457	132,646,743

9 ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Advances - considered good:

- Staff	4,429,779	2,968,151
- Suppliers	38,039,385	22,090,906
	42,469,164	25,059,057

Security deposits	4,493,993	114,540
Duty drawback receivable	200,308	7,866,505
Claim receivable	21,845,586	-
Other receivables	266,626	45,643
	26,806,513	8,026,688
	69,275,677	33,085,745

9.1

9.1 These represent claim receivable from suppliers in respect of weight shortage and quality problems.

10 CASH AND BANK BALANCES

Cash in hand	1,950,900	1,404,938
Cash with banks - current accounts	33,757,259	11,434,454
	35,708,159	12,839,392

11 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2020	2019	2020	2019
(Number of shares)		Rupees	
		Ordinary shares of Rs.10/- each	
6,163,000	6,163,000	61,630,000	61,630,000
		fully paid in cash	

11.1 The following shares are held by the related parties of the Company as at June 30, 2020:

Name of related party	2020		2019	
	Shares held	Percentage	Shares held	Percentage
Directors, Chief Executive, their spouse, minor children and relatives	1,019,419	16.54%	1,069,419	17.35%
National Investment Trust (NIT)	615,623	9.99%	615,623	9.99%
Abdul Kadir Adam Beneficiary Trust	5,000	0.08%	5,000	0.08%
Trustees of Nabila and Abdul Kadir Adam	240,523	3.90%	240,523	3.90%
Rahmat Investment Company (Pvt) Limited	404,250	6.56%	404,250	6.56%
Trustees of Abdul Kadir Adam Beneficiary	2,806,265	45.53%	2,806,265	45.53%

11.2 There are no agreements among shareholders for voting rights, board selection, rights of first refusal and block voting.

		2020	2019
		Rupees	
12	SURPLUS ON REVALUATION OF PLANT AND EQUIPMENT		
	Opening balance	3,645,762	4,050,847
	Incremental depreciation charged during the year	(364,576)	(405,085)
		<u>3,281,186</u>	<u>3,645,762</u>

12.1 No deferred tax arises on revaluation as the Company's income is chargeable under final tax regime.

		2020	2019
		Rupees	
13	LONG TERM LOAN - secured		
	<i>Note</i>		
	Bank Al-Habib Limited		
	- Long term finance facility	13.1 1,187,322,000	715,919,000
	- Refinance scheme for payment of salaries and wages	13.2 62,765,122	-
	Bank Al-Falah Limited		
	- Long term finance facility	13.3 818,233,408	844,411,032
	Habib Bank Limited		
	- Long term finance facility	13.4 350,431,335	100,386,000
	Meezan Bank Limited		
	- Long term finance facility	13.5 138,489,000	-
		<u>2,557,240,865</u>	<u>1,660,716,032</u>
	Current maturity shown under current liabilities	191,072,697	74,281,782
	Non-current maturity shown under non-current liabilities	<u>2,366,168,168</u>	<u>1,586,434,250</u>
		<u>2,557,240,865</u>	<u>1,660,716,032</u>

13.1 This represents long term finance facility (LTFF), under LTFF scheme of the State Bank of Pakistan, for import of machineries to be repaid in 10 years starting subsequent to the 2 year moratorium, expiring in March 2028. The loan was secured against registered specific hypothecation charge over the imported machineries for installation at factory premises at plot # 60,61,76 and 77 spread over 16 acres at Nooriabad, Sindh. The rate of mark-up is SBP refinance rate+0.75% to 1% per annum.

		2020	2019
		Rupees	
13.2	Refinance scheme for payment of salaries and wages		
	<i>Note</i>		
	Total amount borrowed	68,889,625	-
	Less: element of government grant recognized as deferred income	13.2.1 (6,424,180)	-
		<u>62,465,445</u>	-
	Add: Interest on unwinding of the discount	299,677	-
	Closing balance	<u>62,765,122</u>	-
	Current maturity shown under current liabilities	17,502,449	-
	Non-current maturity shown under non-current liabilities	<u>45,262,673</u>	-
		<u>62,765,122</u>	-

- 13.2.1 During the year, the Company obtained a long term financing facility amounting to Rs. 68.90 million from Bank Al-Habib Limited under the State Bank of Pakistan (SBP's) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns notified vide IH & SMEFD Circular No. 7 of 2020 dated April 22, 2020. The principal terms and conditions of the facility are as follows:

- (a) The applicable markup rate is 3% per annum;
- (b) The tenor of the facility is 2.5 years (including 6-month grace period ending on December 31, 2020); and
- (c) The loan is to be repaid in 8 equal quarterly instalments commencing from January 2021.

Since the facility carries an interest rate of 3% p.a. which is well below the market interest rate of 9.76% (determined as 3-Month KIBOR as at June 30, 2020 plus 2.5%), in accordance with Circular 11 of 2020 dated August 17, 2020 issued by the Institute of Chartered Accountants of Pakistan (ICAP), the financing is considered to contain an element of government grant as per the International Accounting Standard (IAS) 20 *Accounting for Government Grants and Disclosure of Government Assistance* (the standard). Accordingly, the Company measured the loan liability at its fair value of Rs. 62.46 million (determined on a present value basis) and recognized the difference between the disbursement proceeds received from the bank and the said fair value, amounting to Rs. 6.42 million, as deferred income in the statement of financial position. Subsequently, this deferred income shall be recognized as other income in profit or loss in proportion to the recognition of interest cost on the outstanding loan balance (based on the effective interest rate method).

