

**AL-KHAIR GADOON LTD.**

**ANNUAL REPORT**

**2020**

<b>SR. NO.</b>	<b>CONTENTS</b>	<b>PAGE NO.</b>
<b>I</b>	Company Information	2
<b>II</b>	Vision & Mission Statement	3
<b>III</b>	Notice of Annual General Meeting	4-7
<b>IV</b>	Chairman's Review Report	8-11
<b>V</b>	Directors' Report to the Members	12-22
<b>VI</b>	Statement of Compliance with Code of Corporate Governance	23-24
<b>VII</b>	Independent Auditors' Review Report on Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations 2019	25
<b>VIII</b>	Independent Auditors' Report to The Members	26-29
<b>IX</b>	Statement of Financial Position	30
<b>X</b>	Statement of Profit or Loss and Other Comprehensive Income	31
<b>XI</b>	Statement of Cash Flows	32
<b>XII</b>	Statement of Changes in Equity	33
<b>XIII</b>	Notes to the Financial Statements	34-55
<b>XIV</b>	Year Wise Statistical Summary	56
<b>XV</b>	Pattern of Shareholding	57-58

**COMPANY INFORMATION**
**BOARD OF DIRECTORS:**

Mohammad Afzal Sheikh	Chairman
Mohammad Saeed Sheikh	Chief Executive
Sheikh Pervaiz Afzal	Executive Director
Mohammad Amin Sheikh	Non-Executive Director
Mrs. Parveen Afzal	Non-Executive Director
Mrs. Farnaz Saeed	Non-Executive Director
Mrs. Aleeza Zahid Tariq	Independent Director
Mr. Kamal Subhani	Independent Director

**AUDIT COMMITTEE:**

Mr. Kamal Subhani	Chairman
Mrs. Farnaz Saeed	Member
Mrs. Aleeza Zahid Tariq	Member
Mr. Khurram Iftikhar	Secretary

**HUMAN RESOURCE & REMUNERATION COMMITTEE:**

Mr. Kamal Subhani	Chairman
Mrs. Farnaz Saeed	Member
Mrs. Parveen Afzal	Member
Mr. Mushtaq Ahmed Shaheen	Secretary

**CFO / CHIEF ACCOUNTANT:**

Abdul Hafeez Poswal

**COMPANY SECRETARY:**

Mohammad Amin Sheikh

**AUDITORS:**

M/s. Tahir Siddiqi & Co., Chartered Accountants.

**LEGAL ADVISOR:**

Mr. Naeem Anjum (Advocate High Court)

**SHARES REGISTRAR:**

Shemas International (Pvt) Limited  
533-Imperial Garden Block, Main Boulevard,  
Paragon City, Barki Road, Lahore.

**BANKERS:**

Allied Bank Limited.  
Bank Alfalah Limited.

**REGISTERED OFFICE & FACTORY SITE:**

92/3, 94A & 94B Phase III, Industrial  
Estate, Gadoon Amazai,  
District Swabi, (K.P.K)  
Tel: (0938) 270260  
Fax: (0938) 270270

**CORPORATE OFFICE:**

Al-Khair House,  
43-T, Gulberg II, Lahore.  
Tel: (042) 111-111-043  
Fax: (042) 35716588, 35753719  
Website: [www.alkhairegadoon.com](http://www.alkhairegadoon.com)

## *Mission*

Offer value to our customers by continuously improving our products and services. Provide ongoing product development and design improvements to meet our customers' needs. Maintain our technical advantage in all aspects of our business while remaining competitive in the market.

## *Vision*

**AKGL'S** Ambition is to become a clear benchmark in foam products, sleeping products & services.



## **NOTICE OF MEETING**

Notice is hereby given that the 30<sup>th</sup> Annual General Meeting of Al-Khair Gadoon Limited, will be held on Monday the October 26, 2020 at 9:00 A.M. at the Registered Office of the Company at 92/3, Phase III, Industrial Estate, Gadoon Amazai, District Swabi, Khyber Pakhtunkhwa to transact the following business:-

- 1 To confirm the minutes of the 29<sup>th</sup> Annual General Meeting held on October 25, 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 Auditors' Reports thereon.
- 3 To appoint Auditors of the Company and fix their remuneration.
- 4 To transact any other business with the permission of the Chairman.

**BY ORDER OF THE BOARD**



**MOHAMMAD AMIN SHEIKH**

Company Secretary

Dated: October 02, 2020

### **NOTES:**

- 1 Share Transfer Books of the Company will remain closed from October 19 2020 to October 26, 2020 (both days inclusive). Transfers received in order upto the close of business on October 17, 2020 at the Corporate Office of the Company at Al-Khair House, 43-T, Gulberg II, Lahore will be entitled to voting rights at the Annual General Meeting.
- 2 Due to current COVID-19 situation, the Government has suspended large public gathering at one place. Additionally, the Securities and Exchange Commission of Pakistan ("SECP") in terms of its Circular No. 5 of 2020 issued on March 17, 2020 and Pakistan Stock Exchange Limited ("PSX") through its notice Ref:PSX/N-372 dated March 19, 2020 has advised companies to modify their usual planning for general meetings for the safety and well-being of shareholders and the public at large.

Considering the SECP's directives, the Company intends to convene this AGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements and requests the members to consolidate their attendance and voting at the AGM through proxies.

Accordingly, the Company has made arrangement to ensure that all participants, including shareholders, can now participate in the AGM proceedings via video link. Those members who are willing to attend and participate in the AGM are requested to register themselves by providing their Names, Folio Number, Number of Shares, Cell Number, Email address, and valid copy of both sides of National Identity Card (CNIC) at "corporate@alkhairgroup.com" with subject of Registration for AGM as per note No.8.

Members who will be registered, after necessary verification as per the above requirements, will be provided a password protected video link by the Company via email. The said link will remain open from 09:00 a.m. on the date of AGM till the end of the meeting.

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address "corporate@alkhairgroup.com".

Members are therefore, encouraged to attend the AGM through video link or by consolidating their attendance through proxies.

