

# COMPANY INFORMATION

## **BOARD OF DIRECTORS:**

CHIEF EXECUTIVE:  
DIRECTORS:

MR. ZAHID ANWAR  
MRS. RUKHSANA BEGUM  
MR. IMRAN ZAHID  
MR. ZEESHAN ZAHID  
CH. GHULAM MURTAZA BUTTAR  
MR. ZULQARNAIN  
MR. ALI RAZA ZAFAR

## **AUDIT COMMITTEE:**

CHAIRMAN:  
MEMBER:  
MEMBER:

MR. ZULQARNAIN  
MR. ZEESHAN ZAHID  
CH GHULAM MURTAZA BUTTER

## **HUMAN RESOURCES & REMUNERATION COMMITTEE:**

CHAIRMAN:  
MEMBER:  
MEMBER:

MR. ALI RAZA ZAFAR  
MR. ZEESHAN ZAHID  
CH. GHULAM MURTAZA BUTTAR

## **COMPANY SECRETARY:**

MR. AJMAL SHABAB

## **CHIEF FINANCIAL OFFICER:**

MR. ABRAR MOHSIN

## **AUDITORS:**

M/S ARSHAD RAHEEM & CO.  
CHARTERED ACCOUNTANTS

## **BANKS:**

AL BARAKA BANK (PAKISTAN) LIMITED  
JS BANK LIMITED  
NATIONAL BANK OF PAKISTAN  
UNITED BANK LIMITED  
DUBAI ISLAMIC BANK  
HABIB BANK LIMITED

## **LEGAL ADVISOR:**

MR. ZIA-UL-HAQ (ADVOCATE)

## **REGISTERED OFFICE:**

JK HOUSE, 32-W, SUSAN ROAD,  
MADINA TOWN, FAISALABAD

## **SHARE REGISTRAR OFFICE:**

HAMEED MAJEED ASSOCIATES (PVT) LTD  
1<sup>ST</sup> FLOOR, H.M HOUSE, 7-BANK SQUARE  
LAHORE.

## **MILLS:**

32-KM, SHEIKHUPURA ROAD, FAISALABAD

## **WEB SITE:**

[www.asimtextile.com](http://www.asimtextile.com)

## **VISION**

**TO TURN AROUND THE COMPANY INTO A  
PROFITABLE UNDERTAKING ITS LIFE  
AND TO BE A MARKET LEADER BY BEING  
THE BEST LEADER BY BEING THE BEST**

## **MISSION**

**TO PROVIDE FINE QUALITY PRODUCTS  
TO ITS CUSTOMERS AND BRING THE  
COMPANY INTO PROFIT TO INCREASE  
SHAREHOLDERS' WEALTH**

# ASIM TEXTILE MILLS LIMITED

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of the company will be held on Wednesday the 28<sup>th</sup> October, 2020 at 09:30 AM at its registered office, JK House, 32-W, Susan Road, Madina Town, Faisalabad to transact the following business :-

1. To confirm the minutes of the Annual General Meeting held on 28.10.2019.
2. To receive, consider and adopt the audited accounts of the company for the year ended June 30, 2020 together with the Directors' and Auditor's reports thereon.
3. To appoint auditors for the year ending June 30, 2021 and fix their remuneration. The Company received a notice to appoint M/S Kreston Hyder Bhimji & Co. Chartered Accountants for appointment as auditors of the company for the next year.
4. To transact any other business with the permission of the chair.

FOR AND ON BEHALF OF THE BOARD

FAISALABAD: 07.10.2020

AJAML SHABAB  
(Company Secretary)

### NOTES:

1. The share transfer books of the company will remain closed from 21.10.2020 to 28.10.2020 (both days inclusive). Transfer received at the office of Share Registrar of the company, M/s. Hameed Majeed Associates (Pvt) Ltd., H. M. House, 7-Bank Square, Lahore, by the close of business on 20th October 2020 will be treated in time.
2. A member entitled to attend and vote at the meeting may appoint another member of the company as a proxy to attend and vote instead of him/her. Proxy Form duly completed should reach the Registered Office of the Company at least 48 hours before the time of meeting.
3. Any individual beneficial owner of CDC entitled to attend and vote at this meeting must bring his/her CNIC or Passport to prove his/her identity, and in case of Proxy must enclose an attested copy of his/her CNIC or Passport. Representative of Corporate Member should bring the usual documents required for such purpose.
4. Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O. 779(I)/2011 dated August 18, 2011 has directed all listed companies to ensure that Dividend Warrants should bear the Computerized National Identity Card (CNIC) Numbers of the registered members. Members who have not yet provided attested copies of their valid CNICs / NTN's (in case of corporate entities) are requested to send the same directly to the Share Registrar at aforementioned address.
5. In pursuance of the directions given by SECP vide SRO 787 (I)/2014 dated September 8, 2014, those shareholders who desire to receive Notice & Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. [www.asimtextile.com](http://www.asimtextile.com) and send the said form duly filled in and signed along with copy of his/her CNIC / Passport to the Company's Share Registrar. Please note that giving email address for receiving of Notice & annual Financial Statement instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice and, in such case, Notice & Annual Financial Statement will be sent at your registered address, as per normal practice.
6. Pursuant to section 132(2) of the Companies Act, 2017, if company receives consent from shareholders holding aggregate 10% or more shareholding residing at geographical location to participate in the meeting through video conference at least 7 days prior to the date of meeting, the company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide following information and submit it to the registered office of the Company.

I/We, ..... of ..... bein a member of ASIM TEXTILE MILLS LIMITED, holder of ..... Ordinary Shares as per Register Folio No./CDC A/C No. .... hereby opt for Video conference facility at .....

.....  
Signature of members

Members of the Company are requested to immediately notify the change of address, if any, and ask for consolidation of their folio numbers.

# **ASIM TEXTILE MILLS LIMITED**

## **CHAIRMAN, S REVIEW**

We are pleased to present the financial results of the Company. The Sale has decreased in this year as compared to the last year due to Novel Corona Virus (COVID-19) which effected the company operations and hence the company has earned profit of Rs. 18.645 million in this year as compared to the last year profit of Rs. 56.169 million.

We are confident that our existing business trend will continue adding to sustainable growth to achieve better results during the current year and the rise in other avenues of business will further add value to the net worth of the company.

The management remains committed to maintain focus on sustaining the financial performance of your company. We thank our shareholders, customers and staff for their support and trust in the company.

In the end, I would like to thank the Board of Directors for their valuable contribution and guidance throughout the period.

**October 07, 2020**

**Faisalabad.**

For and on behalf of the Board

  
**CH. GHULAM MURTAZA BUTTAR**

**Chairman BOD**

# عاصم ٹیکسٹائل ملز لمیٹڈ

چیئرمین کا جائزہ

ہم بھد خوشی کمپنی کے مالی نتائج پیش کر رہے ہیں، اس سال کی سیل (COVID-19) کرونا وائرس کی وجہ سے پچھلے سال کی سیل کے مقابلے میں کم ہے۔ اور اس سال کا منافع پچھلے سال کے منافع -/5.6169 کروڑ سے کم ہو کر -/1.8645 کروڑ ہوا ہے۔

ہم اس بات پر امید ہیں کہ کمپنی اس سال کی ترقی کی طرف گامزن رہے گی۔ اور اس سال بہتر نتائج حاصل کرنے کیلئے کاروبار کے بہترین طریقے اختیار کریں گے۔

مینجمنٹ اس سلسلے میں پر عزم ہے کہ آپ کی کمپنی کی مالی کارکردگی کو برقرار رکھنے کے معاملے پر خصوصی توجہ مرکوز رکھے۔ ہم اپنے حصص یافتگان، کسٹمرز اور سٹاف کے شکر گزار ہیں جنکی مدد اور اعتماد کمپنی کو حاصل رہا۔

آخر میں میں بورڈ آف ڈائریکٹرز کا بھی شکریہ ادا کرنا چاہتا ہوں جن کی طرف سے پورے سال کے دوران قیمتی شراکت اور رہنمائی فراہم کی جاتی رہی۔

بورڈ کی طرف سے

07 اکتوبر 2020

فیصل آباد

چیئرمین بورڈ آف ڈائریکٹرز  
چوہدری غلام مصطفیٰ بٹ

## DIRECTORS' REPORT

Your Board of Directors is pleased to present 31<sup>st</sup> annual report together with audited accounts of the Company for the year ended June 30, 2020.

Operating Indicators	June 30, 2020 Rupees in Millions	June 30, 2019 Rupees in Millions
Sales	1471.670	1786.446
Gross Profit	46.201	109.344
Provision for taxation	10.014	24.425
Profit after Taxation	18.645	56.169
Profit per share	1.23	3.70

### Future Outlook:

The Company is steadfast on its stated strategic initiatives aimed at enhancing margins by drastically improving operations and affecting across the board cost reductions through efficiency in manufacturing. Steps are taken to improve the financial health of the company by overhauling plant and machinery to improve product quality and performance. Despite of the very challenging business conditions, we are immensely hopeful for positive prospects in future

### Compliance to good Governance and social requirements

Your company is committed to fulfill its responsibilities towards good governance, social and environmental responsibilities. To protect health and safety of employees and environment, company provides able conditions and means to ensure compliance.

### Human Resource and industrial relations

Under a defined and documented criteria in line with national and international laws people are recruited and hired. This is demonstrated at all level beyond any racism, cast, sex or religion and respects human rights, ethics and standards.

### Court Cases:

The company has instituted a suit in the Honorable Lahore High Court, Lahore against Faysal Bank Limited claiming damages on account of acquisition of un-remunerative agricultural land on the advice of FIBL for not providing timely cash finance facilities despite written commitments and for charging illegal profits against the principles of Islamic Banking and in contravention of the objective clause of its Memorandum of Association, Articles of Association and against circulars issued by the State Bank of Pakistan. The amount claimed for the first two counts is Rs.141.831 million (including claims of Central Excise Duty), whereas the amount of last count has been left for the Court to determine.

The counter suit filed by the Faysal Bank for recovery of Rs. 454.502 million along with costs and cost of funds before the Honorable Lahore High Court (Single Judge), Lahore has been adjudicated on 04.06.2015 against the company. The company has filed an appeal in Honorable Lahore High Court, Lahore (Division Bench) vide R.F.A. No. 1372/2015 on various grounds including the company being condemned unheard.

However, in this regard directors' and the management of the company are confident that these cases are based and being contested on strong legal grounds and are likely to be decided in Company's favor.

### Auditor's Observations:

The auditors have expressed uncertain in their audit report about the Company's ability to continue as a going concern due to accumulated loss of Rs.124.026 million against the paid up share capital of Rs. 151.77

million and the provision for cost of fund has not been accounted for in the Financial Statements in line with the decision of Lahore High Court, Lahore in counter suit filed by Faisal bank Limited as described in the auditors' report to the members:

In this regard the management of the company is optimistic that there are no significant doubts about the company's ability to continue as a going concern as described in Note. 1.2 Of these Financial Statements.

The management has filed an appeal in the Lahore High Court, Lahore (D.B) vide R.F.A. No. 1372/2015 on various grounds including the company being condemned unheard. The management of the company is of the opinion that this case is based and being contested on strong legal grounds and is likely to be decided in Company's favor. Therefore, no provision for cost of funds is accrued.

Regarding the auditor's reservation of going concern relating to note 1.2 of financial statements, the management of the company is making its strenuous efforts, optimal production strategies and effective cost controls to improve the profitability of the company. The management is quite optimistic that balancing and modernization of plant and machinery, improvement in future industry situation and better production efficiency will definitely improve the future financial results. The management positively looks forward to counter all challenges and is firmly committed to deliver the best possible results and will continue to meet its objectives and goals. Based upon these aspects and continuing financial support from directors and associates, the financial statements have been prepared on going concern basis.