- 13.3 This represents long term finance facility (LTFF), under LTFF scheme of State Bank of Pakistan, for the import of machineries and financing for a period of 10 years against the purpose of retiring the import LC's of machinery. The loan amount is to be repaid in 10 years expiring in October 2026 to March, 2028 that is secured against Hypothecation charge over plant and machinery of the company including 25% margin (initially ranking charge will be registered and upgraded to 1st parri passu charge within 60 days from date of first disbursement), The rate of Mark-up is SBP refinance rate+0.75% to 1% per annum.
- 13.4 This represents long term finance facility (LTFF), under LTFF scheme of State Bank of Pakistan, for the import of machineries and financing for a period of 10 years against the purpose of retiring the import LC's of machinery. The loan amount is to be repaid in 10 years expiring in March, 2029 that is secured against Hypothecation charge over plant and machinery to be imported through HBL including margin. The rate of Mark-up is SBP refinance rate+0.6% per annum.
- 13.5 This represents long term finance facility (LTFF), under LTFF scheme of State Bank of Pakistan, for the import of machineries and financing for a period of 10 years against the purpose of retiring the import LC's of machinery. The loan amount is to be repaid in 10 years expiring in February, 2030 that is secured against Exclusive charge over plant and machinery including 25% margin to be imported through MBL. The rate of Mark-up is SBP refinance rate+1.75% (floor 3% and cap 10%) per annum.

14	DEFERRED LIABILITIES	Note	2020	2019
			Rupees	
	Deferred taxation on export debtors		17,221,034	15,689,987
	Staff gratuity	14.1	22,027,945	24,942,312
	Gas Infrastructure Development Cess payable	14.2	265,953,257	221,088,133
	Deferred income - Government grant	13.2	6,221,189	-
			<u>311,423,425</u>	<u>261,720,432</u>
14.1	Staff gratuity			

The Company operates a unfunded gratuity scheme for its staff employees. The latest actuarial valuation was carried out as at June 30, 2020, using the Projected Unit Credit Method.

	2020	2019
	Rupees	
14.1.1 Movement in defined benefit obligation		
Opening defined benefit obligation	24,942,312	18,277,923
Current service cost	21,595,110	18,901,628
Interest cost	1,147,596	448,043
Benefits paid	(33,778,020)	(26,599,328)
Remeasurements	8,120,947	13,914,046
Closing defined benefit obligation	22,027,945	24,942,312
14.1.2 Expense recognized in the statement of profit or loss		
Current service cost	21,595,110	18,901,628
Interest cost on defined benefit obligation	1,147,596	448,043
	22,742,706	19,349,671
14.1.3 Remeasurement losses / (gains) recognised in other comprehensive income		
<i>Actuarial losses / (gains) on defined benefit obligation due to</i>		
- Changes in demographic assumptions	1,463,194	479,090
- Changes in financial assumptions	(574,381)	528,316
- Experience adjustments	7,232,134	12,906,640
	8,120,947	13,914,046
14.1.4 Year end sensitivity analysis on defined benefit obligation		
Discount Rate + 100 bps	21,830,945	23,994,598
Discount Rate - 100 bps	22,229,946	26,008,423
Salary Increase + 100 bps	22,330,003	26,100,784
Salary Increase -100 bps	21,728,586	23,890,132
14.1.5 The average duration of the defined benefit obligation is 1 year.		
14.1.6 Principal actuarial assumptions used	2020	2019
Discount rate used for interest cost in profit and loss	14.25%	9.00%
Discount rate used for year end obligation	8.50%	14.25%
Expected rate of increase in salary level (per annum)	7.50%	13.25%
Mortality rates	SLIC 2001-2005	SLIC 2001-2005
	2020	2019
	Rupees	
14.2 Movement in Gas Infrastructure Development Cess payable		
Opening balance	221,088,133	159,261,110
Effect of change in accounting estimate recognised directly in unappropriated profits:		-
- Increase in provision as on July 01, 2019	81,545,459	-
- Effect of unwinding of the provision recognized during the year	31,689,692	-
	113,235,151	-
	334,323,284	159,261,110
Charge for the year recognised in the statement of profit or loss	55,510,681	61,827,023
Closing balance	389,833,965	221,088,133
Current maturity shown under current liabilities	123,880,708	-
Non-current maturity shown under non-current liabilities	265,953,257	221,088,133
	389,833,965	221,088,133

Note

15

- 14.2.1** In its financial statements for the year ended June 30, 2019, the Company had disclosed a contingent liability in respect of Gas Infrastructure Development Cess (GIDC) payable for the period from December 2011 to June 2015 (amounting to Rs. 152.25 million) and had recognized a provision for GIDC payable for the period from July 2015 to June 2019 (amounting to Rs. 221.01 million). This was based on the fact that the vires and legality of the cess (including its retrospective application) had been challenged and the Honourable High Court of Sindh had issued an interim injunction restraining Sui Southern Gas Company Limited and the Federation of Pakistan from collecting or raising any demand pursuant to the Gas Infrastructure Development Cess Act, 2015 (GIDC Act, 2015).

Subsequent to the year end (i.e. on August 13, 2020), the Supreme Court of Pakistan ('the Apex Court') announced its judgment with respect to the constitutionality of the Gas Infrastructure Development Cess Act, 2015 ('the Act') whereby it has upheld the Act including its retrospective application from the year 2011. However, the Apex Court has restrained the Federal Government from charging further Cess from the date of the judgement. Further, it has directed all gas utilities companies to recover, from the industrial and commercial consumers of natural gas, the arrears of the Cess that have become due up to July 31, 2020 in 24 equal monthly installments starting from the month of August, 2020. Accordingly, in light of the said development, the management re-assessed the probability of payment of the Cess and concluded that, as of June 30, 2020, the recognition of a liability for the unpaid amount of the Cess is appropriate under the guidance provided in the International Accounting Standard (IAS) 37 *Provisions, Contingent Liabilities and Contingent Assets* ('the standard'). In this connection, while measuring the liability, the management has also applied the standard's requirement relating to measuring the liability at its present value as the effect of the said discounting was regarded as material to the financial statements.

The recognition of the provision for Gas Infrastructure Development Cess, as aforesaid, has been accounted for as a change in accounting estimate in accordance with the requirements of the International Accounting Standard (IAS) 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. As per paragraph 37 of that standard, the aforesaid change in accounting estimate has been accounted for by recognizing, the increase in the provision amounted to Rs. 113.24 million directly in unappropriated profits.