- 3 A member of the Company entitled to attend and vote at the meeting may appoint another member as his / her proxy to attend and vote. Votes may be given personally or by proxy or by Attorney or in case of a Corporation by representative. The instrument of proxy duly executed should be lodged at the Corporate Office of the Company at Al-Khair House, 43-T, Gulberg II, Lahore not later than 48 hours before the time of meeting.
- 4 Any individual Beneficial Owner of the Central Depository Company (CDC), entitled to vote at this meeting must bring his / her Computerized National Identity Card (CNIC) or passport (in case of foreigner) along with CDC account number to prove his / her identity and in case of proxy must enclose an attested copy of his / her CNIC or passport. Representatives of corporate members should bring the usual documents required for such purpose.
- 5 Members are requested to immediately inform the Company's Share Registrar of any change in their mailing address.
- 6 Members are requested to provide by mail, photocopy of their CNIC or passport (in case of foreigner), unless it has been provided earlier, enabling the Company to comply with relevant laws.
- 7 The Securities and Exchange Commission of Pakistan vide SRO No. 470(I)/2016 dated May 31, 2016 has allowed companies to circulate Annual Audited Accounts to its members through CD/DVD/USB at their registered addresses. In view of this the Company is sending its 2020 Annual Report to the shareholders in form of CD. Any member requiring printed copy of 2020 Annual Report may send a request with identification details, the Company will send the hard copy of printed accounts 2020 free of cost within one week.
- 8 In accordance with Section 132 (2) of the Companies Act, 2017 if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least seven days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that place subject to availability of such facility in that place. To avail this facility a request is to be submitted to the Company Secretary of the Company on given address:

**The Company Secretary, Al-Khair Gadoon Ltd, 43-T, Gulberg II, Lahore.**



## اطلاع برائے سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ الخیر گدون لمیٹڈ کے حصص داران کا 30 واں سالانہ اجلاس عام مورخہ 26 اکتوبر، 2020 بروز پیر بوقت صبح 9:00 بجے بمقام رجسٹرڈ دفتر 9/2/3، فیئر 3، انڈسٹریل اسٹیٹ، گدون امانی، ضلع صوابی، خیبر پختونخواہ میں درج ذیل امور کے انجام دہی کے لیے منعقد ہوگا۔

- 1 25 اکتوبر، 2019 کو منعقدہ 29 ویں سالانہ اجلاس عام کی کارروائی کی توثیق کرنا۔
- 2 30 جون، 2020 کو ختم شدہ سال کے لیے کمپنی کے پڑتال شدہ سالانہ مالیاتی گوشوارے بشمول ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری دینا۔
- 3 محاسب کا تقرر اور ان کے مشاہرہ کا تعین کرنا۔
- 4 جناب چیئرمین کی اجازت سے کسی دیگر امر پر کارروائی۔

حسب الحکم بورڈ  
Mohammad Aamir  
محمد امین خان  
کمپنی سیکرٹری

تاریخ: 02 اکتوبر، 2020

نوٹس:

- 1 کمپنی کی حصص منتقلی کی کتابیں 19 اکتوبر 2020 سے 26 اکتوبر، 2020 (بشمول دونوں دن) بند رہیں گی۔ تمام ٹرم سفرز جو قواعد و ضوابط کے مطابق کمپنی کے کارپوریٹ دفتر الخیر ہاؤس، 43-ٹی، گلبرگ 2، لاہور میں 17 اکتوبر، 2020 تک وصول ہوگی۔ وہ سالانہ اجلاس عام میں ووٹ کے اہل تصور ہوں گے۔
- 2 COVID-19 کی موجودہ صورت حال کے تحت حکومت نے ایک مقام پر عوامی اجتماعات کو معطل کر دیا ہے۔ مزید برآں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے 2020 کے سرکل نمبر 5 جاری کردہ 17 مارچ 2020 اور پاکستان سٹاک ایکسچینج لمیٹڈ کے نوٹس ریفرنس نمبر PSX/N-372 بتاریخ 19 مارچ 2020 میں کمپنیوں کو مشورہ دیا ہے کہ وہ اپنے حصص داران اور عوام اور فلاح و بہبود کیلئے بڑے پیمانے پر عام اجلاسوں کے لئے اپنی معمول کی منصوبہ بندی میں رد و بدل کریں۔

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایت پر غور کرتے ہوئے کمپنی اپنے کورم کی ضروریات کی تعمیل کو یقینی بناتے ہوئے حصص داران کے کم سے کم جسمانی تعامل کے ساتھ سالانہ اجلاس عام کو طلب کرنے کا ارادہ رکھتی ہے اور اراکین سے درخواست کی جاتی ہے کہ وہ اپنی حاضری کو یقینی بناتے ہوئے پراکسیز کے ذریعے اجلاس میں شرکت کریں۔

مزید یہ کہ کمپنی نے ایسا یقینی بنانے کے لئے انتظامات کئے ہیں کہ حصص داران سمیت تمام شرکاء اب وڈیولنک کے ذریعے سالانہ اجلاس عام کی کارروائی میں حصہ لے سکتے ہیں۔ وہ تمام اراکین جو سالانہ اجلاس عام میں شرکت کرنا چاہتے ہیں، ان سے التماس ہے کہ اپنا نام، فوئیو نمبر، تعداد حصص، موبائل نمبر، ای میل ایڈریس اور لاگو کمپیوٹرائزڈ قومی شناختی کارڈ کی نقل (دونوں جانب سے کاپی کی گئی) کے ساتھ بعنوان "رجسٹریشن برائے سالانہ اجلاس عام corporate@alkhairgroup.com پر بذریعہ ای میل درج ذیل نمبر 8 کے مطابق عمل کریں۔

مندرجہ بالا معلومات مہیا کرنے کے بعد رجسٹریشن کروانے والے ارکان کی تصدیق کے بعد انہیں کمپنی کی جانب سے بذریعہ ای میل، پاسورڈ سے محفوظ کردہ وڈیولنک مہیا کیا جائے گا۔ وہ لنک سالانہ اجلاس عام والے دن صبح 09:00 بجے سے اجلاس کے اختتام تک دستیاب رہے گا۔

حصہ داران سالانہ اجلاس عام کے ایجنڈا آن لائن سے متعلق اپنے سوالات اور تبصرے بذریعہ ای میل corporate@alkhairgroup.com پر ارسال کر سکتے ہیں۔

ارکان کو ترغیب دی جاتی ہے کہ وہ وڈیولنک یا پراکسیز کے ذریعے اپنی حاضری کو یقینی بناتے ہوئے سالانہ اجلاس عام میں شرکت کریں۔

3 سالانہ اجلاس عام میں شرکت کرنے اور ووٹ دینے کا اہل ایک رکن اپنی جگہ دوسرے کسی رکن کو بطور پراکسی اجلاس میں شرکت کرنے اور ووٹ دینے کے لیے مقرر کر سکتا/کر سکتی ہے۔ ووٹ ذاتی طور پر، بذریعہ پراکسی، بذریعہ نارنی یا ادارے کی صورت میں بذریعہ نمائندہ دیئے جاسکتے ہیں۔ پراکسی کے ممبر ہونے کیلئے ضروری ہے کہ وہ کمپنی کے کارپوریٹ آفس، انٹیر باؤس 43-ٹی، گلبرگ 2، لاہور میں اجلاس کے وقت سے کم سے کم 48 گھنٹے قبل وصول ہو جائیں۔