We confirm that:

- a) Financial statements have been prepared in conformity with the requirement of the Companies Act 2017 and present fairly state of affairs, results of its operation, cash flows and changes in equity.
- b) Proper books of accounts have been maintained in the manner required under Companies act 2017.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- e) The system of internal control is being implemented and monitored.
- f) There are no significant doubts about the company's ability to continue as a going concern.
- g) There has been no material departure from best practices of corporate governance, as detailed in listing regulations.
- h) The key operating and financial data of last six years is annexed to this report.
- i) Outstanding duties and taxes, if any, have been disclosed in the financial statements.
- j) The Chairman's review dealing with the performance of the Company during the year ended June 30, 2020 forms part of this report.
- k) Value of investments of Employees Provident Fund was Rs. 12.854/- millions for the year ended June 30, 2020.
- l) Company has arranged in-house training program for its Directors.
- m) Statement of compliance with the Best Practices of Corporate Governance is annexed.
- n) We confirm that directors and CFO and their spouse and minor children have made no transactions of the Company's shares during the year.
- o) The pattern of shareholding as at June 30, 2020 is annexed with this report.

- During the year under review, five meetings of the Board were held:-

Mr. Zahid Anwar	4	Mr. Zeeshan Zahid	5
Mrs. Rukhsana Begum	5	Ch. Ghulam Murtaza Buttar	5
Mr. Imran Zahid	5	Mr. Zulqarnan	4
Mr. Ali Raza Zafar	4		

- The Audit Committee held four (4) meetings during the year. Attendance by each member was as follows:

Ch Ghulam Murtaza Buttar	4	Mr. Zeeshan Zahid	3	Mr. Zulqarnan. Chairman	4
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- The HR Committee held one (1) meeting during the year. Attendance by each member was as follows:

Ch Ghulam Murtaza Buttar	1	Mr. Zeeshan Zahid	1	Mr. Ali Raza Zafar Chairman	1
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- Considering the accumulated losses brought forward, no dividend is recommended for the year ended June30, 2020.
- Present auditors, M/s Arshad Raheem & Co. Chartered Accountants have retired and M/s Kreston Hyder Bhimji & Co Chartered Accountants offers themselves for appointment. The Audit Committee has recommended the appointment of M/s Kreston Hyder Bhimji & Co as auditors for the year 2021 .
- The remuneration of the Board members is approved by the Board itself. However in accordance with the code of corporate Governance it is ensured that no Director takes part in deciding his own remuneration.
- No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Director's Report.
- Transactions undertaken with related parties during the financial year have been ratified by the Audit Committee and approved by the Board.

On behalf of board of directors.

Zahid Anwar  
Chief Executive  
October 07, 2020.



## ڈائریکٹرز رپورٹ برائے ممبران

آپ کے ڈائریکٹرز 30.06.2020 کے مالی سال کے اختتام پر تیسویں سالانہ اجلاس کے انعقاد پر خوشی محسوس کرتے ہیں

مالیاتی نتائج

روپے (ملین میں)		
اختتام مالی سال	اختتام مالی سال	
30.06.2020	30.06.2019	
1471.670	1786.446	سیلز
46.201	109.344	قبل از ٹیکس منافع
10.014	24.425	ٹیکس
18.645	56.169	بعد از ٹیکس منافع
=====	=====	
1.23	3.70	فی شیئر آمدنی - بنیادی (روپے)

مستقبل کا نقطہ نظر

کمپنی کاروباری لاگت میں کمی آپریشن میں بہتری کی بدولت منافع میں مسلسل اضافہ کے عزم پر قائم ہے۔ پلانٹ اور مشینری کی مرمت عمل میں لائی جا رہی ہے تاکہ اس اس کی کارکردگی اور مصنوعات کی کوالٹی میں اضافہ ہو سکے۔

کارپوریٹ سماجی ذمہ داری

آپ کی کمپنی ماحولیاتی ملازمین اور برادری کی سماجی ذمہ داریوں سے بخوبی واقف ہے۔ اسی سلسلے کے پیش نظر بین الاقوامی کے معیار کو اپناتے ہوئے تھرڈ پارٹی سٹیکہولڈر حاصل کر رکھا ہے جو کہ درج ذیل ہے:

انسانی وسائل اور صنعتی تعلقات

کمپنی نے قومی اور بین الاقوامی معیار کے مطابق ملازمین کی شمولیت کیلئے اصول وضع کر رکھے ہیں یہ اصول نسل پرستی، ذات اور جنس کو خاطر میں لائے بغیر وضع ہیں۔ اس کے علاوہ کمپنی میں دوستانہ ماحول میں کام کو یقینی بنانے کیلئے بھی اصول وضوابط بنا رکھے ہیں یہی چیز روزگار کے حصول کو منظم کرتی ہے۔

کورٹ کیسز

کمپنی نے فیصل بینک لمیٹڈ کی تجویز پر غیر زرعی زمین خریدی اور رقم کی بروقت ادائیگی کیلئے پیشگی تحریری معاہدہ بھی کیا تاہم فیصل بینک نے بروقت رقم نہیں دی جس سے کمپنی کو نقصان پہنچا اور فیصل بینک نے اسلامی بینکنگ کے اصولوں، میمورنڈم آف ایسوسی ایشن، آرٹیکل آف ایسوسی ایشن اور سٹیٹ بینک کی جانب سے جاری کردہ سرکلرز کے خلاف کمپنی سے منافع وصول کیا۔ اس بنا پر کمپنی نے نقصان کے ازالے کیلئے فیصل بینک کے خلاف لاہور ہائی کورٹ لاہور میں کیس دائر کیا ہوا ہے۔ پہلی دو شماروں کی رقم 141.831 ملین روپے بنتی ہے جس میں سنٹرل ایکسائز ڈیوٹی کی رقم بھی شامل ہے۔

فیصل بینک کی جانب سے بھی 454.502 ملین روپے کی وصولی کیلئے لاہور ہائی کورٹ (سنگل جج) کی عدالت میں کیس دائر کیا گیا جس کا فیصلہ مورخہ

04.06.2015 کو کمپنی کے خلاف آیا تاہم کمپنی نے لاہور ہائی کورٹ لاہور ڈویژن بیچ میں مختلف وجوہ بشمول کمپنی کا موقف نہ سنا جانا کی بنیاد پر بحوالہ نمبر R.F.A. 1372/2015 کی رو سے کیس دائر کیا ہوا ہے۔ تاہم کمپنی اور اسکی انتظامیہ خود اعتماد ہیں کہ کیس کی بنیاد مضبوط ہے اور اسکا فیصلہ کمپنی کے حق میں آنے کی امید ہے

آڈیٹرز کے مشاہدات

آڈیٹرز نے اپنی آڈٹ رپورٹ میں منفی رپورٹ دی ہے کہ کمپنی کی ساکھ Going Concern سے مطابقت نہیں رکھتی جس کی وجہرواں سال 1 یکویٹی 124.026 ملین روپے جبکہ ادا شدہ سرمایہ 151.77 ملین روپے ہے اس کے علاوہ فیصلہ بینک کی جانب سے دائر کردہ کیس جو کہ آڈیٹرز رپورٹ میں بیان کیا گیا ہے اور لاہور ہائی کورٹ لاہور کے کمپنی کے خلاف فیصلے کے باوجود Cost of Fund کی رقم کو مالیاتی تفصیلات میں شامل نہیں کیا گیا کمپنی کی انتظامیہ اس حوالے سے پر امید ہے کہ کمپنی کے چلتے رہنے میں کوئی شک نہیں جیسا کہ مالیاتی تفصیلات کے نوٹ نمبر 1.2 میں بیان کیا گیا ہے انتظامیہ نے لاہور ہائی کورٹ لاہور میں مکمل طور پر نہ سنے جانے اور مختلف وجوہات کی بنا پر اپیل نمبر R.F.A. 1372/2015 دائر کر رکھی ہے اور پر امید ہے کہ کیس کا فیصلہ کمپنی کے حق میں کیا جائے گا اسلئے Cost of Fund کی رقم کو شامل نہیں کیا گیا۔

زیر جائزہ سال کے دوران پانچ اجلاس منعقد ہوئے ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے۔

تعداد حاضری	نام ڈائریکٹر
4	جناب زاہد انوار (CEO)
5	جناب عمران زاہد
5	محترمہ رخسانہ بیگم
5	جناب ذیشان زاہد
5	جناب چوہدری غلام مرتضیٰ بٹر
4	جناب علی رضا ظفر
4	جناب ذفر نمن

آڈٹ کمیٹی کی طرف سے سال کے دوران چار اجلاس منعقد ہوئے ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے۔

4	جناب چوہدری غلام مرتضیٰ بٹر
3	جناب ذیشان زاہد
4	جناب ذفر نمن

ایچ آر کمیٹی کی طرف سے سال کے دوران ایک اجلاس منعقد ہوا ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے

1	جناب چوہدری غلام مرتضیٰ بٹر
1	جناب ذیشان زاہد
1	جناب علی رضا ظفر

موجودہ آڈیٹرز میسرز ارشد رحیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائرڈ ہو گئے ہیں اور میسرز کرسٹین حیدر بھیم جی اینڈ کمپنی کو چارٹرڈ اکاؤنٹنٹس کی جانب سے تعیناتی کی پیشکش کی گئی ہے جس پر آڈٹ کمیٹی نے میسرز کرسٹین حیدر بھیم جی اینڈ کمپنی کو برائے 2021 تعیناتی کی تجویز دی ہے۔

اعتراف

بورڈ اس موقع پر اپنے معزز حصص داروں کی مسلسل حمایت اور حوصلہ افزائی کیلئے ان کی شکرگزار سے اور اسی موقع پر بورڈ اپنے ملازمین کی انتھک محنت اور کام سے لگاؤ کی بھی تعریف کرتا ہے

بورڈ کی جانب سے  
چیف ایگزیکٹو آفیسر

تاریخ: 7 اکتوبر 2020

فیصل آباد

STATEMENT OF COMPLIANCE  
WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019  
ASIM TEXTILE MILLS LIMITED

FOR THE YEAR ENDED JUNE 30, 2020

The Company has complied with the requirements of the regulations in the following manner:

1. The total number of directors are 7 as per the following:

- a. Male: 6 members
- b. Female: 1 members

2. The composition of the board is as follows:

Category	Names
a) Independent Director	Mr. Zulqarnain Mr. Ali Raza Zafar.
b) Other Non-executive Directors	Mr. Zeeshan Zahid Mr. Ghulam Murtaza Buttar
c) Executive Directors	Mr. Zahid Anwar Mr. Imran Zahid Mrs. Rukhsana Begum

3. The directors have confirmed that none of them is serving as a director on more than Seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairperson and, in her absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The directors were apprised about the changes in the Code, applicable laws and their duties and responsibilities to effectively manage the affairs of the Company for and on behalf of the shareholders. Four directors of the Company having 14 years of education and 15 years of

experience are exempt from the requirement of directors' training program, under purview of regulation 19(2) of the Listing Companies Code of Corporate Governance, 2019, whereas, three board members do not qualify for exemption. The Company will arrange the training program for the directors as provided under the Regulations in future.

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief financial officer and Chief executive officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

**a) Audit Committee**

1. Mr. Zulqarnain (Chairman)
2. Mr. Zeeshan Zahid (Member)
3. Mr. Ch. Ghulam Murtaza Buttar (Member)

**b) HR and Remuneration Committee**

1. Mr. Ali Raza Zafar (Chairman)
2. Mr. Zeeshan Zahid (Member)
3. Mr. Ch. Ghulam Murtaza Buttar (Member)

13. The terms of reference of the audit committee and HR and Remuneration Committee have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following:

**a) Audit Committee**

The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Regulations.

**b) HR and Remuneration Committee**

The meeting of the HR and Remuneration Committee was held once during the year.

15. The Board has set up an effective internal audit function who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below.