15	TRADE AND OTHER PAYABLES	Note	2020	2019
			Rupees	
	Creditors		337,016,318	240,962,242
	Accrued liabilities		144,557,401	167,589,592
	Advance from customers		17,670,411	8,968,041
	Workers' Profits Participation Fund	15.1	14,585,228	28,535,940
	Workers Welfare Fund	15.2	28,705,114	25,570,989
	Provision for gas rate difference	15.3	174,887,584	174,887,584
	Current maturity of Gas Infrastructure Development Cess payable	14.2	123,880,708	-
	Sales tax payable		25,442,263	-
	Others		-	2,800,718
			<u>866,745,027</u>	<u>649,315,106</u>
15.1	Workers' Profit Participation Fund			
	Opening balance		28,535,940	17,596,100
	Add:			
	- Charge for the year		14,585,228	28,535,940
	- Interest accrued		16,227,374	10,006,276
			30,812,602	38,542,216
	Less: payment made during the year		(44,763,314)	(27,602,376)
			<u>14,585,228</u>	<u>28,535,940</u>

	2020	2019
	Rupees	
15.2 Workers' Welfare Fund		
Opening balance	25,570,989	14,727,332
Add: contribution for the year	6,952,035	10,843,657
Less: adjusted during the year against advance tax	(3,817,910)	-
	<u>28,705,114</u>	<u>25,570,989</u>

- 15.3** In August 2015, the Oil and Gas Regulatory Authority (OGRA) issued a notification whereby, with effect from September 01, 2015, the sale price of natural gas for gas consumers falling under the category 'Industrial' was increased to Rs. 600 per MMBTU (as against the previous applicable rate of Rs. 488.23 per MMBTU). The said notification was widely challenged by companies operating in the textile industry before the Honourable High Court of Sindh ('the Court'). Since the matter is currently pending for adjudication, the payment of incremental sales price, amounting to Rs. 174.887 million (2019: Rs. 174.887 million) representing the amount payable for the period from October 2015 to September 2018, has been deferred. This outstanding balance will be settled once the final verdict is announced by the Court.

	2020	2019
	Rupees	
16 ACCRUED MARKUP		
Markup accrued on:		
- Long term loan	17,022,697	11,008,914
- Short term borrowings	93,118,851	91,406,792
	<u>110,141,548</u>	<u>102,415,706</u>

17 SHORT TERM BORROWINGS - secured

Bank Al-Habib Limited

- Cash finance	17.1	-	1,892,937,990
- Running finance	17.2	3,154,591,467	399,500,000
		<u>3,154,591,467</u>	<u>2,292,437,990</u>

Meezan Bank Limited

- Istisna finance (Hypo)	17.3	-	200,000,000
- Istisna finance (Pledge)	17.4	100,000,000	374,000,000
- Musawamah finance (Import)	17.5	201,141,882	-
		<u>301,141,882</u>	<u>574,000,000</u>

Bank Al-Falah Limited

- Running finance	17.6	75,927,836	84,641,943
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Habib Bank Limited

- Running finance	17.7	120,817,587	105,430,733
	17.8	<u>3,652,478,772</u>	<u>3,056,510,666</u>

- 17.1** This represents short term cash finance facility from Bank Al-Habib Limited, carrying a mark up of 1 month Kibor + 0.75% per annum, for procurement of raw cotton, polyester staple fibre, dyed cotton, cotton yarn and other raw material. During the year, the said facility having a limit of Rs. 2.5 billion had been converted into running finance facility which was secured by pledge over stocks under effective control of bank's approved muccadam.

- 17.2** This represents short term running finance facility amounting to Rs. 3,700 million (2019: Rs. 400 million) obtained from M/s. Bank Al-Habib Limited to meet working capital requirements of the Company. The facility carries markup at the rate of 1 month Kibor +0.75% (2019: 1 month Kibor +0.75% per annum) and is secured by registered hypothecation charge over stock and book debts for Rs. 3 billion.

- 17.3 This represents short term istisna finance facility having a limit of Rs. 200 million from M/s. Meezan Bank Limited to meet working capital requirements of the Company at the mark up of 3 months Kibor + 0.75% per annum and was secured by first pari passu charge over stocks and receivables amounting to Rs 267 million with 25% margin. As of June 30, 2020 the said facility had not been renewed and stood expired.
- 17.4 This represents short term istisna finance facility amounting to Rs. 500 million (2019: Rs. 500 million) obtained from M/s. Meezan Bank Limited to meet working capital requirements of the Company. The facility carries markup at the rate of respective Kibor + 0.75% per annum. (2019: respective Kibor + 0.75% per annum) and is secured by charge over raw cotton, polyester staple fibre, yarn and viscos at 10% margin.
- 17.5 This represents short term musawamah finance facility amounting to Rs. 350 million (2019: Nil) obtained from M/s. Meezan Bank Limited to meet working capital requirements of the Company. The facility carries markup at the rate of respective Kibor + 0.75% per annum. (2019: Nil) and is secured by charge over raw cotton, polyester staple fibre, yarn and viscose at 10% margin.
- 17.6 This represents short term running finance facility amounting to Rs. 100 million (2019: Rs. 100 million) obtained from M/s. Bank Al-Falah Limited to finance the working capital requirements of the Company. The facility carries markup at the rate of 1 month Kibor +1.25% (2019: 1 month Kibor +1.25%) and is secured by first pari passu charge over stocks and receivables with 25% margin.
- 17.7 This represents short term running finance facility amounting to Rs. 125 million (2019: Rs. 125 million) obtained from M/s. Habib Bank Limited to finance the working capital requirements of the Company. The facility carries markup at the rate of 1 month Kibor +0.50% (2019: 1 month Kibor +0.50%) and is secured by first pari passu hypothecation charge over stocks and book debts with 25% margin.
- 17.8 As at June 30, 2020, the Company has unavailed financing facilities amounting to Rs. 4.866 billion (2019: Rs. 2.965 billion).