4 سینٹرل ڈیپازٹری کمپنی (C D C) کے/کی شیئرز ہولڈرز جو اجلاس ہذا میں شرکت کرنے اور ووٹ دینے کے/کی حقدار ہیں وہ شناخت کے طور پر اپنا کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ (اگر غیر ملکی ہو تو) اور CDC کا ڈونٹ نمبر ضرور ساتھ لائیں۔ پراکسی کی صورت میں کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی منسلک کرنا لازمی ہے مذکورہ مقصد کے لیے کارپوریٹ ممبر کے نمائندے اپنے ساتھ مطلوبہ دستاویز ضرور لائیں۔

5 ممبرز سے درخواست ہے کہ وہ اپنے پتے میں کسی بھی قسم کی تبدیلی کی صورت میں کمپنی کے شیئرز رجسٹرار کو فوری اطلاع دیں۔

6 ممبرز سے درخواست ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ (غیر ملکی ہوئی صورت میں) کی نقل بذریعہ ڈاک ارسال کریں (اگر پہلے نہ دی ہو) تاکہ کمپنی متعلقہ قوانین کے مطابق عمل کر سکے۔

7 سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے بذریعہ ایس آر او 470 (I) / 2016 مورخہ 31 مئی 2016 کو کمپنیوں کو اجلاس عام میں شیئرز ہولڈرز کی رائے حاصل کرنے کے بعد سالانہ آڈٹ شدہ اکاؤنٹس، اجلاس عام کے نوٹس اور کمپنی کی دیگر معلومات بذریعہ سی ڈی / ڈی وی ڈی / یو ایس بی ممبران کو ارسال کرنے کی اجازت دی ہے۔ اس بناء پر کمپنی سالانہ رپورٹ 2020 سی ڈی میں اپنے ممبران کو بھیجوا رہی ہے تاہم کمپنی کسی بھی ممبر کی شناختی تفصیلات کے ساتھ طلب کرنے پر ایک ہفتے کے اندر بلا معاوضہ بارڈر کاپی سالانہ اکاؤنٹس 2020 ارسال کر دے گی۔

8 کمپنیز ایکٹ 2017 کے سیکشن 132 (2) کے تحت کمپنی کو مجموعی طور پر %10 یا اس سے زیادہ کے حصص داران جغرافیائی لحاظ سے ویڈیو کانفرنس کی درخواست کم از کم سالانہ اجلاس عام کے سات دن پہلے وصول کروائیں تاکہ کمپنی اگر متعلقہ جگہ ویڈیو کانفرنس کی سہولت ہو تو اس جگہ اس سہولت کا انتظام کرے گی۔ اس سہولت کو حاصل کرنے کے لیے درخواست کمپنی کے کمپنی سیکرٹری کے نام مندرجہ ذیل پتہ پر ارسال کریں۔

کمپنی سیکرٹری، انٹیر گدون لینڈ 43-ٹی، گلبرگ 2، لاہور۔



## **CHAIRMAN'S REVIEW REPORT**

It is my pleasure to welcome you on the 30th Annual General Meeting of your Company. I present before you on behalf of the Board of Directors, the Audited Accounts of the Company for the financial year ended June 30, 2020 along-with my review on the performance of the Company.

### **Role of the Board of Directors**

Board of Directors has continuously provided valuable guidance and oversight to ensure strong governance and effective encouragement and input to the management throughout the year. The Board of Directors has performed its duties diligently in upholding the best interest of shareholders of the Company and in managing the affairs of the Company. A review of the Board's own performance and effectiveness on a self-assessment basis in accordance with the requirements of Companies Act, 2017 and Listed Companies Regulations, 2017 and Code of Corporate Governance Regulations, 2019, has been conducted and appreciated, during the year under review, to ensure Best Practices.

### **Economy and Foam Industry**

During the year under review, GDP rate of Pakistan plunged from 3.3% last year to negative 0.4% against the target of 3.5% resulting unsustainable growth momentum of the Pakistan economy which was further aggravated due to world wide outbreak of COVID-19 pandemic including Pakistan which became main cause of negative impact on economic progress. To mitigate the adverse economic impact, the Government injected Rs 1.2 trillion through financial package to support and revive economic activities in the country. State Bank of Pakistan also came forward and reduced policy rate from 13.25% to 7.00% to stimulate the economy. Current account deficit during 2019-20 sharply reduced by 78% coupled with 6.3% increase in remittances. However, on the other hand inflation rate of 11.1% in June 2020 is witnessed, the main cause of dearness which squeezed purchasing power of common people.

Foam sector is highly competitive sector in the country in view of intense competition from existing players and new entrants in the industry. Other factors which always remained major risks for foam industry are fluctuation in raw material prices as major raw materials are not manufactured in the country and imported from all over the world. During post Coronavirus pandemic scenario, prices of raw material for foam making have a substantial rise in global market which ultimately cause increase in cost of production. Further, depreciation in value of Pak Rupee in relation to US Dollar was witnessed Rs.168.75 as on June 30, 2020 as compared to Rs.157.90 on June 30, 2019. Rising inflation aggravated the uncontrollable dearness in the country having negative impact on the business of consumer goods including foam products which ultimately affected the performance of the Company.

### **Performance of the Company**

During the financial year ended June 30, 2020, the performance of the Company was affected and sales revenue during the year was declined by 23.87%. The Company could not keep track of progress as compared to last year due to challenges faced by the Company in terms of uncertain economic conditions, rising foreign currency rates, volatile raw material prices and increasing inflation rate in addition to negative impact of Coronavirus pandemic due to which the country



remained in the turmoil of "Lockdown" for more than two months and economic growth turned to negative. These factors put immense pressure on revenue generation and squeezed the margins. However, operational excellence and management skills always encouraged and keep it to concentrate on the issues and make visionary decisions to overcome the challenges. Despite the challenges faced, the Company performed well and posted per share earning of Rs.0.80 as compared to Rs.1.94 for last year. By the grace of Almighty Allah, the Company remained able to manage cash flows which enabled it to discharge its operational and financial liabilities well in time.

### **Future Outlook**

As stated, the Government of Pakistan has given financial package of Rs.1.2 trillion in order to mitigate negative effects of Coronavirus pandemic and revival of the economy and State Bank of Pakistan has reduced policy rates for further support of business community. Current account deficit has been controlled and is sustainable and foreign currency exchange rates looks stable which would ultimately result in revival of economy. Government has also relaxed the condition of providing CNIC number for every sale as Rs.100,000 instead of Rs.50,000/- or more leading to enable the customers to purchase consumer goods without any reluctance. However, the Government must control rising inflation and dearness to further boost the economic and business activities at retail level. The management of the Company is confident to meet the challenges and is always committed to stand out the competition by focusing the best possible operational efficiencies and synergies, taking every necessary step for continuous progress and financial health of the Company. The Company expects better performance in post pandemic scenario coming future and will remain focused on the needs of its trade partnering customers.