Sr. No.	Non-Mandatory Requirement	Reg. No.	Explanation
1	Directors' Orientation Program. All companies shall make appropriate arrangements to carry out orientation for their directors to acquaint them with these Regulations, applicable laws, their duties and responsibilities to enable them to effectively govern the affairs of the listed company for and on behalf of shareholders.	19	Four directors of the Company having 14 years of education and 15 years of experience are exempt from the requirement of directors' training program, under purview of regulation 19(2) of the Listing Companies Code of Corporate Governance, 2019, whereas, three board members do not qualify for exemption. The Company will arrange the training program for the directors as provided under the Regulations in future.

Zahid Anwar (Chief Executive)

Place: Faisalabad.

October 07, 2020

DIRECTOR

ASIM TEXTILE MILLS LIMITED

KEY OPERATING & FINANCIAL DATA FOR LAST SIX YEARS

Particulars	2019	2018	2017	2016	2015	2014
<b>Financial Position</b>						
Paid up capital	151.770	151.770	151.770	151.770	151.770	151.770
Fixed assets	889.392	888.394	891.550	888.166	681.197	676.73
Accumulated depreciation	422.675	398.986	381.333	354.768	329.093	309.769
Current assets	484.858	406.424	353.990	282.636	357.598	358.601
Current liabilities	668.505	662.474	663.819	644.989	649.528	650.398
<b>Income</b>						
Sales	1786.446	1433.635	1214.020	1092.539	1129.414	1,314.143
Other income	8.586	3.433	3.548	4.881	16.494	10.820
Pre tax profit/(loss)	80.593	58.746	39.939	(13.283)	(13.435)	70.475
Taxation charge/(credit)	24.425	17.009	10.613	0.004	4.163	41.828
<b>Statistics &amp; Ratios</b>						
Pre tax profit/(loss) to sales %	4.51	4.1	3.29	(1.22)	(1.19)	5.36
Pre tax profit/(loss) to capital %	53.1	38.71	26.32	(8.75)	(8.85)	46.44
Current ratio	1.173	1:1.61	1: 1.53	1: 1.44	1: 1.55	1: 1.55
Paid up value per share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
Earnings/(loss) after tax per share (Rs.)	3.70	2.75	1.93	(0.88)	(1.16)	1.89
Cash dividend%						
Break up value per share (Rs.)	(0.01)	(4.09)	(7.22)	(9.89)	(9.63)	(8.83)

**ARSHAD RAHEEM & Co**  
Chartered Accountants

YOUSAF ISLAM HOUSE  
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**Review Report to the Members  
on Statement of Compliance with best Practices of Code of  
Corporate Governance**

We have reviewed the Statement of Compliance with the best practices (the statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Asim Textile Mills Limited (the Company) for the year ended June 30, 2020 to comply with the requirements of Listing Regulations of Pakistan Stock Exchange where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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 effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transaction and transactions which are not executed at arm's length price and recording proper justification for using such alternate price mechanism. We are only required and have ensured compliance of requirement to the extent of approval of related party transaction by the Board of Directors upon recommendation of Audit Committee. We have not carried out any procedure to determine whether the related party transactions were undertaken at arm's length price or not.

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 best practice contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2020.

  
**ARSHAD RAHEEM & CO**  
Chartered Accountants  
Engagement Partner: Arshad Raheem

LAHORE: 07 OCT 2020



**ARSHAD RAHEEM & Co**  
Chartered Accountants

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**INDEPENDENT AUDITOR'S REPORT**

**To the members of ASIM TEXTILE MILLS LIMITED**

**Report on the Audit of the Financial Statements**

**Opinion**

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

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters stated in basis for opinion paragraph, 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 international Financial Reporting Standard (IFRSs) as applicable in Pakistan, and, given 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, total comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Qualified Opinion**

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

Short term borrowings include Morahaba Finance obtained from Faisal Bank Limited amounting to Rs. 417.590 million on 31st October 1999 in respect of which the Company has filed suit against bank for charging illegal profits against principal of Islamic Banking and in contravention of objective clause of Memorandum of Association, Article of Association and against circulars issued by State

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Bank of Pakistan. Faisal Bank Limited filed a counter suit which has been adjudicated on 04-06-2015 against the Company (Note 18 & 19) as a result of which the Company has to settle the loan along with profit and cost of fund. Profit on these loans amounting to Rs 194.161 million have already been provided for; however the litigation is decided against the Company further provision or cost of funds has not been accounted for, having been undeterminable at this stage, by the management as the Company has filed an appeal in Honorable Lahore High Court, Lahore (Division Bench) vide R.F.A No.1372/2015 based on infield favorable judgments of Honorable Lahore High Court, Lahore

### **Material Uncertainty relating to Going Concern**

We draw attention of the members to the contents of note 1.2 to the annexed financial statements, which indicates that its accumulated loss stands at Rs. 123.611 million, the Company's current liabilities exceeded its current assets by Rs. 153.831 million. Although the Company has earned net profit of Rs. 18.644 million during the current year but these factors indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our audit report.

Following are the Key Audit Matter(s):

S. No	Key Audit Matter(s)	How the Matter was addressed in audit
1.	<b>COVID-19</b>	
	<p>Refer note 2.2 to the financial statements regarding the impact of COVID-19.</p> <p>As part of the preparation of the financial statements, management is responsible to assess the possible effect of COVID-19 on the company's liquidity and related ability to continue as going concern and appropriately disclose the results of its assessment in the financial statements. The COVID-19</p>	<p>We considered the uncertainties arising from COVID-19 in planning and performing our audit. Our procedures included:</p> <ul style="list-style-type: none"> <li>• Evaluated the company's most recent financial results forecasts and liquidity analysis underlying their going concern assessment and tested the integrity of the forecasts, including mathematical accuracy:</li> <li>• Assessed the reliability of the forecasted cash flows by comparing with the historical</li> </ul>

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	<p>pandemic is an unprecedented challenge for humanity and for the economy globally, and at the date of the financial statements its effects are subject to uncertainty.</p>	<p>performance and market expectations.</p> <ul style="list-style-type: none"> <li>• Discussed the most recent forecast with management to understand their views on going concern and the potential impact of COVID-19 on the company;</li> <li>• Evaluated the assumptions in respect of projected available future cash flows from operating, financing and investing activities and projected key ratios for covenant calculations;</li> <li>• Inspected supporting documentation such as contracts and underlying calculations and correspondence with financing and other relevant parties;</li> <li>• Evaluated the company's assessment of other accounting estimates within the financial statements which could be impacted by the challenging economic environment resulting from COVID-19, including trade receivable and inventory provisioning; and</li> <li>• Considered the appropriateness of the disclosure made in the financial statements in respect of the potential impact of COVID-19.</li> </ul>
<b>2.</b>	<b>Inventories</b>	
	<p>The company has significant levels of inventories amounting to Rs. 138.079 million as at the reporting date, being 13% of the total assets of the company.</p> <p>There is a risk in estimating the eventual NRV of items held, as well as assessing which items may be slow-moving or obsolete.</p> <p>The Company's principal accounting policy on stores and spares and stock in trade are disclosed in notes –4.2 and 4.3 to the financial statements.</p>	<p>Our audit focused on whether the valuation of year-end inventory was in line with IAS 2. This included challenging judgments taken regarding obsolescence and net realizable value provisions. We obtained assurance over the appropriateness of management's assumptions applied in calculating the value of inventories by:</p> <ul style="list-style-type: none"> <li>• Attending the year end stock take to gain comfort over the existence and condition of inventories and internal controls designed by the company.</li> <li>• Obtaining the final valuation sheets of the inventories and tracing quantities from working papers of observation of physical stock taking.</li> <li>• Obtaining understanding of internal controls designed by the company over recording of</li> </ul>

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		<p>purchases and valuation of the inventories and testing their operating effectiveness on sample basis.</p> <ul style="list-style-type: none"> <li>• Assessing historical costs recorded in the inventory valuation by performing test of details on purchases. Evaluating that the valuation basis used are appropriate and consistent including analysis of costing of different items on sample basis.</li> <li>• Assessing the management's determination of the net realizable values and intended use of the inventories including performing tests on the sales prices fetched by the company before and after year end.</li> <li>• Performing analytical and other relevant audit procedures.</li> <li>• Considering the adequacy of the company's disclosures in respect of inventories.</li> </ul>
<p><b>3.</b></p>	<p><b>Trade Debts</b></p>	
	<p>Refer note 9 to the accompanying financial statements, The Company's trade debtors were Rs. 62.811 million as at June 30, 2020 which is a significant balance.</p> <p>We identified the recoverability of trade debtors as a key audit matter because estimating the recoverable amount involves inherent uncertainty and significant management judgement.</p>	<p>Our audit procedures to access the valuation of trade debts, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of and assessing the design and implementation of management's key internal controls relating to credit control, debt collection and making allowances for doubtful debts;</li> <li>• Assessing, on a sample basis, whether items in the trade debtors 'aging report were classified within the appropriate ageing bracket by comparing individual items in the report with underlying documentation;</li> <li>• Assessing the assumptions and estimates made by the management for the provision for doubtful debts, if any; and</li> <li>• Comparing, on a sample basis, receipts from customers subsequent to the financial year end relating to trade debtor balances as at June 30, 2020 with underlying documentation.</li> </ul>

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of the 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.

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

# ARSHAD RAHEEM & Co

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

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

#### **Report on Other Legal and Regulatory Requirements:**

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

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

The engagement partner on the audit resulting in this independent auditors' report is Arshad Raheem.

  
ARSHAD RAHEEM & CO  
Chartered Accountants

LAHORE: 07 OCT 2020

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

<b>ASSETS</b>	<b>Note</b>	<b>2020 Rupees</b>	<b>2019 Rupees</b>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	531,954,937	466,717,972
Long term deposits	6	15,038,156	15,038,156
		<u>546,993,093</u>	<u>481,756,128</u>
<b>CURRENT ASSETS</b>			
Stores and spares	7	18,497,318	11,554,100
Stock in trade	8	138,079,285	168,649,353
Trade debts	9	62,811,731	72,622,128
Advances and prepayments	10	69,325,008	42,553,113
Short term investment	11	18,340,946	17,357,641
Balance with statutory authorities	12	32,575,457	30,420,121
Cash and bank balances	13	217,631,187	141,701,947
		<u>557,260,932</u>	<u>484,858,403</u>
		<u><u>1,104,254,025</u></u>	<u><u>966,614,531</u></u>
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized capital</b>			
17,500,000 ordinary shares of Rs.10 each		<u>175,000,000</u>	<u>175,000,000</u>
<b>Issued, subscribed and paid up capital</b>			
15,177,000 ordinary shares of Rs. 10 each, fully paid in cash		151,770,000	151,770,000
Accumulated loss		(124,025,951)	(151,899,854)
Surplus on revaluation of property plant and equipment	14	245,985,909	191,560,975
		<u>273,729,958</u>	<u>191,431,121</u>
<b>NON CURRENT LIABILITIES</b>			
Deferred liabilities	15	119,017,735	106,678,901
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	99,754,203	51,630,265
Accrued mark up	17	194,161,422	194,161,422
Provision for income tax		-	5,122,115
Short term borrowings	18	417,590,707	417,590,707
		<u>711,506,332</u>	<u>668,504,509</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	19	-	-
		<u><u>1,104,254,025</u></u>	<u><u>966,614,531</u></u>

The annexed notes 1 to 36 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**



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

	Note	2020 Rupees	2019 Rupees
Sales	20	1,471,670,352	1,786,445,500
Cost of sales	21	<u>1,425,469,625</u>	<u>1,677,101,721</u>
Gross Profit		46,200,727	109,343,779
<b>Operating expenses</b>			
Administrative expenses	22	<u>30,059,956</u>	<u>30,996,112</u>
Other operating expenses	23	<u>2,388,695</u>	<u>6,284,765</u>
		<u>32,448,651</u>	<u>37,280,877</u>
		13,752,076	72,062,902
Other operating income	24	<u>14,953,011</u>	<u>8,586,498</u>
		28,705,087	80,649,400
Finance cost		45,783	56,267
<b>Profit before taxation</b>		<u>28,659,304</u>	<u>80,593,133</u>
Taxation	25	<u>10,014,497</u>	<u>24,424,546</u>
<b>Profit for the year</b>		<u><u>18,644,807</u></u>	<u><u>56,168,587</u></u>
Profit per share - basic and diluted	26	<u><u>1.23</u></u>	<u><u>3.70</u></u>