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingency

In April 2017, the Provincial Assembly of Sindh passed the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 ('the Act') whereby, with effect from July 01, 1994, a cess was levied on the goods entering or leaving the Province of Sindh from or outside the country by air or sea at the rate determined on the basis of their value, net weight and distance in accordance with the Schedule annexed to the Act.

The constitutionality of the Act has been challenged by the Company, along with several other petitioners, before the Honorable High Court of Sindh ('the Court'). In the instant petitions, the Court have also passed interim orders whereby the concerned authority has been restrained from taking any coercive action against the petitioners.

In the opinion of the legal counsel representing the Company in the suit, the Company has a good arguable case and there is no likelihood of unfavourable outcome. Hence, in view of the above, no provision for the infrastructure payable, amounting to Rs. 56 million, has been recognized in these financial statements.

	2020	2019
18.2 Commitments	Rupees	
Commitments in respect of capital expenditure	1,045,306,900	319,896,200
Letter of credit to SSGC	70,700,000	52,564,000
Letter of guarantees	291,889,035	173,942,340
Letters of credit issued in respect of purchase raw material	919,472,700	396,549,700

		2020	2019
		Rupees	
19 SALES - net	<i>Note</i>		
Gross local sales		329,474,115	638,786,361
Less: sales tax	19.1	46,056,655	-
Local sales - net		283,417,460	638,786,361
Gross export sales - indirect		7,955,436,626	6,157,781,505
Less: sales tax	19.1	1,159,203,803	-
Export sales - indirect net		6,796,232,823	6,157,781,505
Export sales - direct		1,745,698,723	1,767,332,450
		8,825,349,006	8,563,900,316
Wastage sales		15,333,351	11,767,427
Raw material sales		30,861,665	24,941,373
		46,195,016	36,708,800
Less:			
Commission and brokerage		(94,221,335)	(89,173,113)
Discount and claims		(5,908,921)	(19,236,937)
		(100,130,256)	(108,410,050)
		8,771,413,766	8,492,199,066
19.1	In accordance with the SRO 1125/2011 issued by the Federal Board of Revenue, the Company's taxable supplies were chargeable to tax at zero percent upto June 30, 2019. Pursuant to the promulgation of Finance Act 2019, the said SRO had been repealed and therefore the taxable supplies are chargeable to tax at the rate of 17% effective from July 01, 2019.		
20 COST OF SALES	<i>Note</i>	2020	2019
		Rupees	
Raw materials consumed	20.1	5,778,727,586	5,800,201,459
Stores and spares consumed	20.2	221,696,287	248,960,442
Packing materials consumed	20.3	111,201,946	86,169,980
Production expenses	20.4	1,599,954,343	1,330,601,471
		7,711,580,162	7,465,933,352
Work in process:			
Opening		68,933,015	42,812,626
Closing		(77,198,657)	(68,933,015)
		(8,265,642)	(26,120,389)
Cost of goods manufactured		7,703,314,520	7,439,812,963
Opening stock of finished goods		357,187,284	186,511,784
Add: trading and purchase cost	20.5	26,808,764	19,167,580
Cost of goods available for sale		8,087,310,568	7,645,492,327
Closing stock of finished goods		(540,333,820)	(357,187,284)
		7,546,976,748	7,288,305,043
20.1 Raw material consumed			
Opening stock		1,982,587,681	1,209,918,682
Purchases		6,347,611,706	6,592,038,038
		8,330,199,387	7,801,956,720
Cost of raw materials sold		(20,457,188)	(19,167,580)
Closing stock- in hand		(2,531,014,613)	(1,982,587,681)
		5,778,727,586	5,800,201,459

		2020	2019
		Rupees	
20.2	Stores and spares consumed		
	Opening stock	122,917,143	38,355,861
	Purchases	197,824,145	333,521,724
		320,741,288	371,877,585
	Closing stock- in hand	(99,045,001)	(122,917,143)
		221,696,287	248,960,442
20.3	Packing materials consumed		
	Opening stock	12,599,695	7,892,865
	Purchases	113,709,982	90,876,810
		126,309,677	98,769,675
	Closing stock	(15,107,731)	(12,599,695)
		111,201,946	86,169,980
20.4	Production expenses		
	Salaries, wages and other benefits	537,587,711	517,238,249
	Fuel and power	601,293,486	453,224,708
	Water charges	11,027,625	11,088,000
	Vehicle running and maintenance	11,202,626	8,518,660
	Repairs and maintenance	31,607,903	8,158,207
	Insurance	22,677,841	23,660,747
	Depreciation	359,083,978	286,583,177
	Other manufacturing expenses	25,473,173	22,129,723
		1,599,954,343	1,330,601,471
20.4.1	This includes an amount of Rs. 16,190,205/- (2019: Rs. 16,386,911/-) in respect of staff retirement benefits.		
20.5	Trading and purchase cost		
	Trading cost - sale of raw material	20,457,188	19,167,580
	Purchase of yarn	4,355,246	-
	Purchase of comber-waste	1,996,330	-
		26,808,764	19,167,580
21	ADMINISTRATIVE EXPENSES		
	Directors' and executives' remuneration	38,569,437	19,077,006
	Meeting fees	675,000	260,000
	Salaries, allowances and other benefits	44,003,171	40,250,071
	Travelling and conveyance	9,160,276	10,647,048
	Printing and stationery	865,236	6,371,217
	Utilities	3,281,696	1,694,459
	Advertisement	311,636	375,930
	Newspaper and periodicals	78,028	77,887
	Fees and subscription	12,402,175	3,620,348
	Vehicle running and maintenance	3,961,560	4,171,807
	Postage and telephone	1,461,090	1,437,263
	Legal and professional	1,052,850	1,346,245
	Auditors' remuneration	1,537,500	1,397,500
	Entertainment expense	1,122,195	938,703
	Repairs and maintenance	5,806,296	4,282,929
	Insurance	6,975,157	5,488,981
	Charity and donations	3,980,000	1,576,000
	Depreciation	10,140,297	12,694,791
	Provision for doubtful debt	4,683,928	543,384
	Others	4,998,714	2,031,456
		155,066,242	118,283,025
21.1	This includes an amount of Rs. 6,552,501/- (2019: Rs. 2,962,760/-) in respect of staff retirement benefits.		

