MAHBOOB SHEIKH & Co.
Chartered Accountants
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AUDITORS' REPORT

To the members of SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED. which comprise the statement of financial position as at June 30, 2020 and the statement of profit or loss, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

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

Basis for Opinion

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

d) No zakat was deductible under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980)

Mahmood

MAHBOOB SHEIKH AND COMPANY
CHARTERED ACCOUNTANTS
Engagement Partner: Mahboob Ahmad Sheikh

Dated: October 03, 2020
Location : Multan

Mahboob Sheikh & Co. Chartered Accountants Multan

SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Assets			
Non current assets			
Property, plant and equipment	4	*161,877,494*	169,553,179
Intangible assets - software	5	*102,745*	114,161
Long term deposits	6	*2,059,200*	2,059,200
		164,039,439	171,726,540
Current assets			
Stores, spares and tools	7	*532,900*	477,700
Stock in trade	8	*107,127,630*	61,440,315
Trade debtors	9	*4,560,500*	11,167,744
Advance and deposits	10	*92,500*	92,500
Prepayments and other receivables	11	-	88,336
Due from government	12	*7,516,325*	2,678,556
Cash and bank balances	13	*1,056,457*	11,678
		120,886,312	75,956,829
		284,925,751	247,683,369
Equity and Liabilities			
Authorized capital			
160,971 (2019: 160,971) ordinary shares of Rs. 1,000/- each		*160,971,000*	160,971,000
Share capital and reserves			
Issued, subscribed and paid up capital	14	*159,756,000*	159,756,000
Deposit for shares	15	*84,982,275*	84,982,275
Unappropriated loss		*(84,071,235)*	(84,628,741)
		160,667,040	160,109,534
Current liabilities			
Trade and other payables	16	*122,014,707*	86,378,903
Taxation	17	*2,244,004*	1,194,932
		124,258,711	87,573,835
Contingencies and commitments	18	-	-
		284,925,751	247,683,369

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

Khawaja Muhammad Ali
Chief Executive

Khawaja Muhammad Hassan
Director

SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Sales - Net	19	149,600,247	95,594,533
Cost of sales	20	143,049,722	90,604,494
Gross profit		6,550,525	4,990,039
Distribution cost	21	366,800	312,530
Administrative expenses	22	2,980,424	2,788,788
Other operating expenses	23	339,387	127,001
		3,686,611	3,228,319
Operating profit		2,863,914	1,761,720
Other income	24	9,007	32,298
Profit before finance cost		2,872,921	1,794,018
Finance cost	25	71,411	106,715
Profit before taxation		2,801,510	1,687,303
Taxation	26	2,244,004	1,194,932
Profit after taxation		557,506	492,371
Earning per share	27	3.49	3.08

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

Khawaja Muhammad Ali
Chief Executive

Khawaja Muhammad Hassan
Director

SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020 Rupees	2019 Rupees
Profit for the year	557,506	492,371
Other comprehensive income	-	-
Total comprehensive profit	557,506	492,371

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

Khawaja Muhammad Ali
Chief Executive

Khawaja Muhammad Hassan
Director

SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	Issued, subscribed and paid up capital	Deposit for shares	Unappropriared loss	Total
	------------------------- Rupees -------------------------			
Balance as at June 30, 2018	159,756,000	84,982,275	(85,121,112)	159,617,163
Profit for the year			492,371	492,371
Balance as at June 30, 2019	159,756,000	84,982,275	(84,628,741)	160,109,534
Profit for the year			557,506	557,506
Balance as at June 30, 2020	159,756,000	84,982,275	(84,071,235)	160,667,040