The annexed notes 1 to 36 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

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

	2020	2019
	Rupees	Rupees
<b>Profit for the year</b>	18,644,807	56,168,587
<b>Other comprehensive income :</b>		
Items that will not be reclassified subsequently to profit or loss		
Unrealized profit / ( loss) on changes in fair value of investment	983,305	(2,571,486)
<b>Total comprehensive income for the year</b>	19,628,112	53,597,101

The annexed notes 1 to 36 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE OFFICER**

   
**DIRECTOR**                      **CHIEF FINANCIAL OFFICER**

**ASIM TEXTILE MILLS LIMITED**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 Rupees	2019 Rupees
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		28,659,304	80,593,133
<b>Adjustments for non cash and other items:</b>			
Depreciation		23,696,675	24,741,861
Profit on deposit accounts		(14,948,372)	(7,068,028)
Gain on disposal of fixed asset		-	(951,552)
Provision for WWF		836,295	1,940,870
Profit on deposit with SNGPL		-	(498,274)
Finance cost		45,783	56,267
<b>Cash generated before changes in working capital</b>		<u>38,289,685</u>	<u>98,814,276</u>
<b>Changes in working capital</b>			
<b>(Increase) / decrease in current assets</b>			
Stores and spares		(6,943,218)	92,058
Stock in trade		30,570,068	2,184,185
Trade debts		9,810,396	(27,591,975)
Advances and prepayments		(26,771,895)	(36,366,103)
Balance with statutory authorities		941,597	(1,367,059)
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		47,287,643	(1,032,820)
		<u>54,894,591</u>	<u>(64,081,713)</u>
<b>Cash generated from operations</b>		<u>93,184,276</u>	<u>34,732,563</u>
Finance cost paid		(45,783)	(56,267)
Taxes paid		(27,256,711)	(20,039,682)
Insurance claim		-	1,000,000
Staff retirement gratuity paid		(50,914)	(164,780)
		<u>(27,353,408)</u>	<u>(19,260,729)</u>
<b>Net cash generated from operating activities</b>		<u>65,830,868</u>	<u>15,471,834</u>
<b>b) CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Addition in property, plant and equipment		(4,850,000)	(2,100,000)
Profit on deposits		14,948,372	7,431,759
<b>Net cash used in operating activities</b>		<u>10,098,372</u>	<u>5,331,759</u>
<b>Net increase in cash and cash equivalents</b>		75,929,240	20,803,593
<b>Cash and cash equivalents at the beginning of the year</b>		<u>141,701,947</u>	<u>120,898,354</u>
<b>Cash and cash equivalents at the end of the year</b>	13	<u>217,631,187</u>	<u>141,701,947</u>

The annexed notes 1 to 36 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

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

	Capital	Revaluation surplus on plant and equipment	Accumulated Loss	Total
	----- Rupees -----			
<b>Balance as at July 01, 2018</b>	151,770,000	199,848,464	(213,784,444)	137,834,020
Profit for the year	-	-	56,168,587	56,168,587
Other comprehensive loss	-	-	(2,571,486)	(2,571,486)
Transfer of incremental depreciation on revalued assets for the year	-	(11,839,271)	11,839,271	-
Tax effect on incremental depreciation	-	3,551,782	(3,551,782)	-
<b>Balance as at June 30, 2019</b>	<u>151,770,000</u>	<u>191,560,975</u>	<u>(151,899,854)</u>	<u>191,431,121</u>
Profit for the year	-	-	18,644,807	18,644,807
Other comprehensive income	-	-	983,305	983,305
Revaluation surplus arise during the year	-	62,670,725	-	62,670,725
Transfer of incremental depreciation on revalued assets for the year	-	(11,613,790)	11,613,790	-
Tax effect on incremental depreciation	-	3,367,999	(3,367,999)	-
<b>Balance as at June 30, 2020</b>	<u>151,770,000</u>	<u>245,985,909</u>	<u>(124,025,951)</u>	<u>273,729,958</u>

The annexed notes 1 to 36 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

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

**1. THE COMPANY AND ITS OPERATIONS**

**1.1** The Company is limited by shares and incorporated in Pakistan under the Companies Act, 2017. Its shares are quoted at Karachi, Islamabad and Lahore Stock Exchanges, with effect from January 11, 2016 all three Stock Exchanges merged into Pakistan Stock Exchange. The principal business of the Company is manufacturing and sale of yarn. The Mill is situated at Tehsil Jaranwala, District Faisalabad in the Province of Punjab and the registered office of the Company is situated at JK House, 32-W, Susan Road, Madina Town, Faisalabad.

**1.2 Going concern assumption**

The Company has accumulated loss of Rs. 123.611 million (2019: Rs.151.889 million) as against issued, subscribed and paid up capital of Rs.151.770 million ; and its current assets have been decreased from its current liabilities by Rs. 153.831 million (2019: Rs.183.646 million) as at June 30, 2020. These factors indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to discharge its liabilities and realize its assets in the normal course of business.

In spite of the huge accumulated losses and negative equity, the management of the company is making strenuous efforts, optimal production strategies and effective cost controls to improve the profitability of the Company. The management looks forward positively to counter all challenges and is firmly committed to deliver the best possible results and will continue to meet its objectives and goals. Based upon these aspects and continuing financial support from directors and associates, the financial statements have been prepared on going concern basis.

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

- 2.1.** - All significant transactions and events affecting the Company's financial position and performance during the year have been adequately disclosed in the notes to these financial statements where required.
- 2.2.** - The novel corona virus (COVID-19) emerged and since then, the condition has continued to deteriorate. On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organization declared the outbreak "Public Health Emergency of International Concern". Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is hard to predict at this stage. As of the release date of these financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Company's financial condition or results of operations.

**3. BASIS OF PREPARATION**

**3.1 Statement of compliance**

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

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

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

### 3.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

#### Effective in current year and are relevant to the Company

The Company has adopted all the new standards and amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year:

#### 3.2.1 IFRS 9: Financial Instruments

IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39, 'Financial Instruments - Recognition and Measurement'. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today.

The adoption of IFRS 9 have changed the classification of financial assets and related disclosures. As a result of this, financial assets of the Company previously classified as "loans and receivables" have now been classified as "at amortized cost". The adoption of standard doesn't affect the reported figures of the financial assets and liabilities of the Company, accordingly the opening equity as at June 30, 2019 has not been restated in these financial statements as allowed in IFRS 9.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

##### i Classification and measurement of financial assets and financial liabilities

The revised provisions on the classification and measurement of financial assets (applicable mainly to trade receivables and other receivables) and financial liabilities (mainly trade creditors and interest-bearing debt) have not affected company's financial information. Consequently, the comparative figures have not been restated on the introduction of IFRS 9.

##### ii Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognized as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement basis:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

The Company's financial assets include mainly trade debts, deposits, advances, other receivables and bank balances.

The Company's trade receivables do not contain financing component (as determined in terms of the requirements of IFRS 15 "Revenue from Contracts with Customers"), therefore, the Company is using simplified approach, that does not require the Company to track the changes in credit risk, but, instead, requires to recognize a loss allowance based on lifetime ECLs at each reporting date.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

The expected loss rates are based on the Company's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers. The Company has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors.

**iii Transition**

The Company has used the exemption not to restate comparative periods and any adjustments on adoption of IFRS 9 are to be recognized in statement of changes in equity as on July 1, 2019. However, the adoption of IFRS 9 did not have any impact on opening retained earnings as on July 1, 2019. Accordingly, the comparative information is presented as per the requirements of IAS 39.

**3.2.2 IFRS 15 'Revenue from Contracts with Customers'**

IFRS 15 'Revenue from Contracts with Customers' is effective for accounting period beginning on or after July 1, 2018. This standard has replaced IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers.

.IFRS 15 has replaced IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognize revenue representing the transfer of promised goods or services to customers at amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

There is no material impact of transition to IFRS 15 on the financial position of the Company and there is no effect on the accounting policies of the Company in respect of revenue from contracts with Customers.

**3.2.3 IFRS 9: Financial Instruments**

Financial Instruments - Prepayment Features with Negative Compensation and January 1, 2019 modifications of financial liabilities. The amendment allow debt instruments with negative compensation prepayment features to be measured at amortized cost or fair value through other comprehensive income. The amendment also clarified that gains and losses arising on modifications of financial liabilities that do not result in derecognition should be recognized in profit or loss.

**3.2.4 IFRS 16: Lease**

Leases - IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', January 1, 2019 IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

### 3.2.5 IAS 1: Presentation of Financial Statements

Presentation of Financial Statements - amendments to its definition of material to January 01,2020 make it easier for companies to make materiality judgments. The materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.

### 3.2.6 IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors

Accounting Policies, Changes in Accounting Estimates and Errors - The January 01,2020 amendments are intended to make the definition of material easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing general purpose financial statements in accordance with IFRS.

## 3.3 Accounting standards and interpretations that are not yet effective

### 3.3.1 IAS 1 & 8 Definition of material

Amendments to IAS 1, 'Presentation of Financial Statements' and IAS 8, January 1, 2020 'Accounting Policies, Changes In Accounting Estimates and Errors' 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. Refined definition of materiality - Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

### 3.3.2 IAS 1 Presentation of Financial Statements

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendment, the requirement for a right to be unconditional has been removed and instead, the amendment requires that a right to defer settlement must have substance and exist at the end of the reporting period. January 1, 2022

### 3.3.3 IFRS 17: Insurance Contracts

Insurance Contracts - address the principles for the recognition, measurement, presentation and disclosure of Insurance contracts. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. January 01,2021



#### **4. SIGNIFICANT ACCOUNTING POLICIES**

##### **4.1 Property, plant and equipment**

###### **4.1.1 Operating fixed assets**

Property, plant and equipment except free hold land, building on freehold land, plant & machinery, electric installations and capital work in progress are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Building on freehold land, plant & machinery and electric installations are stated at revalued amount less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at revalued amount.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with them will flow to the entity and its cost can be reliably measured. Cost incurred to replace a component of an item of the property, plant and equipment is capitalized and the asset so replaced is retired from use. Normal repairs and maintenance are charged to profit and loss account during the period in which they are incurred.

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

Depreciation is charged to income applying the reducing balance method so as to write off the historical cost of the assets over their expected useful life at the rates mentioned in property, plant and equipment note - 5.

Depreciation on additions during the year is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off. The residual values and useful lives are reviewed by the management at each financial year end and adjusted if impact on depreciation is significant.


Gains and losses on disposal of property, plant and equipment are included in current income.

###### **4.1.2 Capital work in progress**

Capital work in progress is shown at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during the construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

##### **4.2 Stores and spares**

These are valued at lower of moving average cost and net realizable value except items-in-transit which are valued at cost accumulated to the balance sheet date. Stores, spares and loose tools are regularly reviewed by the management to assess their net realizable value (NRV). Provision is made for slow moving and obsolete store items when so identified.



**4.3 Stock in trade**

These are valued at lower of cost and net realizable value. Cost is determined as follows:

Raw material - At factory	Monthly average cost
- In Transit	Invoice value plus direct charges in respect thereof.
Work in process and finished goods	Prime cost including a proportion of production overheads.
Wastes	At net realizable value

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 be incurred in order to make the sale.

**4.4 Trade and other receivables**

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

**4.5 Short term investment**

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale.

Subsequent to initial recognition at cost, these are measured at fair value. The Company uses latest stock exchange quotations to determine the fair value of quoted investments. Gain or losses on available for sale investments are recognized directly in other comprehensive income until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously recognized in other comprehensive income, is re-classified from equity to profit and loss as re-classification adjustment.