		2020	2019
		Rupees	
21.2	Auditors' remuneration		
	Audit fee	1,179,640	1,072,400
	Half yearly review fee	277,860	252,600
	Out of pocket expenses	80,000	72,500
		<u>1,537,500</u>	<u>1,397,500</u>
21.3	None of the directors or their spouses has any interest in the donee institutions.		
		2020	2019
		Rupees	
22	DISTRIBUTION COST		
	Executives' remuneration	2,420,265	1,982,567
	Salaries, allowances and other benefits	18,420,859	13,780,053
	Freight and handling charges		
	- Local	50,116,045	53,742,734
	- Export	64,506,727	113,173,460
	Packing charges	10,562,763	9,937,829
		<u>146,026,659</u>	<u>192,616,643</u>
23	FINANCE COSTS		
	Markup and interest charges on:		
	- Long term finances	68,136,019	53,557,802
	- Short term borrowings	421,632,764	294,964,222
	- Workers' Profit Participation Fund	16,227,374	10,006,276
	Bank charges on export receipts	35,474,075	18,423,432
	Bank charges	26,616,535	20,466,504
		<u>568,086,767</u>	<u>397,418,236</u>
24	OTHER OPERATING EXPENSES		
	Workers' Welfare Fund	6,952,035	10,843,657
	Workers' Profit Participation Fund	14,585,228	28,535,940
		<u>21,537,263</u>	<u>39,379,597</u>
25	OTHER INCOME / (EXPENSES) - net		
	Exchange gain/ (loss) on export receivables;		
	- Realized	(3,873,038)	36,438,576
	- Unrealized	4,378,474	42,278,798
		<u>505,436</u>	<u>78,717,374</u>
	Loss / (gain) on disposal of fixed assets	(12,875,393)	641,485
	Amortisation of deferred government grant	202,991	-
	Exchange loss on import loan	(51,385,825)	(4,216,181)
		<u>(63,552,791)</u>	<u>75,142,678</u>
26	TAXATION		
	Current	87,184,394	43,850,978
	Deferred	1,531,047	25,832,748
		<u>88,715,441</u>	<u>69,683,726</u>

- 26.1 According to first proviso of section 65B of the Income tax Ordinance, 2001, where a taxpayer being a company invests any amount in the purchase of plant and machinery, for the purposes of [extension, expansion,] balancing, modernization and replacement of the plant and machinery, already installed therein, in an industrial undertaking set up in Pakistan and owned by it, credit equal to five per cent of the amount so invested shall be allowed against the tax payable. Such credit shall apply if the plant and machinery is purchased and installed at any time between the first day of July 2010 and the 30th day of June 2019. Accordingly, the Company had considered the effect of the said tax credit upto June 30, 2019 against its tax liability. Therefore, the tax charge for the current year had been increased significantly as compared to last year.
- 26.2 The income tax assessments of the Company have been finalised up to and including the tax year 2019. Tax returns are deemed to be assessed under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select the deemed assessment order for the purpose of issuing an amended assessment order.
- 26.3 The Company's income is chargeable to tax under Final Tax Regime prescribed under the Income Tax Ordinance, 2001 and hence tax reconciliation is not being presented.

	2020	2019
	Rupees	
27 EARNINGS PER SHARE - BASIC AND DILUTED		
27.1 Basic earnings per share		
Profit after taxation	<u>181,451,855</u>	<u>461,655,474</u>
	Number	
Weighted average number of ordinary shares outstanding	<u>6,163,000</u>	<u>6,163,000</u>
Earnings per share - basic and diluted	<u>29.44</u>	<u>74.91</u>

27.2 Diluted earnings per share

There is no dilutive effect on the basic earnings per share of the Company, since there were no potential outstanding convertible instruments in issue as at June 30, 2020 and June 30, 2019

28 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:

	Note	2020	2019
		Rupees	
Cash and bank balances	10	35,708,159	12,839,392
Short term borrowings	17	(3,652,478,772)	(3,056,510,666)
		<u>(3,616,770,613)</u>	<u>(3,043,671,274)</u>

29 REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES		TOTAL	
	2020	2019	2020	2019	2020	2019	2020	2019
	Rupees							
Managerial remuneration	5,000,000	3,000,000	4,000,000	2,400,000	17,781,919	8,339,058	26,781,919	13,739,058
House rent	1,996,400	1,196,400	1,596,400	956,400	7,080,368	3,317,622	10,673,168	5,470,422
Conveyance allowance	3,600	3,600	3,600	3,600	32,400	18,000	39,600	25,200
Fuel allowance	-	-	-	-	816,822	450,988	816,822	450,988
Utilities	500,000	300,000	400,000	240,000	1,778,193	833,905	2,678,193	1,373,905
	<u>7,500,000</u>	<u>4,500,000</u>	<u>6,000,000</u>	<u>3,600,000</u>	<u>27,489,702</u>	<u>12,959,573</u>	<u>40,989,702</u>	<u>21,059,573</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>9</u>	<u>5</u>		

29.1 The Chief Executive and Director have also been provided with free use of the Company maintained cars and residential telephones.