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

Khawaja Muhammad Ali
Chief Executive

Khawaja Muhammad Hassan
Director

SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	2020 Rupees	2019 Rupees
Cash Flow From Operating Activities		
Profit before taxation	2,801,510	1,687,303
Adjustment for:		
Depreciation	13,034,607	13,801,596
Amortization	11,416	12,685
Finance cost	71,411	106,715
	13,117,434	13,920,996
Operating cash flows before changes in working capital	15,918,944	15,608,299
Changes in working capital		
(Increase)/Decrease in current assets		
Stores, spares and tools	(55,200)	168,147
Stock in trade	(45,687,315)	(54,766,801)
Trade debtors	6,607,244	(521,103)
Advance and deposits	-	95,976
Prepayments and other receivables	88,336	5,625,682
Due from government	(4,837,769)	(133,887)
Increase/(Decrease) in current liabilities		
Trade and other payables	35,635,804	36,456,334
	(8,248,900)	(13,075,652)
Cash flow from/(used in) operating activities	7,670,044	2,532,647
Tax paid	(1,194,932)	(1,164,090)
Finance cost	(71,411)	(106,715)
Net cash flow from/(used in) operating activities	6,403,701	1,261,842
Cash Flow From Investing Activities		
Purchase of operating fixed assets	(5,358,922)	(1,350,567)
Net cash flow from/(used in) investing activities	(5,358,922)	(1,350,567)
Cash Flow From Financing Activities		
Payament of liabilities against finance lease	-	(473,574)
Net cash flow from/(used in) financing activities	-	(473,574)
Net increase/(decrease) in cash and cash equivalents	1,044,779	(562,299)
Cash and cash equivalents at the begnning of the year	11,678	573,977
Cash and cash equivalents at the end of the year	1,056,457	11,678

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

Khawaja Muhammad Ali
Chief Executive

Khawaja Muhammad Hassan
Director

SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1- *Legal Status and Operations*

Spun Yarn Research and Development Company (Private) Limited (the Company) is limited by shares was incorporated in Pakistan on June 27, 2011 as a Private Limited Company under the Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is principally engaged in manufacturing and sale of yarn.

Geographical location and addresses of business:

Registered office/Head office

House No. 1, Green Homes, Nawab Pur Road, Multan.

Mill

22-KM, Khanewal Road, Qadirpur Rawan, Multan.

2- *Basis of Preparation*

2.1- *Statement of compliance*

The 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:

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

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

2.2- *Basis of measurement*

These financial statements have been prepared under the historical cost convention except disclosed otherwise in the accounting policy notes.

2.3- *Functional and presentation currency*

These financial statements are presented in Pak Rupees, which is the company's functional and presentation currency. All financial information presented in Pak Rupees has been rounded to the nearest Rupee unless otherwise stated.

2.4- *Critical accounting estimates and judgments*

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed as follows:

2.4.1- *Property, plant and equipment*

The company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identifies.

2.4.2- *Stores & spares and stock-in-trade*

The company estimates the net realizable value of stores & spares and stock in trade to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated expenditure to make sale.

2.4.3- *Income Taxes*

In making the estimates for income taxes the Company takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a katerial nature is in accordance with the law. The difference between the potential ans actual tax charge, if any, is disclosed as a contingent liability.

3- *Significant Accounting Policies*

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

3.1- *Property, plant and equipment*

Company's owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss except freehold land, and capital work-in-progress. Which are stated at cost. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to the erection construction period and attributable expenses in bringing the assets to their working condition.

Depreciation on all assets except freehold land and capital work-in-progress is taken to profit and loss account applying reducing balance method at the rates stated in fixed assets schedule. Depreciation is charged when asset is put into the use as intended by the management till asset is derecognized.

Gains / Losses on disposal of fixed asset are taken to profit and loss account. Normal repairs and maintenance are taken to profit and loss account as and when incurred. Major improvements and modifications are capitalized and the assets replaced, if any, other than those kept as stand-by, are retired.

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 assets. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount by charging the impairment loss against income for the period / year.

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

Intangible assets
Intangible fixed assets are stated at cost less accumulated amortization and identified impairment losses, if any. Amortization is charged to income on straight line basis during the estimated useful life. The useful life is reviewed periodically to ensure that it is consistent with the expected pattern of economic benefits.
Amortization is charged from the month of acquisition and up to the month preceding the disposal respectively. Gain/loss on disposal of intangible assets is taken to profit and loss account.
Major improvements and modifications are capitalized. Minor repairs and replacements are taken to profit and loss account.

Leased assets
These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligation of leases is accounted for as liability. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of finance cost on the remaining balance of principal liability for each period.
Amortization is charged from the month of acquisition and up to the month preceding the disposal respectively. Gain/loss on disposal of intangible assets is taken to profit and loss account.

3.2- ***Stores, Spares and loose tools***
These are valued at moving average cost less allowance for obsolete and slow moving items except items-in-transit which are stated at cost accumulated to the balance sheet date.

3.3- ***Stock in trade***
Basis of valuation are as follows:

Particulars	***Mode of Valuation***
Raw materials	
- At mill	- Weighted Average Cost
- In transit	- At cost accumulated to the balance sheet date.
Work in process	- At manufacturing cost.
Finished goods	- At lower of cost and net realizable value.

Waste - At net realizable value.

Cost in relation to work in process and finished goods consists of prime cost and appropriate production overheads. Prime cost is allocated on the basis of annual average cost.