### **Social Responsibilities**

The Company is contributing million of Rupees to the National Exchequer in terms of taxes, duties and cess. Being socially responsible, the Company has provided safe working conditions avoiding the risk of health of employees and public at large. It is a matter of immense pleasure for me that the Company is also contributing towards the society through social activities and has integrated Corporate Social Responsibility in its business.

Lahore: September 25, 2020



**MOHAMMAD AFZAL SHEIKH**  
**CHAIRMAN**

### چیسر مین کا جائزہ

آپ کی کمپنی کے تیسویں سالانہ اجلاس میں آپ کو خوش آمدید کہنا میرے لئے خوشی کا باعث ہے۔ بورڈ آف ڈائریکٹرز کے ایما پر میں 30 جون 2020 کو ختم ہونے والے مالی سال کے آڈٹ شدہ حسابات کے ساتھ کمپنی کی کارکردگی پر اپنا جائزہ آپ کے سامنے رکھتا ہوں۔

### بورڈ آف ڈائریکٹرز کا کردار

بورڈ آف ڈائریکٹرز نے سارا سال انتظامیہ کو مضبوط انتظامی گرفت اور بھرپور حوصلہ افزائی کو یقینی بنانے کے لئے قابل قدر مسلسل رہنمائی اور نگرانی فراہم کی ہے۔ بورڈ آف ڈائریکٹرز نے کمپنی کے معاملات کو منظم طور پر چلانے اور کمپنی کے حصہ داران کے بہترین مفاد کو برقرار رکھنے کے لئے اپنی ذمہ داریاں تنہا ہی سے انجام دی ہیں۔ زیر جائزہ سال کے دوران، بہترین روایات کو یقینی بنانے کے لئے کمپنیز ایکٹ 2017، سٹیٹ کمپنیز ریگولیشنز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی ضروریات کے مطابق خود تشخیصی بنیاد پر بورڈ کی اپنی کارکردگی اور تاثیر کا جائزہ لیا گیا اور سراہا گیا ہے۔

### معیشت اور فوم کی صنعت

زیر جائزہ سال کے دوران، پاکستان کی ترقی کی شرح نمو 3.5% پدف کے مقابلے میں پچھلے سال کے 3.3% سے منفی 0.4% پر آگئی جس کے نتیجے میں پاکستان کی ترقی کی رفتار غیر مستحکم رہی جس کو پاکستان سمیت دنیا بھر میں پھیلنے والی کوویڈ 19 وباء نے مزید بڑھا دیا جو معیشت پر منفی اثرات کی بنیاد بنا دی۔ معیشت پر منفی اثرات زائل کرنے اور ملک میں معاشی سرگرمیوں کی بحالی اور مدد کے لئے حکومت نے 1.2 ٹریلین روپے کا مالی پیکج فراہم کیا۔ سٹیٹ بینک آف پاکستان بھی آگے بڑھا اور پالیسی شرح 13.25% سے کم کر کے 7.00% کر دی۔ 2019-20 کے دوران کرنٹ اکاؤنٹ خسارہ میں تیزی سے 78% کمی ہوئی جس کے ساتھ ترسیلات زر میں 6.3% کا اضافہ ہوا۔ تاہم دوسری طرف جون 2020 میں افراط زر کی شرح 11.1% دیکھی گئی جو کہ مہنگائی کی سب سے بڑی وجہ ہے جس نے عام آدمی کی قوت خرید کو سکیزر دیا ہے۔

فوم ایکٹرموجودہ اور نئے آنے والے مقابل کاروں کے ساتھ سخت مقابلے کے باعث انتہائی مقابلے والا ایکٹرم ہے۔ دوسرے محرکات جو فوم کی صنعت کے لئے ہمیشہ بڑے خطرات رہے ہیں وہ خام مال کی قیمتوں میں اتار چڑھاؤ کیونکہ خام مال ملک میں نہیں بنتے اور پوری دنیا سے درآمد کرنے پڑتے ہیں۔ کورونا وائرس کی وباء کے بعد کی منظر نامے میں فوم بنانے والے خام مال کی قیمتوں میں عالمی منڈیوں میں خاطر خواہ اضافہ ہوا ہے جو بالآخر پیداواری لاگت میں اضافے کا سبب بنتا ہے۔ مزید برآں ایک امریکی ڈالر کے تبادلے کا نرخ 30 جون 2019 کو 157.95 روپے کے مقابلے میں 30 جون 2020 کو 168.75 روپے دیکھا گیا۔ بڑھتی ہوئی افراط زر نے ملک میں ناقابل قابو مہنگائی کو مزید بڑھا دیا جس کا اثر پرچون فروشی بشمول فوم کی مصنوعات کے کاروبار پر پڑا جس کے لامحالہ اثرات کمپنی کی کارکردگی پر پڑے۔

### کمپنی کی کارکردگی

30 جون 2020 کو ختم ہونے والے مالی سال کے دوران کمپنی کی کارکردگی متاثر ہوئی اور فروخت آمدنی میں سال کے دوران 23.87% کمی



واقع ہوئی۔ کمپنی اپنی ترقی کی رفتار برقرار نہ رکھ سکی جس کی وجہ غیر یقینی معاشی صورت حال، زر مبادلہ کے بڑھتے ہوئے نرخ، خام مال کی غیر یقینی قیمتیں، بڑھتی ہوئی افراط زر کی شرح، مزید برآں کورونا کی وباء کے منفی اثرات جس کی وجہ سے پورا ملک دو ماہ سے زیادہ عرصہ لاک ڈاؤن کی صورت حال سے دوچار رہا جس نے معاشی ترقی کی شرح کو منفی میں بدل دیا۔ ان عوامل نے کمپنی کی آمدن کے حصول پر شدید دباؤ ڈالا اور منافع کو کمپنیز دیا۔ تاہم آپریشنل فضیلت اور انتظامی مہارت جس نے ہمیشہ مشکلات پر قابو پانے کے لئے مسائل پر توجہ رکھے اور دانشمندانہ فیصلے کرنے کے لئے انتظامیہ کا حوصلہ بڑھایا۔ مشکلات کے باوجود کمپنی کی کارکردگی اچھی رہی اور پچھلے سال کے 1.94 روپے کے مقابلے میں 0.80 روپے فی شیئر منافع کمایا۔ اللہ تعالیٰ کے فضل و کرم سے کمپنی نقد بہاؤ کو منظم کرنے میں کامیاب رہی جس نے کمپنی کو اپنی آپریشنل اور مالی ذمہ داریوں کو وقت پر نبھانے کے قابل بنایا۔