	2020	2019
	Number	
Number of spindles installed	<u>81,660</u>	<u>75,540</u>
Number of spindles operated	<u>69,778</u>	<u>68,814</u>
Installed capacity in Kgs. after conversion into 20 single count	<u>33,620,034</u>	<u>28,966,403</u>
Actual production of yarn in Kgs. after conversion into 20 single count	<u>28,728,098</u>	<u>25,457,634</u>
Number of shifts worked during the year	<u>1,080</u>	<u>1,095</u>

30.1 Actual production is less than the installed capacity due to planned maintenance shut down and gap between market demand and supply.

31 FINANCIAL INSTRUMENTS

31.1 Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest/mark-up rate risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth and also obtains advance payments against local sales. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

Credit risk of the Company arises from long term deposits, deposits with banks, trade debts, short term advances, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience and exports are against usance and sight LC. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

A financial asset is regarded as credit impaired as and when it falls under the definition of a 'defaulted' financial asset. For the Company's internal credit management purposes, a financial asset is considered as defaulted when it is past due for 1 year or more.

The Company writes off a defaulted financial asset when there is no reasonable probability of recovering the carrying amount of the asset through available means.

- i) The carrying amount of financial assets represent the maximum credit exposure at the reporting date, which are detailed as follows:

	2020	2019
	Rupees	
Long term deposits	2,149,100	1,999,100
Trade debts	1,792,049,911	1,656,744,400
Deposits and other receivables	26,606,205	160,183
Bank balances	33,757,259	11,434,454
	<u>1,854,562,475</u>	<u>1,670,338,137</u>

- ii) The aging of trade debts as at the reporting date is as follows:

	2020		2019	
	Gross carrying amount	Life time expected credit	Gross carrying amount	Life time expected credit
Not past due	1,327,534,539	-	1,085,224,827	-
Past due 1 to 30 days	178,061,659	-	346,606,556	-
Past due 31 to 60 days	125,799,841	628,999	179,983,840	-
Past due 61 to 90 days	21,876,473	109,382	31,986,477	-
Past due 91 to 150 days	132,689,884	663,449	1,911,294	-
Past due 151 to 365 days	4,996,764	24,984	8,050,619	-
Past due 361 to 730 days	1,522,886	761,443	4,161,718	1,180,931
Over two years	6,742,043	4,985,921	1,309,319	1,309,319
	<u>1,799,224,089</u>	<u>7,174,178</u>	<u>1,659,234,650</u>	<u>2,490,250</u>

Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debts are considered good and do not require any impairment (except as provided above). None of the other financial assets are either past due or impaired.

iii) The maximum exposure to credit risk at the balance sheet date segregated by geographic region is as follows:

Foreign Jurisdiction	Balance as at June 30, 2020	Sales during the year
	----- Rupees -----	
Turkey	49,016,117	157,870,991
USA	50,085,076	1,474,857,903
Total	99,101,193	1,632,728,894

Foreign Jurisdiction	Balance as at June 30, 2019	Sales during the year
	----- Rupees -----	
Bangladesh	28,300	7,374,690
Portugal	1,982,730	11,765,048
Turkey	202,985,851	255,267,827
USA	308,862,115	1,312,932,986
Total	513,858,996	1,587,340,551

iv) The credit quality of Company's liquid funds can be assessed with reference to external credit ratings as follows:

	2020	2019
Short term rating	----- Rupees -----	
A-1+	33,720,965	11,434,454
A1	36,294	-
	33,757,259	11,434,454

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

On the reporting date, the Company had cash and bank balance of Rs. 35.71 million (2019: Rs. 12.84 million), unutilized credit lines of Rs. 4.866 billion (2019: Rs. 2.965 billion).

The following are the contractual maturities of financial liabilities, including estimated interest payments (in case of long term loan):

	2020			
	Carrying Amount	Contractual cash flows	Twelve months or less	More than One years
	Rupees			
Non-derivative financial liabilities				
Long term loan	2,557,240,865	(3,099,768,984)	(370,478,161)	(2,729,290,823)
Trade and other payables	798,012,422	(798,012,422)	(798,012,422)	-
Accrued markup	110,141,548	(110,141,548)	(110,141,548)	-
Short term borrowings	3,652,478,772	(3,652,478,772)	(3,652,478,772)	-
	7,117,873,607	(7,660,401,726)	(4,931,110,903)	(2,729,290,823)

	2019			
	Carrying Amount	Contractual cash flows	Twelve months or less	More than One years
	Rupees			
Non-derivative financial liabilities				
Long term loan	1,660,716,032	(2,050,660,154)	(242,412,923)	(1,808,247,231)
Trade and other payables	595,208,177	(595,208,177)	(595,208,177)	-
Accrued markup	102,415,706	(102,415,706)	(102,415,706)	-
Short term borrowings	3,056,510,666	(3,056,510,666)	(3,056,510,666)	-
	5,414,850,581	(5,804,794,703)	(3,996,547,472)	(1,808,247,231)

c) **Market risk**

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company's market risk comprises of two types of risks: foreign currency risk and interest rate risk. The market risks associated with the Company's business activities are discussed as under:

i) **Foreign currency risk**

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currency. Currently, the Company is exposed to currency risk on trade debts that are denominated in a currency other than the respective functional currency of the Company. The currency in which these transactions are denominated is US Dollars. The Company's exposure to foreign currency risk is as follows:

	2020		2019	
	US Dollars	Rupees	US Dollars	Rupees
Trade debts	590,352	99,101,193	3,221,686	513,858,996

	Average rates		Reporting date rate	
	2020	2019	2020	2019
	Rupees			
US Dollars	163.94	140.87	167.87	160.00

Sensitivity analysis

A 5 percent strengthening / (weakening) of the Rupee against US Dollars at June 30 would have (decreased) / (increased) profit before tax by the amounts shown below. This analysis assumes that all the other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2019.

	Profit and loss
As at 30 June 2020	
Effect of US Dollars	<u>4,955,120</u>
As at 30 June 2019	
Effect of US Dollars	<u>25,773,488</u>

A 5 percent weakening of the Rupee against US Dollars at June 30 would have equal but opposite on the basis that all the other variables, in particular interest rates, remain constant.

ii) Interest rate risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing arrangements has variable rate pricing that is dependent on the Karachi Inter Bank Offered Rate (KIBOR) as indicated in respective notes.