Provision for obsolete and slow moving stock-in-trade is determined based on the management's assessment regarding their future usability.

Net realizable value signifies the selling price in the ordinary course of business less Cost of completion ans Cost necessary to be incurred to effect such sale.

3.4- ***Trade debts & other receiveables***

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

3.5- ***Advances, deposits, prepayments and other receivables***

Advances, deposits, prepayments and other receivables are included in current assets, except for having maturities greater than twelve months after the balance sheet date, which are classified as non-current assets.

3.6- ***Cash and cash equivalents***

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand and balances with banks.

3.7- ***Borrowings & borrowing cost***

Borrowings are recognized initially at fair value, net of transaction costs incurred and are subsequently measured at amortized cost using the effective interest method.

Borrowing costs are recognized as an expense in the period in which these are incuured except to the extent of borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, sre capitalized as part of the cost that asset.

3.8- ***Trade and other payables***

Trade and other payables are initially measured at cost, which is the fair value the consideration to be paid in future for goods and services, whether or not billed to the Company.

3.9- ***Provisions***

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

3.10- *Taxation*

3.10.1 *Current*

Charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and taxes rebate available, if any , or provisions of minimum tax However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

3.10.2 *Deffered*

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the tax base (the amount used for taxation purposes). In this regard, the effects on deferred taxation of the portion of income subject to final tax regime are also considered in accordance with the requirement of Technical release-27 of Institute of Chartered Accounts of Pakistan.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax credits can be utilized. Deferred tax liabilities are generally recognized for the taxable temporary differences, Deferred, tax assets and liabilities are based on the expected tax rates applicable at the time of reversal.

3.11- *Offsetting*

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

3.12- *Revenue Recognition*

Sales are recorded on dispatch of goods to customers.
Return on investments and deposit is accounted for on time proportion basis.
Dividend incomes are accounted for when the right to receive is established.
Gain on sale and lease-back transactions is deferred and is credited to Profit and Loss Account over the term.

	Note	2020 Rupees	2019 Rupees
4- *Property, plant and equipment*			
Operating fixed assets	4.1	*161,877,494*	169,553,179
Capital work in progress	4.2	-	-
		161,877,494	169,553,179

4.1- *Operating fixed assets*

	Freehold land	Building on freehold land	Plant & machinery	Electric installations	Furniture & fixture	Office equipments	Vehicles	Mechanical/ Electric appliances	Total
	-------------------	-------------------	-------------------	-------------------	*Rupees*	-------------------	-------------------	-------------------	
Cost									
Balance as at June 30, 2018	13,046,960	77,506,645	92,362,504	33,878,595	392,616	534,656	3,646,502	1,563,507	222,931,985
Addition during the year		1,800,659			95,340	187,452	-		2,083,451
Balance as at June 30, 2019	13,046,960	79,307,304	92,362,504	33,878,595	487,956	722,108	3,646,502	1,563,507	225,015,436
Depreciation									
Balance as at June 30, 2018		10,814,564	20,910,914	7,675,381	117,350	136,772	1,691,998	313,682	41,660,661
Charge for the year		3,424,637	7,145,159	2,620,321	37,061	58,534	390,901	124,983	13,801,596
Balance as at June 30, 2019	-	14,239,201	28,056,073	10,295,702	154,411	195,306	2,082,899	438,665	55,462,257
Written down value as at June 30, 2019	13,046,960	65,068,103	64,306,431	23,582,893	333,545	526,802	1,563,603	1,124,842	169,553,179
Cost									
Balance as at June 1, 2019	13,046,960	79,307,304	92,362,504	33,878,595	487,956	722,108	3,646,502	1,563,507	225,015,436
Addition during the year		1,097,235	3,537,092	590,828	108,067	25,700			5,358,922
Balance as at June 30, 2020	13,046,960	80,404,539	95,899,596	34,469,423	596,023	747,808	3,646,502	1,563,507	230,374,358
Depreciation									
Balance as at June 30, 2019		14,239,201	28,056,073	10,295,702	154,411	195,306	2,082,899	438,665	55,462,257
Charge for the year		3,308,267	6,784,352	2,417,372	44,161	55,250	312,721	112,484	13,034,607
Balance as at June 30, 2020	-	17,547,468	34,840,425	12,713,074	198,572	250,556	2,395,620	551,149	68,496,864
Written down value as at June 30, 2020	13,046,960	62,857,071	61,059,171	21,756,349	397,451	497,252	1,250,882	1,012,358	161,877,494
Rate of depreciation	-	5%	10%	10%	10%	10%	20%	10%	