### مستقبل کا خاکہ

جیسے بیان کیا گیا کہ حکومت نے کورونا وباء کے منفی اثرات کو زائل کرنے اور معیشت کی بحالی کے لئے 1.2 ٹریلین روپے کا معاشی پیکج دیا ہے اور سٹیٹ بینک آف پاکستان نے کاروباری طبقے کی مزید مدد کے لئے پالیسی ریٹ کم کر دیا ہے۔ جاری لکھاتے کے خسارے پر قابو پالیا گیا ہے اور زر مبادلہ کے نرخ مستحکم دکھائی دیتے ہیں جس کا نتیجہ بالآخر معیشت کی بحالی ہے۔ حکومت نے 50,000 روپے یا اس سے زیادہ کی ہر خریداری پر ساختی کارڈ کی فراہمی کی شرط کو نرم کر کے 100,000 روپے کر دیا ہے جو گا بھوں کو خوردہ اشیاء کی بغیر کسی ہچکچاہٹ کے خریدنے پر آمادہ کرے گی۔ تاہم حکومت کو معیشت اور کاروباری سرگرمیوں کو پرچون کی سطح پر مرموبوط کرنے کے لئے افراط زر اور مہنگائی پر قابو پانا ہوگا۔ کمپنی کی انتظامیہ مشکلات کا مقابلہ کرنے کے لئے ہمیشہ سے آپریشنل کارکردگی پر توجہ مبذول کر کے اور کمپنی کی مسلسل ترقی اور مالی سلامتی کو بہتر بنانے کی حکمت عملی کے ذریعے مقابلوں کا سامنا کرنے کے دعوے پر ہمیشہ سے قائم اور پراعتماد ہے۔ کمپنی مستقبل میں وباء کے بعد کے منظر نامہ میں اچھی کارکردگی کی توقع کرتی ہے اور اپنے تجارتی شراکت دار گا بھوں پر توجہ مرکوز رکھے گی۔

### سماجی ذمہ داریاں

کمپنی ٹیکسوں، ڈیویڈنڈوں اور سیس کی مدد میں کئی ملین روپے سے قومی خزانے میں اپنا حصہ ڈال رہی ہے۔ سماجی طور پر ذمہ دار ہونے کے ناطے، کمپنی نے اپنے ملازمین اور عام لوگوں کو صحت کے خطرات سے بچانے کے لئے کام کرنے کے محفوظ حالات مہیا کیے ہیں۔ یہ بڑی خوشی کی بات ہے کہ کمپنی معاشرے کی سماجی سرگرمیوں میں مرموبوط کارپوریٹ سماجی ذمہ داریوں کے ذریعے مدد کر رہی ہے۔

  
محمد افضل شیخ  
چیئر مین

لاہور: 25 ستمبر، 2020

### DIRECTORS' REPORT TO THE MEMBERS

The Directors of your Company are pleased to present the 30th Annual Report with the audited financial statements of the Company for the year ended June 30, 2020.

#### Financial Performance

	2020	2019
	Rupees	
Sales from Operations - net	<u>437,357,519</u>	<u>574,519,446</u>
Gross Profit	<u>70,337,531</u>	<u>86,141,162</u>
Profit before Taxation	16,015,968	27,773,775
Taxation	(8,017,470)	(8,378,987)
Profit after Taxation	<u>7,998,498</u>	<u>19,394,788</u>
<b>Earning per Share - Basic and Diluted (Rupees)</b>	0.80	1.94

During the year 2020, net sales of the Company dropped by Rs.137.162 million (23.87%) from Rs.574.519 million to Rs.437.358 million. Decrease in sales was mainly due to unstable economic conditions as the Government took tough fiscal measures to boost tax revenue resulting downside in business activities specially at retail level which severely affected foam sector. In addition, world wide breakout of Corona pandemic (COVID-19) in January 2020 which thrashed the economy globally including Pakistan. Due to lockdown announced by the Government, business activities remained closed throughout the country for more than two months which ultimately affected the revenue generation not only of the Company and foam sectors but also all spheres of the business. As a result of strict cost control and better product mix strategy, the Company was enabled to maintain gross profit ratio to sales revenue as compared to last year. During the year under review, administrative, distribution and finance costs were kept under control and no major deviation has been witnessed. Net profit for the year remained Rs.7.998 million as compared to Rs.19.395 million for the last year.

#### Future Outlook

To overcome the effects of Corona pandemic and revival of economy, the Government has taken remedial steps which will help to boost up business activities in the country. State Bank of Pakistan has reduced policy rates from 13.25% to 7.00% which will lead to positive growth in manufacturing sector. The Government through Federal Budget 2020-21 has also relaxed the condition of providing CNIC number from Rs.50,000/- to Rs.100,000/- for every sale for retail business which may also lead to achieve sales targets of the Company. The management of the Company is fully aware of state of affairs of the Company and economic conditions of the country in terms of inflation, prevailing dearness in the country, in addition to intense competition from existing players and new entrants which are major challenges to meet in coming future.

The management of the Company is fully cognizant of the situation and will overcome through the strategies of improved operational efficiencies, synergies, best product mix management, effective cost control measures and better trade partnering with customers. The Company has been exhibiting strong performance against challenges over the years, be it vulnerability of increased competition, fluctuation in raw material prices or exchange rate. Operational excellence and management skills have positioned the Company for sustainable growth to meet challenges ahead. Being socially responsible, financially viable and operationally smart will remain the key objectives of the Company.

#### Principal Activity

The principal activity of the Company is manufacturing and sale of foam and allied products.

#### Risks and Uncertainties

The Board of Directors is responsible to oversee the Company's operations and to devise an effective strategy to mitigate any potential and adverse impact of risks.

The Company's activities may expose it to a variety of financial risks, market risks (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Company's principle financial liabilities comprise of trade and other payables and short term borrowings. The Company's principal financial assets comprise of trade debts, advances, short term deposits, other receivable and cash and bank balances that arise directly from its operation.



The Company's overall risk management program focuses on the unpredictability of financial and market activities and seek to minimize potential adverse effects on the financial performance. The Company has adequately disclosed all the risk related outcomes in the financial statements.

#### **Internal Financial Control**

A sound internal control system is established and implemented at all levels of the Company by the Board of Directors. The system is sound in design for achievement of Company's objectives and operational effectiveness and efficiency, reliable financial reporting, to safe guard the assets and resources and compliance with applicable laws, regulations and policies.