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2020	2019	2020	2019
	Effective interest rate (%)		Carrying amount (Rs.)	
Financial liabilities				
Long term financing	2.6% to 3.75%	2.6% to 2.75%	<u>2,557,240,865</u>	<u>1,660,716,032</u>
Short term borrowings	8.83% to 14.01%	7.78% to 14.12%	<u>3,652,478,772</u>	<u>3,056,510,666</u>

Sensitivity analysis

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit before tax by Rs. 62.10 million (2019: Rs. 47.17 million). This analysis assumes that all other variables remain constant.

31.2 Fair value hierarchy

The Company measures fair value of its financial and non-financial assets that are measured at fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 : Quoted market price (unadjusted) in an active market.
- Level 2 : Valuation techniques based on observable inputs.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of assets that are traded in active markets are based on quoted market prices. For all other assets the Company determines fair values using valuation techniques unless the instruments do not have a market \ quoted price in an active market and whose fair value cannot be reliably measured.

	2020	2019
	Rupees	
31.3 Financial instruments by categories		
<i>FINANCIAL ASSETS - at amortised cost</i>		
Long term deposits	2,149,100	1,999,100
Trade debts	1,792,049,911	1,656,744,400
Deposits and other receivables	26,606,205	160,183
Cash and bank balances	35,708,159	12,839,392
	<u>1,856,513,375</u>	<u>1,671,743,075</u>
<i>FINANCIAL LIABILITIES- at amortised cost</i>		
Long term Loan	2,557,240,865	1,660,716,032
Trade and other payables	798,012,422	816,296,310
Accrued markup	110,141,548	102,415,706
Short term borrowing	3,652,478,772	3,056,510,666
	<u>7,117,873,607</u>	<u>5,635,938,714</u>

32 CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management closely monitors the return on capital along with the level of distributions to ordinary shareholders.

The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Following is the quantitative analysis of what the Company manages as capital:

	2020	2019
	Rupees	
Borrowings:		
Long term loan from a banking company	2,557,240,865	1,660,716,032
Short term borrowing	3,652,478,772	3,056,510,666
	<u>6,209,719,637</u>	<u>4,717,226,698</u>
Shareholders' equity:		
- Issued, subscribed and paid up capital	61,630,000	61,630,000
- Surplus on revaluation of plant and equipment	3,281,186	3,645,762
- Unappropriated profit	1,985,418,933	2,063,626,100
	<u>2,050,330,119</u>	<u>2,128,901,862</u>
Total capital managed by the Company	<u>8,260,049,756</u>	<u>6,846,128,560</u>
Gearing ratio	<u>75.18%</u>	<u>68.90%</u>

33 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of key management personnel of the Company and directors and their close family members. Transaction with related parties are on arm's length basis. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. Remuneration of the Chief Executive, Directors and executives is disclosed in note 29 to the financial statements. Transactions entered into and balances held, with related parties during the year, other than those disclosed elsewhere in these financial statements, are as follows:

Name of the related party	Relationship	Transactions during the year and year end balances	2020	2019
			Rupees	
Premium Knits	Associate by virtue of common directorship	Sale of goods	54,252,038	7,302,800
		Balance outstanding at year end	41,798,524	16,473
Pinnacle Fibre	Associate by virtue of common directorship	Purchase of goods	488,016,142	594,600,728
		Balance outstanding at year end	10,384,118	11,887,243

34 OPERATING SEGMENT

These financial statements have been prepared on the basis of single reportable segment.

34.1 Revenue from sale of yarn represents 99.48% (2019 : 99.57%) of the total revenue of the Company.

34.2 96.28% (2019: 92.15%) gross sales of the Company relates to indirect exporters and foreign customers.

As of June 30, 2020, all non-current assets of the Company where located in Pakistan.

The amount of revenue from major customers having sales of more than 10% of total sales amounts to Rs. 1,499,422,146, during the year ended 30 June 2020 (2019: 1,278,637,760).

35 GENERAL

35.1 Non - adjusting event after balance sheet date

The Board of Directors in their meeting held on 30-Sep-2020 has proposed a final cash dividend of Rs.8.0/- per share (2019: Rs. 22.5/- per share) for approval of the members at the Annual General Meeting to be held on 28-Oct-2020. The financial statements do not reflect this appropriation.

35.2 Number of employees

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2020	2019
	Number	
Total employees of the Company at the year end	925	794
Average employees of the Company during the year	950	889

35.3 Impact of COVID-19 on the financial statements

The COVID-19 pandemic put pressure on the sales volume and bottom line of the company. It has also caused extraordinary and unprecedented curtailment in economic and social activities since its spread in Pakistan from March 2020. This pandemic posed a big threat to business and financial challenges across various sectors of the economy in Pakistan. The Company complied with the SOPs prescribed by Federal and Provincial Governments. Sales and production activities were affected during lockdowns.

In connection with the accounting and reporting obligations as required in circular 26 of 2020 issued by SECP, the management of the company assessed the impact of COVID-19 related events on its financial statements particularly its impact on the appropriateness of the use of the going concern assumption. This included assessment of both financial (debt covenant compliance concerns, renegotiation of debt agreements, liquidity and funding concerns) and non-financial (disruption of supply chain, logistics, fluctuating demand, workforce management and employee health issue) considerations. In addition to this, the assumptions used and estimates associated with measurement of various assets and liabilities were also assessed. COVID-19 pandemic was a significant event during the year. However, The Company remained up to date in all its financial commitments. The Management believes that the going concern assumption of the Company remains valid. Manpower, materials and other necessary resources which are available at factory site are continuously working on the project despite the lock down due to Covid-19.

The management believes that due to the pandemic the Company's operations, financial position and results have been impacted only on a temporary basis and believes that as normalcy comes about, these impacts have started to recede.