**4.6 Foreign currency translation**

Transactions in foreign currencies are translated into Pak Rupees (functional and presentation currency) at the rates of exchange approximating those appearing on the dates of transactions. Assets and liabilities in foreign currencies are translated into Pak Rupees at rates of exchange prevalent on the balance sheet date. All exchange differences arising from foreign currency transactions/ translations are charged to profit and loss account.

**4.7 Cash and cash equivalents**

Cash and cash equivalents comprise of cash and cheques in hand and at banks and include short term highly liquid investments. The cash and cash equivalents are readily convertible to known amount of cash and are subject to insignificant risk of change in value.

**4.8 Staff retirement benefits**

The Company changed its policy for staff retirement benefits as on 31st March, 2008 from staff retirement gratuity to provident fund and staff retirement gratuity up to that date is stated on termination basis.

At present the Company operates an approved Provident Fund Scheme covering all its permanent employees. Equal monthly contributions are made, both by the Company, and the employees, to the fund at the rate of 8.33% of the basic salary. The Company's contribution to the fund is recognized as expense for the year.



#### **4.9 Taxation**

##### **Current Taxation**

###### **Under normal law**

The current taxation is computed on the basis of profit for the year adjusted for fiscal purposes, minimum tax u/s 113 or Alternate Corporate Tax (ACT) u/s 113C of the Income Tax Ordinance, 2001, which ever is higher, after taking into account the tax credit or rebate, if any.

###### **Under presumptive tax regime**

Taxation in relation to export of goods under section 154 read with section 169 is provided on the basis of Presumptive Tax Regime in accordance with the provisions of the Income Tax Ordinance, 2001.

##### **Deferred Taxation**

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

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

#### **4.10 Trade and other payables**

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

#### **4.11 Provisions**

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

#### **4.12 Contingencies**

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

#### **4.13 Related party transactions and transfer pricing**

All transactions with related parties are carried out at arm's length. The prices are determined in accordance with comparable uncontrolled price method.



#### **4.14 Borrowing costs**

Borrowing costs to the extent of borrowing costs that are directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to profit and loss account in the period of incurrence.

#### **4.15 Dividend and other appropriations**

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

#### **4.17 Impairment**

The management assesses at each balance sheet date whether there is any indication that an asset is impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the cash generating unit is reduced to its recoverable amount by charging the impairment loss against profit and loss account for the year.

#### **4.18 Offsetting of financial assets and financial liabilities**

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

#### **4.19 Revenue recognition**

Revenue is recognized to the extent it is probable that economic benefits will flow to the Company and revenue can be measured reliably. Revenue is measured at fair value of consideration received or receivable and is recognized on the following basis;

Revenue from sales of goods is recognized when the significant risks and rewards of the ownership of the goods have been passed to the customer usually when goods are delivered / dispatched and title has passed.

Profit on short term investment is recognized on the time-apportioned basis.

#### **4.20 Accounting convention**

These financial statements have been prepared under the historical cost convention except property, plant and equipment referred in note 5.1 are carried at revalued amounts. In these financial statements, except for cash flow statement, all the transactions have been accounted for on accrual basis.

#### **4.21 Functional and presentation currency**

These financial statements have been presented in Pakistani Rupees which is also Company's functional currency.


#### **4.22 USE OF ESTIMATES AND JUDGEMENTS**

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of setting up and applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. Revision 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.

Significant areas requiring the use of the management estimates in these financial statements are as follows:

- Useful life of the depreciable assets
- Store and spares
- Provision for doubtful debts
- Taxation
- Contingencies

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



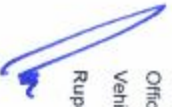
5 PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST / REVALUED AMOUNTS				DEPRECIATION			BOOK VALUE		Rate	
	As at July 01, 2019	Revaluation Surplus	Additions during the Year	Deletion transfer during the period	As at June 30, 2020	As at July 01, 2019	Deletion during the year	For the Year	As at June 30, 2020		As at June 30, 2020
Land - freehold	53,508,000	10,246,000	-	-	63,754,000	-	-	-	-	63,754,000	-
Building on freehold land	151,418,124	33,571,715	-	-	184,989,839	55,869,771	4,917,300	60,787,071	124,202,768	124,202,768	5%
Plant and machinery	618,729,530	15,861,282	4,850,000	-	639,440,812	327,224,301	14,832,600	342,056,901	297,383,911	297,383,911	5%
Electric installation	31,754,357	24,404,643	-	-	56,159,000	17,759,516	1,602,856	19,362,372	36,796,628	36,796,628	10%
Factory equipment	355,750	-	-	-	355,750	334,789	2,096	336,885	18,865	18,865	10%
Furniture, fixture and Office equipment	659,633	-	-	-	659,633	493,721	16,591	510,312	149,321	149,321	10%
Vehicles	2,618,122	-	-	-	2,618,122	1,921,089	69,703	1,990,792	627,330	627,330	10%
	30,349,332	-	-	-	30,349,332	19,071,689	2,255,529	21,327,218	9,022,114	9,022,114	20%
<b>Rupees: June 2020</b>	<b>889,392,848</b>	<b>84,083,640</b>	<b>4,850,000</b>	<b>-</b>	<b>978,328,488</b>	<b>422,674,876</b>	<b>-</b>	<b>23,696,675</b>	<b>446,371,551</b>	<b>531,954,937</b>	

Rupees-----

PARTICULARS	COST / REVALUED AMOUNTS				DEPRECIATION			BOOK VALUE		Rate	
	As at July 01, 2018	Revaluation Surplus	Additions/ transfers during the Year	Deletion transfer during the period	As at June 30, 2019	As at July 01, 2018	Deletion during the year	For the Year	As at June 30, 2019		As at June 30, 2019
Land - freehold	53,508,000	-	-	-	53,508,000	-	-	-	-	53,508,000	-
Building on freehold land	151,418,124	-	-	-	151,418,124	50,840,910	5,028,861	55,869,771	95,548,353	95,548,353	5%
Plant and machinery	618,104,530	-	625,000	-	618,729,530	311,902,864	15,321,437	327,224,301	291,505,229	291,505,229	5%
Electric installation	31,754,357	-	-	-	31,754,357	16,204,534	1,554,982	17,759,516	13,994,841	13,994,841	10%
Factory equipment	355,750	-	-	-	355,750	332,460	2,329	334,789	20,961	20,961	10%
Furniture, fixture and Office equipment	659,633	-	-	-	659,633	475,286	18,435	493,721	165,912	165,912	10%
Vehicles	2,618,122	-	-	-	2,618,122	1,843,641	77,448	1,921,089	697,033	697,033	10%
	29,975,912	-	1,475,000	-	30,349,332	17,386,452	2,738,369	19,071,689	11,277,643	11,277,643	20%
<b>Rupees: June 2019</b>	<b>888,394,428</b>	<b>-</b>	<b>2,100,000</b>	<b>1,101,580</b>	<b>889,392,848</b>	<b>398,986,147</b>	<b>1,053,132</b>	<b>24,741,861</b>	<b>422,674,876</b>	<b>466,717,972</b>	

Rupees-----



**ASIM TEXTILE MILLS LIMITED**

5.1 Depreciation charge for the year has been allocated as under;

	2020 Rupees	2019 Rupees
Cost of sales	21,354,852	21,907,609
Administrative expenses	<u>2,341,823</u>	<u>2,834,252</u>
	<u><u>23,696,675</u></u>	<u><u>24,741,861</u></u>

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

	2020		
	Cost	Accumulated depreciation	Written down value
	----- (Rupees) -----		
Freehold land	4,062,000	-	4,062,000
Building on freehold land	40,631,000	34,112,507	6,518,493
Plant and machinery	483,937,478	316,322,274	167,615,204
Electric installations	20,077,383	14,425,531	5,651,852
	<u>548,707,861</u>	<u>364,860,312</u>	<u>183,847,549</u>

	2019		
	Cost	Accumulated depreciation	Written down value
	----- (Rupees) -----		
Freehold land	4,062,000	-	4,062,000
Building on freehold land	40,631,000	33,769,428	6,861,572
Plant and machinery	479,087,478	307,554,369	171,533,109
Electric installations	20,077,383	13,797,547	6,279,836
	<u>543,857,861</u>	<u>355,121,344</u>	<u>188,736,517</u>

5.3 The total area of the land of company is 56 kanal and 18 marla which is used for production unit, located at 32- KM, Sheikhpura, Faisalabad.

**Asim Textile Mills Limited**

		2020	2019
	Note	Rupees	Rupees
<b>6 LONG TERM DEPOSITS</b>			
Security deposits			
- SNGPL	6.1	12,258,028	12,258,028
- FESCO		2,734,078	2,734,078
- WASA		8,550	8,550
- CDC		37,500	37,500
		15,038,156	15,038,156
6.1 This represents the security amount deposited with Sui Northern Gas Pipelines Limited (SNGPL) for supply of natural gas to the Company.			
<b>7. STORES AND SPARES</b>			
Stores		12,037,918	6,893,655
Spares		6,459,400	4,660,445
		18,497,318	11,554,100
<b>8. STOCK IN TRADE</b>			
Raw material		120,169,326	151,462,796
Work in process		7,973,295	7,637,117
Finished goods		9,936,664	9,549,440
		138,079,285	168,649,353
<b>9. TRADE DEBTS</b>			
<b>Considered good</b>			
Local - unsecured	9.1	62,811,731	72,622,128
		62,811,731	72,622,128
9.1 These are unsecured but considered good by the management of the Company.			
<b>10. ADVANCES AND PREPAYMENTS</b>			
Advances-considered good			
- Advances to employees		262,500	280,500
- Advances to suppliers	10.1	61,443,615	26,361,811
Letter of credit		2,886,896	-
Prepayments		4,334,381	15,513,186
Accrued profit		397,616	397,616
		69,325,008	42,553,113
10.1 This includes amount of Rs.37,607,000/- (2019: Nil) paid to Zeeshan Energy Limited, an associated undertaking on account of purchase of electricity.			
<b>11. SHORT TERM INVESTMENT</b>			
<b>Available for sale</b>			
NAFA Government Securities Liquid Fund	11.1	12,467,396	11,077,414
JS Investments (JS Islamic Fund)	11.2	5,873,550	6,280,227
		18,340,946	17,357,641
11.1 These have been valued by using published net asset value (NAV) as at 30th June, the number of units held by the Company are 125,693.4644 units (2019: 113,208.1192 units).			
11.2 These have been valued by using published net asset value (NAV) as at 30th June, the number of units held by the Company are 75,032.5785 units (2019: 75,032.5785 units).			



12. BALANCE WITH STATUTORY AUTHORITIES	Note	2020 Rupees	2019 Rupees
Sales tax		29,478,524	30,420,121
Income tax - net		3,096,933	-
		<u>32,575,457</u>	<u>30,420,121</u>
<b>13. CASH AND BANK BALANCES</b>			
Cash in hand		1,161,285	477,496
Cash at bank			
In current accounts	13.1	189,613,344	83,467,700
In deposit accounts	13.2	26,856,558	57,756,751
		<u>216,469,902</u>	<u>141,224,451</u>
		<u>217,631,187</u>	<u>141,701,947</u>

**13.1** It includes US\$. 1,000/- (2019: US\$.1,000/-) and SAR. 2,461/- (2019: SAR.2,461/-)

**13.2** Deposits with commercial banks yield profit at the rate of 3.75% to 12.25% (2019: 3.75% to 9.75%) .

#### 14. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Balance as on July 01,		191,560,975	199,848,464
Surplus on revaluation arise during the year		62,670,725	-
		<u>254,231,700</u>	<u>199,848,464</u>
Incremental depreciation on revalued property, plant and equipment			
for the year		(11,613,790)	(11,839,271)
Related effect of deferred tax liability		3,367,999	3,551,782
		<u>(8,245,791)</u>	<u>(8,287,489)</u>
Balance as on June 30,		<u>245,985,909</u>	<u>191,560,975</u>

First revaluation of company's building on freehold land and plant and machinery was carried out as on September 30, 1995 by an independent valuer M/s Iqbal A. Nanjee & Co. Lahore on the basis of depreciated replacement values.