	Note	2020 Rupees	2019 Rupees
Depreciation for the year has been apportioned as under:			
Cost of sales	21	*12,773,915*	13,525,564
Administrative expense	23	*260,692*	276,032
		13,034,607	13,801,596
4.2- *Capital work in progress*			
Building - civil work	4.2.1	-	-

4.2.1 *Building - civil work*

	2020	2019
Opening balance	-	732,884
Addition/(Capitalized) during the year	-	(732,884)
	-	-

	Note	2020 Rupees	2019 Rupees
5- *Intangible assets - software*			
Computer software license fee	5.1	*102,745*	114,161

5.1- *Computer software license fee*

	2020 Rupees	2019 Rupees
Cost		
Opening balance	*156,600*	156,600
Addition during the year	-	-
Closing balance	*156,600*	156,600
Amortization		
Opening balance	*42,439*	29,754
Charge for the year	*11,416*	12,685
Closing balance	*53,855*	42,439
Written down value	*102,745*	114,161
Rate of Amortization	*10%*	10%

	2020 Rupees	2019 Rupees
6- *Long term deposits*		
Security deposit - MEPCO	*2,059,200*	2,059,200

It represents bank guarantee provided to MEPCO issued by National Bank of Pakistan City Branch, Multan against 100% cash margin.

	2020 Rupees	2019 Rupees
7- Stores, spares and tools		
Stores	*510,800*	455,600
Tools	*22,100*	22,100
	532,900	477,700
8- *Stock in trade*		
Raw material	*34,568,200*	3,949,500
Work in process	*4,285,430*	465,380
Finished goods	*60,253,300*	55,099,000
Packing material	*7,152,800*	875,135
Waste	*867,900*	1,051,300
	107,127,630	61,440,315
9- *Trade debtors - Considered good*		
Local - unsecured	*4,560,500*	11,167,744

	2020 Rupees	2019 Rupees
10- *Advance and deposits*		
Security deposit - office building	*92,500*	92,500
11- *Prepayments and other receivables*		
Prepayments	-	88,336
12- *Due from government*		
Advance sales tax	5,455,927	1,683,624
Advance income tax	*2,060,398*	994,932
	7,516,325	2,678,556
13- *Cash and bank balances*		
Cash in hand	*1,530*	532
Cash at bank		
Current account	*5,489*	7,245
Deposit account	*1,049,438*	3,901
	1,054,927	11,146
	1,056,457	11,678

14- *Issued, subscribed and paid up capital*

Number of shares 2020	2019		2020 Rupees	2019 Rupees
100,010	100,010	Ordinary shares of Rs. 1,000/- each issued to private sector fully paid in cash	*100,010,000*	100,010,000
59,746	59,746	Ordinary shares of Rs. 1,000/- each issued to Ministry of Industries, Govt. of Pakistan fully paid in cash	*59,746,000*	59,746,000
			159,756,000	159,756,000

15- *Deposit for shares*

It represents the deposit from shareholders for the issuance of ordinary shares by the company.

	Note	2020 Rupees	2019 Rupees
16- *Trade and other payables*			
Trade creditors		25,445,096	37,514,000
Accrued liabilities		1,844,170	4,802,920
Advances from customers		94,253,483	38,118,000
Payable to construction contractor		-	5,670,854
Others		170,463	273,129
Sales Tax Payable		301,495	
		122,014,707	86,378,903
17- *Taxation*			
Opening balance		1,194,932	1,164,090
Add: Provision made during the year			
Current year		2,244,004	1,194,932
		3,438,936	2,359,022
Less: Payments/Adjustments against completed assessments		(1,194,932)	(1,164,090)
		2,244,004	1,194,932

The income tax assessment of the company has been completed upto the tax year 2019.

18- *Contingencies and commitments*

There are no contingencies and commitments at the balance sheet date.