The Company availed employee refinance facility for payment of salaries and wages under SBP's infrastructure, Housing & SME Finance department (IH&SMEFD) Circular No. 6 of 2020 dated April 10, 2020.

35.4 Date of authorization for issue

These financial statements have been authorized for issue by the Board of Directors of the Company in their meeting held on 30-Sep-2020.

35.5 Corresponding figures

The corresponding figures have been rearranged and reclassified, wherever considered necessary and for the purpose of comparison and better presentation. Following reclassifications have been made in these financial statements.

Reclassified from component	Reclassified to component	Amount (Rupees)
Accrued liabilities (Trade and other payables)	Gas Infrastructure Development Cess payable (Deferred liabilities)	<u>221,088,133</u>
Accrued liabilities (Trade and other payables)	Advance from customers (Trade and other payables)	<u>8,968,041</u>
Accrued liabilities (Trade and other payables)	Provision for gas rate difference (Trade and other payables)	<u>174,887,584</u>
Directors' and executives' remuneration (Administrative expenses)	Executives' remuneration (Distribution cost)	<u>1,882,007</u>
Salaries, allowances and other benefits (Administrative expenses)	Salaries, allowances and other benefits (Distribution cost)	<u>13,221,843</u>
Vehicle running and maintenance (Administrative expenses)	Salaries, allowances and other benefits (Administrative expenses)	<u>328,701</u>
Vehicle running and maintenance (Administrative expenses)	Directors' and executives' remuneration (Administrative expenses)	<u>350,428</u>
Vehicle running and maintenance (Administrative expenses)	Salaries, allowances and other benefits (Distribution cost)	<u>558,210</u>
Vehicle running and maintenance (Administrative expenses)	Executives' remuneration (Distribution cost)	<u>100,560</u>

35.6 Level of rounding

Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Director



Chief Financial Officer

Mr./ Mrs. / M/s _____

Dear Shareholder,

ELECTRONIC PAYMENT OF CASH DIVIDENDS INSTEAD OF PHYSICAL DIVIDEND WARRANTS

Pursuant to Section 242 of the Companies Act-2017 and notification by the Security Exchange Commission of Pakistan (SECP) that all listed companies must pay future cash dividends through electronically mode into the bank accounts of the shareholders instead of issuing physical dividend warrants.

We have reviewed and found that you have not yet provided bank mandate. In this regard, you are required to provide bank mandate details with IBANs otherwise future dividend could be withheld according as per the section 242 and directives of SECP.

Physical Shareholders are requested to submit bank mandate by filling the below given form to Bank's Share Registrar at the following address:

In this regard, CDC shareholders may submit their bank mandate details to their investor account services or their brokers where shares are placed electronically.

For any query/ problem/information, the investors may contact the company, and / or the Share Registrar at the following phone Numbers, email address:

F.D.Registrar Services (SMC-Pvt) Ltd. 17 th Floor, Saima Trade Tower-A, I.I.Chundrigar Road, Karachi. Ph: 0213-2271905-6	Premium Textile Mills Pvt Ltd. 1 ST Floor, Haji Adam Chamber Altaf Hussain Road, New Chali, Karachi. 74000. Tel: 32400405-8, 32416380 Fax: 32417908 e-mail: premhead@premiumtextile.com
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Premium Textile Mills Ltd.

M/s.Premium Textile Mills Ltd,
1st floor, Haji Adam Chamber,
Altaf Hussain Road, New Chali,
Karachi.

Bank Mandate Form

I Mr. / Ms./Mrs. _____ S/o, D/o, w/o, _____ hereby authorize Premium Textile Mills Ltd to send /directly credit cash dividends declared by it, in my bank account as detailed below:

(i) Shareholder's details	
Name of the Shareholder	
Folio # / Participant & Account # CDC Investor #	
CNIC NO. / NTN	
Passport No. (in case of foreign shareholder)	
Landline / Cell Number of the Shareholder	
(ii) Shareholder's Bank detail	
Bank's Name	
Branch Name and Address	
Branch Code Number.	
Title of Bank Account	
Account Number	
IBAN	

It is stated that the above particulars given by me are correct to the best of my knowledge and I shall keep the Company/ Share Registrar informed in case of any changes in the said particulars in future.

Signature of the shareholder

Note: Bank mandate details must be verified by the concerned Bank Branch to avoid any error.

PROXY FORM

PREMIUM TEXTILE MILLS LIMITED,
1st Floor, Haji Adam Chambers,
Altaf Hussain Road,
New Challi,
Karachi.

Please quote Reg. Folio Number

I/We _____

of _____

being a member of Premium Textile Mills Limited and holder of _____

Ordinary Shares hereby appoint _____

of _____

or failing him/her _____

of _____

as my/our proxy in my / our absence to attend and vote for me/us on my/our behalf at the Annual General meeting of the Company to be held on October 28th, 2020 at 04:30 p.m. at 1st Floor, Haji Adam Chambers, Altaf Hussain Road, New Challi, Karachi.

Signed this _____ day of _____ 2020 in the presence of

(Witness Signature)

Affix
Five Rupees
Revenue Stamp

(Signature of Proxy)

(Member's Signature)

- NOTE: (i) This form of proxy, in order to be effective, must be deposited duly completed with the Company not less than 48 hours before the time for holding the meeting.
- (ii) The proxy must be signed across a Rs. 5/- Revenue Stamp.
- (iii) Signature should agree with the specimen registered with the Company.
- (iv) Proxies granted by shareholders who have deposited their shares into Central Depository Company of Pakistan Limited must be accompanied with attested copies of the Computerized National Identity Card (CNIC) or the Passport of the beneficial owners. Representatives of Corporate members should bring the usual documents required for such purpose.
- (v) In case of CDC Accounts Holders, attested copies of CNIC or the Passport of the beneficial owners and the proxy shall be furnished with the proxy form.