Second revaluation of company's freehold land, building on freehold land and plant and machinery has been carried out on September 30, 2000 by an independent valuer Inspectorates Corporation International (Pvt) Ltd., Lahore and the same has been verified by SBP's approved auditors on the basis of depreciated replacement values.

Third revaluation of company's freehold land, building on freehold land, plant and machinery and electric installations has been carried out on June 30, 2012 by an independent valuer M/s Nizamy Associates, Faisalabad on the basis of depreciated replacement values.

Fourth revaluation of company's freehold land, building on freehold land, plant and machinery and electric installations has been carried out on Sep 30, 2015 by an independent valuer M/s Amir Evaluators & Consultants, Peshawar on basis of depreciated replacement values.

Fifth revaluation of company's freehold land, building on freehold land, plant and machinery and electric installations has been carried out on June 30, 2020 by an independent valuer M/s S.A. Associates, Lahore on basis of depreciated replacement values.

The fair valuation of the revalued assets are considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets. The fair value are subject to change owing to change in input. However, the management does not expect there to be a material sensitivity to the fair values arising from the non-observable inputs. The basis of revaluation for items of these fixed assets were as follows:

***Freehold land***

Property brokers, dealers and estate agents were contacted to ascertain the asking and selling prices for properties of the same nature in the immediate neighborhood and adjoining areas. Neighboring properties which have been recently sold or purchased, were investigated to ascertain a reasonable selling / buying price. Properties that were up for sale were examined for asking price. An average of the above values was then assigned to the property.

***Building on freehold land***

Construction specifications were noted for each factory and residential building and structure and current construction rates were used to obtain replacement values of building, to which a depreciation formula was applied, based upon the Company's estimates of balance life to arrive at the current assessed value.

***Plant and machinery***

Plant and machinery have been evaluated / assessed by keeping in view their present physical condition, the remaining useful life / economic life and technological obsolescence. Further, new replacement values were arrived by using current local and foreign market values for the similar type of plant and machinery. These current local and foreign market values were taken into account on the basis of technical obsolescence, efficiency, maintenance, replacement and other related factors involved.

***Electric installations***

These were evaluated / assessed by keeping in view their present physical condition and the remaining useful life / economic life. Further, new replacement values were arrived by using current market values for the similar type of assets. These current market values were taken into account on basis of efficiency, maintenance, replacement and other related factors involved.

**Asim Textile Mills Limited**

		2020	2019
<b>15. DEFERRED LIABILITIES</b>	<b>Note</b>	<b>Rupees</b>	<b>Rupees</b>
Deferred taxation	15.1	118,636,604	106,246,856
Staff retirement gratuity	15.2	381,131	432,045
		119,017,735	106,678,901
 <b>15.1 DEFERRED TAXATION</b>			
Balance as on July 01,		106,246,856	109,964,918
Adjusted during the year		12,389,748	(3,718,062)
Balance as on June 30,		118,636,604	106,246,856
This comprise of following:			
Deferred tax liability:			
Taxable temporary differences relating to operating assets		26,492,446	32,166,701
Taxable temporary differences relating to surplus on revaluation of property, plant and equipment		92,254,686	74,209,770
Deferred tax assets:			
Deductible temporary differences on tax losses		-	-
Staff retirement benefits		(110,528)	(129,614)
		118,636,604	106,246,857

The liability of deferred tax has been computed by applying the tax rate of 29% .

Deferred tax debit balance is recognized on staff retirement benefits.

**15.2 STAFF RETIREMENT GRATUITY**

Balance as on July 01,		432,045	596,825
Paid during the year		(50,914)	(164,780)
Balance as on June 30,		381,131	432,045

**16. TRADE AND OTHER PAYABLES**

Trade creditors		16,139,492	27,733,815
Accrued expenses		52,817,600	13,579,322
Advances from customers		9,049,538	1,070,663
Provident fund trust	16.1	898,373	701,930
Due to related parties-Directors	16.2	4,325,335	1,868,802
Withholding tax payable		514,157	374,664
Sale tax payable		11,680,143	16,304
Workers' Welfare Fund		2,777,165	1,940,870
Workers' profit participation fund		1,552,400	4,343,895
		99,754,203	51,630,265

**16.1** This represents amount due to provident fund trust for the month of June -2020 of which payment was made at July 15, 2020 .

**16.2** This represents directors current account balances maintained with the company.

17. ACCRUED MARK UP	Note	2020	2019
		Rupees	Rupees
Accrued markup on secured morabaha finance	17.1	194,161,422	194,161,422

17.1 The company has ceased the payment of markup since July 01, 2006, as it has filed a suit against Faysal Bank Limited in the Honorable Lahore High Court, Lahore. The facts of the litigation are explained in note 19.1.

## 18. SHORT TERM BORROWINGS

### From banking company

#### Secured

Morabaha I	18.1	340,901,898	340,901,898
Morabaha II- Secured	18.2	74,145,100	74,145,100

#### Unsecured

Interest free bank overdraft		2,543,709	2,543,709
		<u>417,590,707</u>	<u>417,590,707</u>

18.1 It represents morabaha finance created by Faysal Bank Limited by converting various morabaha finances into long term morabaha-I at an interest rate of 13% per annum.

18.2 It represents an interest free morabaha finance by Faysal Bank Limited by converting various unpaid markups into non profit morabaha-II.

18.3 The above mentioned morabaha finances are secured against the first charge of Rs. 505 million on fixed assets and personal guarantees of directors and Chief Executive of the Company.

18.4 The Company is not repaying the morabaha finances as it has filed a suit against Faysal Bank Limited in the Honorable Lahore High Court, Lahore. The bank has also filed a counter suit praying for a decree to be passed in its favor for a sum of Rs. 454.502 million against the defendants jointly and severally, with cost of funds at the rate of 20% or as certified by State Bank of Pakistan from date of default and 20% liquidated damages plus service charges and all costs, charges, expenses payable or to be incurred by the plaintiff bank till the final payment / realization of the afore-mentioned amount. The facts and status of the litigations are further explained in note 19.1.

18.5 The Company has ceased the repayment of the overdraft, as it has filed a suite against Faysal Bank Limited in the Honorable Lahore High Court, Lahore. The facts of the litigation are explained in note 19.1.

18.6 Further to note 18.1 to 18.5 since these facilities are in default / subjudice, the recognition and measurement of these financial liabilities under IFRS 9-Financial Instruments are required to be carried at amortized cost. These are carried at cost as their amortized costs are impracticable to determine. Hence, these are reclassified from long term financing to short term borrowings for all the relevant periods, whether present or future and have accordingly been regrouped / reclassified.

## 19. CONTINGENCIES AND COMMITMENTS

### Contingencies

- 19.1** The Company has instituted a suit in the Honorable Lahore High Court, Lahore against Faysal Bank Limited claiming damages on account of acquisition of unremunerative agricultural land on the advice of FIBL for not providing timely cash finance facilities despite written commitments and for charging illegal profits against the principles of Islamic Banking and in contravention of the objective clause of its Memorandum of Association, Articles of Association and against circulars issued by the State Bank of Pakistan. The amount claimed for the first two counts is Rs.141.831 million (including claims of Central Excise Duty), whereas the amount of last count has been left for the Court to determine.

The counter suite filed by the Faysal Bank for recovery of Rs. 454.502 million along with costs and cost of funds before the Honorable Lahore High Court (Single Judge), Lahore has been adjudicated on 04.06.2015 against the company. The company has filed an appeal in Honourable Lahore High Court, Lahore (Division Bench) vide R.F.A. No. 1372/2015 on various grounds including the company being condemned unheard. Due to litigations, the Bank is not responding and confirming the balance to the company. Having been undeterminable at this stage, provision for cost of funds has not been accounted for.

- 19.2** By virtue of Finance Act, 2017, Section 5A of the Income Tax Ordinance, 2001 was amended. Through the revised provision, a tax equal to 7.5 percent of accounting profit for the year is required to be levied on every public company, other than a scheduled bank and modarba, if distribution of cash dividend or bonus shares of at least 40 percent of the accounting profit after tax for the year is not made within six months. However, the management is of the view that this amendment is opposed to the principles of economic growth and has, therefore, having intention to challenge the amendment before Honourable Lahore High Court. Legal advisor and management is confident that discriminatory provisions for this tax would not affect any financial outflow of the company, If any adverse inference is drawn by the revenue authorities. It is worthwhile to mention here that constitutional petitions have already been filed by some companies before Honourable High Courts challenging the tax and the Honourable High Courts have granted stay order in this respect of levy of the above tax. Accordingly provision amounting to Rs. 2,995,427/- for the year ended June 30, 2017, Rs 2,937,309 for the year ended June 30,2018 and Rs 4,029,657 /- for the year ended June 30, 2019 has not been made in these financial statements in respect of the additional tax liability and the management expects a favourable outcome in this respect.

**Asim Textile Mills Limited**

		2020	2019
		Rupees	Rupees
<b>20. SALES - NET</b>	<b>Note</b>		
Local:			
Yarn sales		1,696,383,604	1,761,901,449
Waste sales		26,010,821	25,001,881
		<u>1,722,394,425</u>	<u>1,786,903,330</u>
Gross sales		1,722,394,425	1,786,903,330
Less: Sales tax		250,276,883	-
Commission		447,190	457,830
		<u>250,724,073</u>	<u>457,830</u>
		<u>1,471,670,352</u>	<u>1,786,445,500</u>
<b>21. COST OF SALES</b>			
Raw material consumed	21.1	1,020,569,762	1,245,904,700
Stores and spares consumed		23,117,572	27,544,711
Packing material consumed		20,916,854	23,184,685
Salaries, wages and benefits	21.2	148,579,971	138,150,289
Fuel and power		185,790,704	172,026,437
Repairs and maintenance		2,020,707	3,861,986
Insurance		2,846,022	3,007,171
Depreciation	5.1	21,354,852	21,907,609
General expenses		996,583	1,231,861
		<u>1,426,193,027</u>	<u>1,636,819,449</u>
Work in process			
Balance as on July 01,		7,637,117	6,106,933
Balance as on June 30,		(7,973,295)	(7,637,117)
		<u>(336,178)</u>	<u>(1,530,184)</u>
Cost of goods manufactured		1,425,856,849	1,635,289,265
Finished goods			
Balance as on July 01,		9,549,440	51,361,896
Balance as on June 30,		(9,936,664)	(9,549,440)
		<u>(387,224)</u>	<u>41,812,456</u>
		<u>1,425,469,625</u>	<u>1,677,101,721</u>
<b>21.1 RAW MATERIAL CONSUMED</b>			
Balance as on July 01,		151,462,796	113,364,709
Purchases		989,276,292	1,284,002,787
		<u>1,140,739,088</u>	<u>1,397,367,496</u>
Balance as on June 30,		(120,169,326)	(151,462,796)
		<u>1,020,569,762</u>	<u>1,245,904,700</u>
<b>21.2</b>	This includes a sum of Rs.3,663,436/- (2019: Rs. 3,660,077/-) in respect of defined contribution plan.		