#### **Related Party Transactions**

The Company has executed all transactions with its related parties on arm's length prices except where it has been disclosed in the financial statements. All related party transactions during the financial year ended June 30, 2020 were put before the Audit Committee and upon its recommendations the same approved by the Board of Directors.

#### **Environment, Health and Safety**

The Company maintains safe working conditions avoiding the risk to health of employees and public at large. The management has maintained clean environment in all its operations and consistently upgrading their safety.

#### **Corporate Social Responsibility**

The Company strongly believes in the integration of Corporate Social Responsibility into its business and consistently endeavours to uplift the people that are influenced directly or indirectly by our business.

#### **Reporting**

The Board has ensured completeness, true and fair presentation and timely issuance of its financial statements in accordance with the requirements of third and fourth schedules to the Companies Act, 2017, the Listing Regulations of Pakistan Stock Exchange and International Financial Reporting Standards.

#### **Corporate and Financial Reporting**

The Company is committed to gain highest standards of corporate governance. The Board is pleased to give the following specific statements to comply with the requirements of the Code of Corporate Governance Regulations, 2019.

- The financial statements prepared by the management of Al-Khair Gadoon Limited present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of Al-Khair Gadoon Limited have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the Code of Corporate Governance Regulations, 2019 issued by SECP.
- Key operating and financial data for last six years in summarized form is annexed to the report.
- No trades in shares of Al-Khair Gadoon Limited were carried out by the Directors, CEO, CFO, Head of Internal Audit & Company secretary and their spouses and minor children except those notified to the regulatory authorities.
- Reasons for significant deviations from last year's operating results have been explained in the relevant section of the Directors' report.
- Information about outstanding taxes, duties, levies and charges is given in the notes to the Financial Statements.



- The Company has no significant plans and decisions regarding corporate restructuring, business operations and discontinuing of operations.
- Details of number of Board and committees' meetings held during the year and attendance by each director has been disclosed below.
- The Board has been provided with detailed in-house briefings and information package to acquaint them with the code of conduct, applicable laws, their duties and responsibilities to enable them to effectively manage the affairs of the Company for and on behalf of shareholders.

#### **Compliance with the Code of Corporate Governance & Transfer Pricing**

The Code of Corporate Governance Regulations, 2019 as formulated by the SECP & ICAP regulations have been complied with and the statement to that effect is annexed. The requirements of transfer pricing as set out in the listing rules of Pakistan Stock Exchange relevant to the year 2020 have also been complied.

#### **Significant Features of Directors' Remuneration**

The Board of Directors has approved Directors Remuneration. The Board has formulated a policy for remuneration of executive directors depending upon their responsibility in affairs of the Company. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in deciding his own remuneration. The Company does not pay remuneration to non-executive directors except fee for attending the meetings on demand. In order to retain the best talent, the Company's remuneration policies are structured in line with prevailing industry trends and business practices. Please refer note 30 to the Financial Statements.

#### **Directors' Training**

Majority of the Directors of the Company are exempted from the requirement of Directors' Training Program in view of 14 years of education and 15 years of experience as director on listed company.

#### **Staff Retirement Benefits**

The Company operates an un-funded gratuity scheme for all employees with qualifying services period of six months.

#### **Dividend**

No dividend is being recommended by the Board of Directors for the year ended June 30, 2020 because of liquidity problems being faced by the Company. The Company is expecting positive performance in future.

#### **Chairman's Review**

The Chairman's review included in the Annual Report deals with the nature of business, challenges faced and performance of the Company during the year ended June 30, 2020, as well as future prospects and uncertainties.

#### **Attendance of Board and Committee Meetings**

During the year four Board meetings, four Audit Committee, and two Human Resource and Remuneration Committee meetings were held. The attendance is as follows:

Sr. No.	Directors / Members of Committees	Number of attendance		
		Board of Directors	Audit Committee	HR & R Committee
1	Mohammad Afzal Sheikh	4	-	-
2	Mohammad Saeed Sheikh	4	-	-
3	Mohammad Amin Sheikh	4	-	-
4	Sheikh Pervaiz Afzal	4	-	1
5	Mrs. Parveen Afzal	4	2	1
6	Mrs. Farnaz Saeed	4	4	1
7	Mrs. Nafeesa Amin	2	-	1
8	Mr. Kamal Subhani	4	4	2
9	Mrs. Aleeza Zahid Tariq	2	2	-

**Recomposition of Board Committees.**
**Audit Committee:**

As a result of election of directors in accordance with the provision of section 159 of the Companies Act, 2017 on the occasion of 29th Annual General Meeting of the Company held on October 25, 2019, Mrs. Aleeza Zahid Tariq joined the Board of the Company in place of Mrs. Nafeesa Amin. Mrs. Aleeza Zahid Tariq, independent director, joined as member of Audit Committee and replaced Mrs. Parveen Afzal who left as member of Audit Committee to the Board. Accordingly Audit Committee was reconstituted.

New composition of Audit Committee is as under:

Mr. Kamal Subhani	Chairman
Mrs. Farnaz Saeed	Member
Mrs. Aleeza Zahid Tariq	Member

**Human Resources and Remuneration Committee:**

As a result of election of directors held on October 25, 2019. Mrs. Nafeesa Amin resigned from the Board of Directors of the Company who was also member of Human Resources and Remuneration Committee. Accordingly, Human Resources and Remuneration Committee was reconstituted.

New composition of Human Resource and Remuneration Committee is as under:

Mr. Kamal Subhani	Chairman
Mrs. Farnaz Saeed	Member
Mrs. Parveen Afzal	Member

**External Auditors**

The auditors Messer's Tahir Siddiqi & Co. Chartered Accountants are the retiring auditors of the Company and offer their services for re-appointment. They confirmed that they have been given satisfactory rating under the Quality Control Review program of The Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) guidelines on code of ethics, as adopted by the ICAP. The audit committee and the Board recommended their re-appointment by the shareholders at the Annual General Meeting of the Company as auditors of the Company for the year ending June 30, 2021.

**Pattern of Shareholding**

The pattern of shareholding of the Company is annexed to the report.

**Material Changes**

There have been no material changes since June 30, 2020 to date of the report and the Company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the Company.

**Appreciation**

We would like to acknowledge and appreciate the devoted and sincere services of our workers, staff members of the management team. We are grateful to our bankers and other stakeholders. We also thank for continued co-operation extended by our customers and retailers who are the key element of our Company.