	Note	2020 Rupees	2019 Rupees
19- *Sales - Net*			
Local			
Gross Sales		175,437,096	95,594,533
Sales Tax		(25,490,861)	-
Less: Discount on sales		(345,988)	-
		149,600,247	95,594,533
20- *Cost of sales*			
Raw material consumed	20.1	65,976,702	65,138,332
Stores and spares consumed	20.2	249,123	484,862
Packing material consumed	20.3	1,949,835	760,706
Salaries, wages and benefits	20.4	16,651,770	15,044,115
Power and fuel		52,855,428	48,388,729
Communication		25,550	25,400
Rent expense		957,000	870,000
Repair and maintenance		386,119	65,280
Depreciation	4.1	12,773,915	13,525,564
Others		15,230	13,500
		151,840,672	144,316,488

	2020 Rupees	2019 Rupees
Adjustment of work in process		
Opening stock	*465,380*	358,482
Closing stock	*(4,285,430)*	(465,380)
	(3,820,050)	(106,898)
Cost of goods manufactured	*148,020,622*	144,209,590
Adjustment of finished goods		
Opening stock	*55,099,000*	1,638,953
Closing stock	*(60,253,300)*	(55,099,000)
	(5,154,300)	(53,460,047)
	142,866,322	90,749,543
Adjustment of waste		
Opening stock	*1,051,300*	906,251
Closing stock	*(867,900)*	(1,051,300)
	183,400	(145,049)
	143,049,722	90,604,494

	2020 Rupees	2019 Rupees
20.1- Raw material consumed		
Opening stock	*3,949,500*	3,621,987
Add: Purchase during the year	*96,595,402*	65,465,845
	100,544,902	69,087,832
Less: Closing stock	*(34,568,200)*	(3,949,500)
	65,976,702	65,138,332

	2020 Rupees	2019 Rupees
20.2- Stores and spares consumed		
Opening stock	*455,600*	645,847
Add: Purchase during the year	*304,323*	294,615
	759,923	940,462
Less: Closing stock	*(510,800)*	(455,600)
	249,123	484,862

	2020 Rupees	2019 Rupees
20.3- Packing material consumed		
Opening stock	*875,135*	147,841
Add: Purchase during the year	*8,227,500*	1,488,000
	9,102,635	1,635,841
Less: Closing stock	*(7,152,800)*	(875,135)
	1,949,835	760,706

	Note	2020 Rupees	2019 Rupees
20.4- *Salaries, wages and benefits*			
Factory staff salaries		*12,115,515*	12,853,300
Staff welfare expenses		*1,225,780*	-
Travelling and conveyance		*66,870*	75,600
Overtime		*1,052,000*	868,000
Mixing, packing and bale pressing charges		*910,200*	795,300
Vehicle running and maintenance		*30,780*	15,400
Labour electricity bill		*438,616*	372,531
Staff house rent		*812,009*	63,984
		16,651,770	15,044,115
21- *Distribution cost*			
Freight expenses		*366,800*	312,530
22- *Administrative expenses*			
Salaries and wages		*1,250,000*	1,135,000
Directors meeting expenses		*40,000*	-
Travelling and conveyance		*113,593*	74,860
Vehicle running and maintenance		*127,400*	115,760
Rent expense		*269,500*	245,000
Sui gas/Electricity		*49,500*	45,100
Entertainment		*60,540*	70,840
Communication		*175,848*	164,120
Printing and stationery		*105,780*	92,750
Legal and professional charges		*95,000*	72,650
Auditors remuneration	22.1	*100,000*	100,000
Depreciation	4.1	*260,692*	276,032
Amortization	5.1	*11,416*	12,685
Repair and maintenance		*18,470*	23,430
Fee and subscriptions		*10,500*	10,500
Insurance		*250,000*	250,000
Market committee		*24,344*	35,186
Professional tax		-	50,000
Others		*17,841*	14,875
		2,980,424	2,788,788
22.1- *Auditors remuneration*			
Audit fee		*85,000*	85,000
out of pocket expenses		*15,000*	15,000
		100,000	100,000

	Note	2020 Rupees	2019 Rupees
23- *Other operating expenses*			
Workers profit participation fund		*242,419*	90,715
Workers welfare fund		*96,968*	36,286
		339,387	127,001
24- *Other income*			
Profit from bank		*9,007*	32,298
25- *Finance cost*			
Markup/Interest on leased vehicle		-	14,826
Bank charges and commission		*71,411*	91,889
		71,411	106,715
26- *Taxation*			
Current year	26.1	*2,244,004*	1,194,932

26.1- Provision for current year taxation represents tax payable U/S 113 of the Income Tax Ordinance, 2001.

	2020 Rupees	2019 Rupees
27- *Earning per share*		
Basic		
Profit for the year	*557,506*	492,371
Number of share	*159,756*	159,756
Earning per share	*3.49*	3.08
28- *Number of Employees*	*141*	250

29- *General*
Figures have been rounded off to the nearest rupee.

30- *Date of authorization*
These financial statements have been authorized for issue on October 03, 2020 by the board of directors of the Company.

Khawaja Muhammad Ali
Chief Executive

Khawaja Muhammad Hassan
Director