		2020 Rupees	2019 Rupees
<b>22. ADMINISTRATIVE EXPENSES</b>			
Director's remuneration		3,900,000	3,900,000
Staff salaries and benefits	22.1	14,066,808	15,565,267
Postage and telecommunication		534,524	604,553
Electricity, Fuel and water		1,296,748	855,968
Printing and stationary		168,341	163,258
Travelling and conveyance		338,527	286,505
Entertainment		76,240	105,482
Fees and subscription		1,321,833	880,758
Legal and professional		812,804	800,400
Rates and taxes		274,257	238,905
Vehicle, running and maintenance		3,172,836	3,175,001
Auditors' remuneration	22.2	445,000	445,000
Insurance		675,837	824,929
Advertisement		11,700	15,000
Depreciation	5.1	2,341,823	2,834,252
Others		622,678	300,834
		<u>30,059,956</u>	<u>30,996,112</u>
<b>22.1</b>	This includes a sum of Rs.414,252/- (2019: Rs. 439,319/-) in respect of defined contribution plan.		
<b>22.2 AUDITORS' REMUNERATION</b>			
Statutory audit		365,000	365,000
Half yearly review		55,000	55,000
Out of pocket expenses		25,000	25,000
		<u>445,000</u>	<u>445,000</u>
<b>23. OTHER OPERATING EXPENSES</b>			
Workers' profit participation fund		1,552,400	4,343,895
Workers Welfare fund		836,295	1,940,870
		<u>2,388,695</u>	<u>6,284,765</u>
<b>24. OTHER OPERATING INCOME</b>			
<b>Income from financial assets</b>			
Profit on deposit accounts		14,948,372	7,068,028
Exchange gain on foreign currency translation		4,639	68,644
Profit on deposit with SNGPL		-	498,274
Profit on disposal of fixed assets		-	951,552
		<u>14,953,011</u>	<u>8,586,498</u>

**Asim Textile Mills Limited**  
**2020**                      **2019**  
**Rupees**                      **Rupees**

**25. TAXATION**

Current

- For the year
- Prior year

	22,081,763	28,142,608
	(3,044,099)	-
	(9,023,167)	(3,718,062)

Deferred

	10,014,497	24,424,546
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**25.2 Status of income tax assessment**

Tax provision made in financial statements taking into consideration of admissibility of expenses. A comparison of last three years tax assessment is presented below:

	2020	2,019	2,018
	Rupees		
Income tax provision for the year-accounts	22,081,763	28,142,608	17,927,332
Income tax as per tax assessment-u/s 120 of Income Tax Ordinance, 2001.	22,081,763	28,142,608	17,927,332

**26. PROFIT / (LOSS) PER SHARE-BASIC AND DILUTED**

Profit for the year

	18,644,807	56,168,587
--	------------	------------

Weighted average number of ordinary shares outstanding during

	15,177,000	15,177,000
--	------------	------------

Profit per share-basic and diluted

	1.23	3.70
--	------	------

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

**27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

	CHIEF EXECUTIVE		DIRECTOR		EXECUTIVES	
	2020	2019	2020	2019	2020	2019
	----- (Rupees) -----					
Salary	1,500,000	1,500,000	2,400,000	2,400,000	2,983,429	2,472,723
House rent allowance	-	-	-	-	1,193,371	989,089
Utilities allowance	-	-	-	-	298,343	247,272
Provident fund	-	-	-	-	248,520	205,978
Total	1,500,000	1,500,000	2,400,000	2,400,000	4,723,663	3,915,062
Number of persons	1	1	2	2	2	2



**28. TRANSACTIONS WITH RELATED PARTIES**

The Company in the normal course of business carries out transactions with various related parties which comprise of associated undertakings and other key management personnel. Amounts due from and due to related parties, if any, are shown under relevant notes to financial statements. Remuneration of Chief Executive Officer, Directors and Executives is explained in Note 29. Transactions with related parties other than those specifically mention in relevant notes is as follows.

Party	Nature of relationship	Nature of transactions	2020 Rupees	2019 Rupees
Provident fund trust	Post employment	Company's contribution to provident fund	4,077,688	4,099,396
CEO/directors/members	Related party	Expenses paid on behalf of CEO/directors/members	2,456,533	1,217,752
Zeeshan Energy Limited	Related party	Advance against electricity purchase	37,607,000	-

There were no transactions with key management personnel except those covered under their terms of employment.

**29. PLANT CAPACITY AND PRODUCTION**

Installed capacity after conversion into 20/s count (Kgs)	11,407,803	11,407,803
Actual production of yarn after conversion into 20/s count (Kgs)	8,677,912	10,601,522

**29.1. Reason for short fall:**

It is difficult to determine precisely the production / rated capacity in spinning units since it fluctuates widely depending on various factors such as efficiency of labour, quality of raw material.

**30. EMPLOYEES PROVIDENT FUND TRUST**

The following information is based on latest un-audited financial statements of the fund:

Size of the fund (Rupees)	16,186,223	13,622,064
Cost of investment made (Rupees)	12,606,825	12,606,825
Fair value of investment (Rupees)	15,129,413	12,770,435
Percentage of investment made (%)	93	94

**30.1** The breakup of fair value of investments is:

	2020		2019	
	Rupees	% of total	Rupees	% of total
NBP FAM Ltd.	3,837,671	25.37	3,351,071	26.24
CDC Trustee UBL Fund	2,015,907	13.32	1,826,777	14.30
Others (Fixed deposit)	7,000,000	46.27	7,000,000	54.81
Bank balances	2,275,835	15.04	592,587	4.64
	<u>15,129,413</u>	<u>100.00</u>	<u>12,770,435</u>	<u>100.00</u>

**30.2** The investments out of provident fund have been made in accordance with the provisions of

Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

**31. NUMBER OF EMPLOYEES**

The average number of employees for the year ended June 30, 2020 were 506 ( 2019: 544) and number of employees as at June 30, 2020 were 556 (2019: 551).

## 32.1 Financial assets and liabilities

Financial assets and liabilities of the company are as follows:-

	June 30, 2020						Total
	Interest/mark-up bearing			Non Interest/mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
	————— (Rupees) —————						
<b>Financial assets</b>							
<b>At fair value through OCI</b>							
- Investment (NAFA Government Securities)	12,467,396	-	12,467,396	-	-	-	12,467,396
- Investment (JS Islamic Fund)	5,873,550	-	5,873,550	-	-	-	5,873,550
<b>Loans and receivables at amortised cost</b>							
Long term deposits	-	15,038,156	15,038,156	-	-	-	15,038,156
Trade debts	-	-	-	62,811,731	-	62,811,731	62,811,731
Advances and other receivable	397,616	-	397,616	-	-	-	397,616
Cash and bank balances	26,856,558	-	26,856,558	190,774,629	-	190,774,629	217,631,188
	45,595,120	15,038,156	60,633,276	253,586,360	-	253,586,360	314,219,637
<b>Financial liabilities</b>							
<b>At amortised cost</b>							
Trade and other payables	-	-	-	74,180,800	-	74,180,800	74,180,800
Interest accrued on	-	-	-	-	-	-	-
long term financing	-	-	-	194,161,422	-	194,161,422	194,161,422
Short term borrowing	415,046,998	-	415,046,998	2,543,709	-	2,543,709	417,590,707
	415,046,998	-	415,046,998	270,885,931	-	270,885,931	685,932,929
Excess of financial assets over financial liabilities	(369,451,878)	15,038,156	(354,413,722)	(17,299,571)	-	(17,299,571)	(371,713,292)

## 32.1 Financial assets and liabilities

Financial assets and liabilities of the company are as follows:-

	June 30, 2019						Total
	Interest/mark-up bearing			Non Interest/mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
	————— (Rupees) —————						
<b>Financial assets</b>							
<b>At fair value through OCI</b>							
- Investment (NAFA Government Securities)	11,077,414	-	11,077,414	-	-	-	11,077,414
- Investment (JS Islamic Fund)	6,280,227	-	6,280,227	-	-	-	6,280,227
<b>Loans and receivables at amortised cost</b>							
Long term deposits	-	15,038,156	15,038,156	-	-	-	15,038,156
Trade debts	-	-	-	72,622,128	-	72,622,128	72,622,128
Advances and other receivable	397,616	-	397,616	-	-	-	397,616
Cash and bank balances	57,756,751	-	57,756,751	83,945,196	-	83,945,196	141,701,947
	75,512,008	15,038,156	90,550,164	156,567,324	-	156,567,324	247,117,488
<b>Financial liabilities</b>							
<b>At amortised cost</b>							
Trade and other payables	-	-	-	43,883,869	-	43,883,869	43,883,869
Interest accrued on	-	-	-	-	-	-	-
long term financing	-	-	-	194,161,422	-	194,161,422	194,161,422
Short term borrowing	415,046,998	-	415,046,998	2,543,709	-	2,543,709	417,590,707
	415,046,998	-	415,046,998	240,589,000	-	240,589,000	655,635,998
Excess of financial assets over financial liabilities	(339,534,990)	15,038,156	(324,496,834)	(84,021,676)	-	(84,021,676)	(408,518,510)

## 33. DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed with reference to circular no. 14 of 2016 dated April 21, 2016, issued by the Securities and Exchange Commission of Pakistan relating to "All Shares

Description	Explanation
i) Advances	Non-interest bearing
ii) Long term deposits	Both Interest and non-interest bearing
iii) Short term borrowings	Both Interest and non-interest bearing
iv) Relationship with banks having Islamic windows	Following is the nature of relationship of the Company with the banks having Islamic window of operaton:  1. Al Barka Bank Pakistan Limited (Islamic) 2. Dubai Islamic Bank (Islamic) 3. Bank Al Habib Limited (Conventional) 4. United Bank Limited (Conventional) 5. National Bank of Pakistan (Conventional) 6. Faysal Bank Limited (Conventional) 7. MCB Limited (Conventional) 8. Meezan Bank Limited (Islamic) 9. J S Bank (Conventional) 10.Samba Bank Limited(Conventional) 11.Habib Bank Limited(Conventional)
v) Bank balances as at June 30, 2020.	<b>Rupees</b>
Placed under interest arrangement	26,794,555
Placed under Shariah permissible arrangement	62,003
vi) Interest income on bank deposits for the year	
Placed under interest arrangement	14,934,111
Placed under Shariah permissible arrangement	14,261
vii) Unrealized loss on short term investments	
Placed under Shariah permissible arrangement	983,305
viii) All sources of other income	Disclosed in note 25
ix) Exchange gain	Earned from actual foreign currency re-translation

Disclosures other than above are not applicable to the Company.

**34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Taken as a whole, the company is exposed to market risk comprising interest rate risk, currency risk and other price/equity risk, credit risk and liquidity risk. The company's principal financial liabilities comprise long term borrowings, short term borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finance for company's operations. The company has various financial assets such as deposits, trade debts, prepayments and other receivables and cash and bank balances, which are directly related to its operations. The company's finance departments oversees the management of these risks and provide assurance to the company's senior management that the company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with company policies and risk appetite. No changes were made in the objectives, policies, procedures and assumptions during the year ended June 30, 2020.. The policies for managing each of these risks are summarized below:

**34.1 Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk, and other price risk, such as equity risk. Financial instruments susceptible to /affected by market risk include loans, borrowings and deposits. The sensitivity analysis in the following sections relate to the position as at June 30, 2020 and 2019.

**34.1.1 Interest rate risk:**

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

The Company has no significant long term interest bearing financial assets. The Company's interest rate risk arises from long term financing. Borrowings obtained at variable rates exposes the Company to cash flow interest rate risk. Borrowings obtained at fixed rate exposes the company to fair value interest rate risk.

	2020 Rupees	2019 Rupees
<b>Fixed rate instruments</b>		
<b>Financial liabilities</b>		
Short term borrowings	415,046,998	415,046,998
<b>Financial assets</b>		
Security deposits with SNGPL	12,258,028	12,258,028
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances-deposit account	26,856,558	57,756,751

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

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, change in interest rate at the balance sheet date would not affect profit or loss of the Company.

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

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 268,565/- ( 2019: Rupees 577,587/- ) higher / lower. The analysis is prepared assuming the amounts of bank balances outstanding at the balance sheet date were outstanding for the whole year.

**34.1.2 Currency risk / Foreign Exchange risk:**

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

Financial assets include Rs. 278,503/- (2019: Rs. 273,864/-) which were subject to currency risk.

At June 30, 2020, had the currency been weakened/strengthened by 5% against the foreign currency with all other variables held constant, profit for the year and equity would have been Rs. 13,925/- (2019 : Rs. 13,693/-) higher / lower, mainly as a result of foreign exchange gains / losses on translation of foreign currency denominated trade debts and foreign currency bank accounts.

**34.1.3 Other price risk / Equity Price risk:**

Other price risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investments in securities. As at balance sheet date, the Company is not exposed to equity price risk as the Company do not have any investments in equity market.

**34.2 Credit risk and concentration of credit risk:**

Credit risk is the risk representing accounting loss that would be recognized at the reporting date if one party to a financial instrument will fail to discharge an obligation or its failure to perform duties under the contract as contracted. Concentration of credit risk arises when a number of counterparties 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. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company is mainly exposed to credit risk on trade debts amounting to Rs. 62.811 million (2019: Rs. 72.622 million). Company seeks to minimize the credit risk exposure through having exposure only to customers and suppliers considered credit worthy and also by obtaining advance against sales from customers. The carrying values of financial assets which are neither past due nor impaired are as under:

FINANCIAL ASSETS	2020	2019
	Rupees	Rupees
Long term deposits	15,038,156	15,038,156
Trade debts	62,811,731	72,622,128
Advances, deposits and other receivable	397,616	397,616
Short term investment	18,340,946	17,357,641
Cash and bank balances	217,631,188	141,701,947
	<u>314,219,637</u>	<u>247,117,488</u>

**Credit quality of financial assets**

The credit quality of the company's financial assets have been assessed below by reference to external credit ratings of counterparties determined by The Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited (JCR-VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit rating determined based on their historical information for any defaults in meeting obligations.

	Rating			2020	2019
	Short term	Long term	Agency	Rupees	Rupees
<b>Bank balances</b>					
Al-Baraka Bank Limited	A1	A	PACRA	109,764	1,155,486
Dubai Islamic Bank Limited	A-1	AA-	JCR-VIS	14,668	14,668
Faysal Bank Limited	A1+	AA	PACRA	666	666
Habib Bank Limited	A-1+	AAA	JCR-VIS	24,642	67,226
JS Bank Limited	A1+	AA-	PACRA	5,534,695	5,762,914
MCB Bank Limited	A1+	AAA	PACRA	10,981	10,981
Meezan Bank Limited	A-1+	AA	JCR-VIS	11,470	10,847
National Bank of Pakistan	A-1+	AAA	JCR-VIS	154,381	57,279
Samba Bank Limited	A-1	AA	JCR-VIS	-	851
Summit Bank Limited	A-1	A-	JCR-VIS	33,304	30,271
United Bank Limited	A-1+	AAA	JCR-VIS	210,575,331	134,113,263
				<u>216,469,903</u>	<u>141,224,452</u>
<b>Short term investment</b>					
NAFA Government Securities Liquid Fund		AAA(f)	PACRA	12,467,396	11,077,414
JS Investments (JS Islamic Fund)		AA-(f)	PACRA	5,873,550	6,280,227
				<u>18,340,946</u>	<u>17,357,641</u>

### 34.3 Liquidity risk

Liquidity risk reflects the company's inability in raising funds to meet commitments. The Company's production remained below its installed normal capacity. Working capital of the Company is positive as at the balance sheet date. The Company's Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer. As a result of these efforts, the working capital improved over the last year. Management also foresees that the working capital position will become more favorable in the period to come due to increased revenues from the continuous operation of

plant and increase in demand and price of the yarn.

The table below summarizes the maturity profiles of company's financial liabilities as on June 30, 2020 and 2019 based on contractual undiscounted payments date and present market interest rates.

	Within 1 year	More than 1 year and up to 5 years	Total
----- (Rupees) -----			
<b>June 30, 2020</b>			
Trade and other payables	74,180,800	-	74,180,800
Accrued mark up	194,161,422	-	194,161,422
Short term borrowings	417,590,707	-	417,590,707
	<u>685,932,929</u>	<u>-</u>	<u>685,932,929</u>
<b>June 30, 2019</b>			
Trade and other payables	43,883,869	-	43,883,869
Accrued mark up	194,161,422	-	194,161,422
Short term borrowings	417,590,707	-	417,590,707
	<u>655,635,998</u>	<u>-</u>	<u>655,635,998</u>

### 34.4 Fair value of financial instruments:

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

The carrying value of all financial assets and liabilities reflected in the financial statements are a reasonable approximation of their fair values

The table below analyses financial instruments carried at fair value, by valuation method. The different levels has been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].
- Input other than quoted prices included within level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices) [level 2].
- Inputs for the assets or liability that are not based on observation market data (that is, unobservable input) [Level 3].

The following table presents the Company's financial assets that are measured at fair value at June 30, 2020 and June 30, 2019

30-Jun-20			
Level 1	Level 2	Level 3	Total
-----Rupees-----			

	30-Jun-19			Total
	Level 1	Level 2	Level 3	
Assets-Recurring fair value measurement				
Financial assets at fair value through OCI	17,357,641			17,357,641
Short term Investments				

#### Valuation technique used to determine fair values

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to measure fair value of an instrument are observable market data, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

#### 34.5 Capital risk Management:

The Company's objectives when managing capital are to ensure the Company's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximize return of shareholders and optimize benefits for other stakeholders to maintain an optimal capital structure and to reduce the cost of capital.

#### 34.6 Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year. Capital includes ordinary shares and reserves.

As on the balance sheet date, the gearing ratio of the Company was as under:

	2020	2019
	Rupees	Rupees
Borrowings	417,590,707	417,590,707
Total equity	273,729,958	191,431,121
Total capital employed	691,320,665	609,021,828
Gearing ratio	60.40%	68.57%

35. CORRESPONDING FIGURES

- 35.1 Previous year figures have been rearranged and reclassified wherever necessary for the purpose of comparison. However no reclassification made in the corresponding figures .
- 35.2 Figures in these financial statements have been rounded off to the nearest Rupee.

36. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on October.07.2020 by the Board of Directors of the Company.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



ASIM TEXTILE MILLS LIMITED  
 DETAIL CATEGORIES OF SHAREHOLDERS  
 AS ON 30-06-2020

CATEGORIES OF SHAREHOLDERS	TOTAL SHARES	%
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5.1 Directors/Chief Executive Officer and their spouse and minor Children

1	MR. ZAHID ANWAR	3,988,300	26.28
2	MRS. RUKHSANA BEGUM	2,087,100	13.75
3	MR. IMRAN ZAHID	1,516,900	9.99
4	MR. ZEESHAN ZAHID	1,516,900	9.99
5	CH. GHULAM MURTAZA BUTTAR	500	0.00
6	MR. ALI RAZA ZAFAR	500	0.00
7	MR. MUHAMMAD ZULQURNAN	500	0.00
<b>TOTAL:</b>		<b>9,110,700</b>	<b>60.03</b>

5.2 Associated Companies, Undertakings and related parties

<b>TOTAL:</b>		<b>0</b>
		<b>0.00</b>

5.3 NIT and ICP

1	INVESTMENT CORP. OF PAKISTAN	23,500	0.15
<b>TOTAL:</b>		<b>23,500</b>	<b>0.15</b>

5.4 Banks, DFIs, NBFIs

1	SAUDI PAK IND. & AGRI. INV. CO. (PVT.) LTD.	12,700	0.08
2	THE BANK OF PUNJAB, TREASURY DIVISION.	9,000	0.06
3	NATIONAL BANK OF PAKISTAN	642	0.00
4	NATIONAL BANK OF PAKISTAN	121	0.00
5	FAYSAL BANK LIMITED	7,500	0.05
6	THE BANK OF PUNJAB	400	0.00
7	NATIONAL BANK OF PAKISTAN - TRUSTEE WING	126,800	0.84
<b>TOTAL:</b>		<b>157,163</b>	<b>1.04</b>

5.5 Insurance Companies

<b>TOTAL:</b>		<b>0</b>
		<b>0.00</b>

5.6 Mudarabas and Mutual Funds

1	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	832,300	5.48
<b>TOTAL:</b>		<b>832,300</b>	<b>5.48</b>

5.7 Shareholding 5% or more

1	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	832,300	5.48
<b>TOTAL:</b>		<b>832,300</b>	<b>5.48</b>

5.8 General Public

1,996	a- Local	5,051,836	33.29
	b- Foreign		0.00

ASIM TEXTILE MILLS LIMITED  
 DETAIL CATEGORIES OF SHAREHOLDERS  
 AS ON 30-06-2020

CATEGORIES OF SHAREHOLDERS		TOTAL SHARES	%
TOTAL:		5,051,836	33.29

5.9 Others - Joint Stock Companies

1	MAPLE LEAF CAPITAL LIMITED	1	0.00
2	NH HOLDINGS (PVT) LTD	1,000	0.01
TOTAL:		1,001	0.01

5.9 Others - Trust:

TOTAL:		0	0.00
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5.9 Others

1	INKAGA CONSULTANTS (PVT.) LTD.	500	0.00
TOTAL:		500	0.00

Grand Total:		15,177,000	100.00
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**ASIM TEXTILE MILLS LTD**  
**ANNUAL GENERAL MEETING**

**FORM F PROXY**

**IMPORTANT**

This Form of Proxy, in order to be effective, must be deposited duly completed at the Company's Registered Office **JK House, 32-W, Susan Road, Madina Town, Faisalabad**, not less than 48 hours before the time of holding the meeting.

A proxy must be a member of the Company. Signature should agree with the specimen registered with the company.

Please quote registered folio number

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a member of the Asim Textile Mills Limited \_\_\_\_\_ and holder  
of \_\_\_\_\_ ordinary shares, hereby appoint  
\_\_\_\_\_ of \_\_\_\_\_

Who is also a member of the company as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at registered office of the Company, **JK House, 32-W, Susan Road, Madina Town, Faisalabad**, on 28.10.2020 at 9.30 am or at any adjournment thereof.

as witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2020

signed by the said \_\_\_\_\_ in the presence of  
\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_ (Member's Signature)

Place \_\_\_\_\_ (Witness's Signature)

Affix Rs.5/-  
revenue stamp which must  
be cancelled either by  
signature over it or by some  
other means

## پراکسی فارم (مختار عامہ)

کمپنی سیکرٹری  
عاصم ٹیکسٹائل ملز لمیٹڈ  
W-32 سوسائ روڈ مدینہ ٹاؤن فیصل آباد

میں اہم

ساکن

بجائیت رکن عاصم ٹیکسٹائل ملز لمیٹڈ اور حامل  
عام حصص بمطابق شیئر رجسٹر فوئیو نمبر  
(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر نمبر پارٹنر شپ آئی ڈی نمبر)

بذریعہ ہذا

محترم / محترمہ

ساکن

جو کمپنی کا ممبر ہے بمطابق شیئر رجسٹر فوئیو نمبر  
یا (اسکی غیر موجودگی میں محترم / محترمہ  
ساکن جو کمپنی کا ہے بمطابق شیئر رجسٹر فوئیو نمبر کو

مورخہ 28 اکتوبر 2020ء صبح 09:30 (بروز بدھ) کو منعقد ہونے والے کمپنی کے صدر دفتر W-32 سوسائ روڈ مدینہ ٹاؤن فیصل آباد میں اجلاس عام میں حق رائے دہی استعمال کرنے،  
تقریری اور شرکت کرنے کیلئے اپنا ہمارا بطور مختار نامہ یا پروکسی فارم مقرر کرتا ہوں کرتے ہیں۔

بطور گواہ میرے دستخط ----- آج بروز ----- تاریخ ----- 2020

دستخط گواہ -----

دستخط گواہ -----

نوٹ:

5 روپے کارسیدی

ٹکٹ چسپاں کریں

1- پراکسی نامہ موصول ہو سکیں کمپنی کار رجسٹر دفتر / صدر دفتر میں باقاعدہ ممبر، دستخط اور گواہی شدہ اجلاس سے کم از کم 48 گھنٹے قبل پہنچ جانی چاہیں۔















2- دستخط کمپنی کے ہاں رجسٹرڈ نمونہ دستخطوں کے مطابق ہونے چاہئیں۔



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-  FAQs Answered
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(based on live feed from KSE)
-  Knowledge center
-  Risk profiler\*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
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