**MOHAMMAD AFZAL SHEIKH**  
CHAIRMAN



**MOHAMMAD SAEED SHEIKH**  
CHIEF EXECUTIVE

Lahore: September 25, 2020



## ڈائریکٹرز رپورٹ برائے تھص داران

آپ کی کمپنی کے ڈائریکٹرز کمپنی کے 30 ویں سالانہ اجلاس میں 30 جون 2020 کو ختم ہونے والے سال کے کمپنی کے آڈٹ شدہ حسابات کے ساتھ آپ کو سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالی کارکردگی

رقم روپوں میں

2020	2019	
437,357,519	574,519,446	فروخت - خالص
70,337,531	86,141,162	مجموعی منافع
16,015,968	27,773,775	قبل از ٹیکس منافع
(8,017,470)	(8,378,987)	ٹیکس
7,998,498	19,394,788	بعد از ٹیکس منافع
0.80	1.94	فی ضمیر آمدنی - بنیادی اور کم از کم (روپے)

مالی سال 2020 کے دوران کمپنی کی خالص فروخت آمدنی میں 574.519 ملین روپے سے 437.358 ملین روپے ہو کر 137.162 ملین روپے (23.87%) کی کمی واقع ہوئی۔ فروخت آمدنی میں کمی کی بنیادی وجہ غیر مستحکم معاشی صورت حال بنی کیونکہ حکومت نے اپنے ٹیکس محصولات بڑھانے کے لئے سخت مالی اقدامات اٹھائے جس کے نتیجے میں کاروبار خصوصاً پرچون کی سطح پر کاروبار میں تنزلی ہوئی۔ جنوری 2020 دنیا بھر میں کورونا کی وباء (کوویڈ-19) پھوٹ پڑی جس نے بین الاقوامی سطح پر بشمول پاکستان معیشت کو تباہ کر دیا۔ حکومت کے نافذ کردہ لاک ڈاؤن کی وجہ سے ملک بھر میں دو مہینے سے زیادہ عرصہ کے لئے کاروباری سرگرمیاں بند رہیں جس نے نہ صرف کمپنی اور فوم سیکٹر بلکہ کاروبار کے ہر شعبہ کے لئے آمدن کے حصول کو بری طرح متاثر کیا۔ لاگت پر سخت کنٹرول اور مصنوعات کے بہتر امتزاج کی حکمت عملی کے نتیجے میں، کمپنی پچھلے سال کے مقابلے میں خالص فروخت کے ساتھ مجموعی منافع کی شرح برقرار رکھنے کے قابل رہی۔ زیر جائزہ سال کے دوران انتظامی، تقسیمی اور مالی اخراجات پر سخت کنٹرول رہا اور کوئی بڑا انحراف دیکھنے میں نہیں آیا۔ سال بھر کا خالص منافع پچھلے سال کے 19.395 ملین روپے کے مقابلے میں 7.998 ملین روپے رہا۔

مستقبل کا نقطہ نظر:

کورونا وباء کے اثرات پر قابو پانے اور معیشت کی بحالی کے لئے حکومت نے احتیاطی اقدامات اٹھائے ہیں جو ملک میں کاروباری سرگرمیوں میں اضافے کے لئے مددگار ہوں گے۔ سٹیٹ بینک آف پاکستان نے پالیسی ریٹ کو 13.25% سے کم کر کے 7.00% کر دیا ہے جو صنعتی



پیداواری شعبے کو مثبت ترقی کی راہ پر گامزن کرے گا۔ حکومت نے وفاقی بجٹ 2020-21 میں 50,000 روپے یا زائد کی ہر خریداری پر قومی شناختی کارڈ نمبر دینے کی شرط کو نرم کر کے 100,000 روپے کی حد تک کر دیا ہے جس سے کمپنی کے فروخت کے اہداف پورے ہو سکیں گے۔ انتظامیہ کمپنی کے تمام معاملات، افرات زراور ملک میں جاری مہنگائی، مزید برآں پرانے اور نئے آنے والے مقابلہ کاروں سے مسابقت جو کہ مستقبل میں درپیش بڑے چیلنجز ہیں سے پوری طرح آگاہ ہے۔

کمپنی کی انتظامیہ کو صورت حال کا پوری طرح ادراک ہے اور آپریشنل کارکردگی میں اضافے، مصنوعات کے میل کا بہتر انتظام، کم لاگت کی موثر تدابیر اور گاہکوں سے بہتر تجارتی شراکت داری کے ذریعے قابو پائے گی۔ کمپنی سالوں سے اپنی پائیدار کارکردگی سے چیلنجز کا مقابلہ کرتی آرہی ہے خواہ وہ مقابلے کی کمزوری ہو یا خام مال یا زرمبادلہ کی قیمتوں میں اتار چڑھاؤ ہو۔ آپریشنل اور انتظامی مہارت نے پیش آنے والے چیلنجز کو پورا کرنے کے لئے کمپنی کو متواتر ترقی کے راستے پر کھڑا کیا ہے۔ سماجی طور پر ذمہ دار، مالی طور پر مستحکم اور آپریشنل طور پر مستعد ہونا کمپنی کے بنیادی مقاصد ہیں گے۔

اولین سرگرمی:

کمپنی کی اولین سرگرمی فوم اور متعلقہ مصنوعات کی تیاری اور فروخت ہے۔

خطرات اور خدشات:

بورڈ آف ڈائریکٹرز کمپنی کی سرگرمیوں اور ممکنہ خطرات سے نمٹنے کے موثر حکمت عملی وضع کرنے کا ذمہ دار ہے۔

کمپنی کو اپنی سرگرمیوں کی وجہ سے بہت سے مالی خطرات، منڈی کے خطرات (بشمول نقد رقم کا خطرہ، شرح سود کا خطرہ اور قیمت کا خطرہ)، ادھار کے خطرات اور مالی مائعت کے خطرات لاحق ہو سکتے ہیں۔

کمپنی کے اولین مالی واجبات تجارتی ادائیگیوں اور کم مدتی ادھار پر مشتمل ہیں۔ کمپنی کے اولین مالی اثاثہ جات تجارتی ادھار، پیشگی ادائیگیاں، مختصر مدت کے لئے جمع کرائی گئی رقم، دیگر وصولیاں اور نقدی اور بینک بیلنس پر مشتمل ہیں۔

کمپنی کی توجہ مجموعی طور پر مالیاتی اور منڈی کی غیر یقینی سرگرمیوں کے خطرات کو کم کرنے اور کمپنی کی مالی کارکردگی پر ہونے والے ممکنہ منفی اثرات پر مرکوز ہے۔ کمپنی نے خطرات سے متعلقہ اثرات کو مالی حسابات میں مناسب طور پر ظاہر کر دیا ہے۔

اندرونی مالی کنٹرول:

بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی تمام سطحوں پر ایک مربوط اندرونی مالی کنٹرول کا نظام وضع اور لاگو کیا گیا ہے۔ کمپنی کا اندرونی مالی کنٹرول کا نظام اپنے ڈیزائن میں مربوط ہے جو کمپنی کے مقاصد کو حاصل کرنے اور کارکردگی کو موثر بنانے، مالی حسابات کی پُر اعتمادی پر یورٹنگ کرنے اور قوانین اور پالیسیوں پر عملدرآمد کو یقینی بناتا ہے۔

متعلقہ پارٹیوں سے لین دین:

کمپنی نے متعلقہ پارٹیوں کے ساتھ تمام لین دین مروجہ مناسب قیمتوں پر کئے ہیں ماسوائے جو ان مالی حسابات میں افشائے گئے ہیں۔ 30 جون 2020 کو ختم ہونے والے مالی سال کے دوران متعلقہ پارٹیوں سے لین دین آڈٹ کمیٹی کے سامنے پیش کئے گئے اور اس کی سفارش پر بورڈ آف ڈائریکٹرز نے اس کی منظوری دے دی ہے۔

ماحول، صحت اور حفاظت:

کمپنی ملازمین اور عوام کی صحت کو لاحق خطرات کو دور کرنے کے لئے کام کرنے کا محفوظ ماحول مہیا کرتی ہے۔ انتظامیہ نے تمام شعبوں میں صاف ستھرا اور محفوظ ماحول فراہم کیا ہے اور تسلسل کے ساتھ ان کی حفاظت کو بہتر بنا رہی ہے۔

منظم سماجی ذمہ داری:

کمپنی اپنے کاروبار میں منظم سماجی ذمہ داری کو مربوط بنانے اور لوگوں جو کہ بلاواسطہ یا بلاواسطہ اس کے کاروبار سے وابستہ ہیں کی مسلسل ترقی کے لئے کوشاں رہتی ہے۔

رپورٹنگ:

بورڈ نے کامل سچ اور مناسبت پر مبنی کمپنیز ایکٹ، 2017 اور اس سے منسلک تیسرے اور چوتھے جدول اور پاکستان اسٹاک ایکسچینج اور بین الاقوامی معیارات کو مد نظر رکھتے ہوئے متوازن مالیاتی حسابات کو بروقت اور یقینی بنایا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ:

آپ کی کمپنی کارپوریٹ گورننس کے اعلیٰ ترین معیارات کو برقرار رکھنے کی پابند ہے۔ بورڈ کارپوریٹ گورننس ریگولیشنز، 2019 کے درجہ ذیل ضوابط کے تقاضوں کو پورا کرنے میں خوشی محسوس کرتا ہے۔

- الخیر گدون لمیٹڈ کی طرف سے بنائے گئے مالی حسابات، اس کے معاملات، اس کی کاروباری سرگرمیوں کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔

- الخیر گدون لمیٹڈ نے باضابطہ طور پر اکاؤنٹس کی کتابوں کو برقرار رکھا ہے۔

- ان مالیاتی حسابات کی تیاری میں مخصوص مالیاتی پالیسیوں کے تسلسل کی پیروی کی گئی ہے اور مالیاتی تخمینے معقول اور دانش مندانہ رائے پر مبنی ہیں۔

- ان مالیاتی حسابات کی تیاری میں فنانشل رپورٹنگ کے بین الاقوامی معیارات، جن کا اطلاق پاکستانی کمپنیوں پر ہوتا ہے، کی پیروی کی گئی ہے۔

- انٹرنل کنٹرول کا نظام اپنے ڈیزائن کے اعتبار سے مستحکم ہے اور اس کے اطلاق کی موثر طریقے سے نگرانی کی گئی ہے۔

- بطور ادارہ کمپنی کے کام جاری رکھنے کی صلاحیت میں کوئی شک و شبہ نہیں ہے۔



- متعین شدہ اصول و ضوابط میں تفصیلاً درج کارپوریٹ گورننس کے رہنما اصولوں، جن کی تفصیل ایس ای سی پی کی جانب سے جاری شدہ کوڈ آف کارپوریٹس گورننس ریگولیشنز 2019 میں دی گئی ہے، سے کوئی انحراف نہیں کیا گیا۔
- گزشتہ 6 سال کا اہم کاروباری اور مالیاتی ڈیٹا کا خلاصہ اس رپورٹ کے ساتھ منسلک ہے۔
- کمپنی کے ڈائریکٹرز، سی ای او، سی ایف او، انٹرنل آڈٹ کے ہیڈ، کمپنی سیکرٹری اور ان کے اہل و عیال نے کمپنی کے حصص کی خرید و فروخت میں کوئی حصہ نہیں لیا۔ سوائے اس کے جو ریگولیشنز کے حکام کو مطلع کیے جا چکے ہیں۔
- گزشتہ سال کے آپریٹنگ نتائج سے انحراف کے اسباب ڈائریکٹرز رپورٹ کے متعلقہ سیکشن میں دیے گئے ہیں۔
- ٹیکسوں اور محصولات سے متعلق معلومات مالیاتی حسابات کے نوٹس کا حصہ ہیں۔
- کمپنی رواں سال میں کارپوریٹ تنظیم نو، کاروبار کی توسیع اور آپریشن کے بند کرنے کا کوئی ارادہ نہیں رکھتی۔
- دوران سال منعقد ہونی والی بورڈ اور اس کی ذیلی کمیٹیوں کے اجلاس اور حاضری کی تعداد آگے دی گئی ہے۔
- بورڈ کو درون خانہ بریفنگ میں تمام معلومات برائے کوڈ، لاگو قوانین، انکی ذمہ داریاں اور فرائض فراہم کر دی گئی ہیں۔ تاکہ وہ حصص یافتگان کی جانب سے کمپنی کے امور کو موثر طور پر منظم کرنے کے قابل ہو سکیں۔

#### کوڈ آف کارپوریٹس گورننس اور ٹرانسفر پرائسنگ کا اطلاق:

SECP کے جاری شدہ کارپوریٹ گورننس ریگولیشنز 2019 اور ICAP کی طرف سے تیار کردہ کوڈ کا اطلاق منسلک مالیاتی حسابات کی تیاری پر کیا گیا ہے اور ٹرانسفر پرائسنگ سے متعلقہ پاکستان سٹاک ایکچینج کے لسٹنگ قوانین برائے سال 2020 پر بھی عمل کیا گیا ہے۔

#### ڈائریکٹرز کے معاوضہ کے نمایاں خد و خال:

بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کے معاوضہ کی منظوری دی ہے۔ بورڈ آف ڈائریکٹرز نے ایگزیکٹو ڈائریکٹرز کے معاوضے کی ایک پالیسی بنائی ہے جس کا انحصار کمپنی کے معاملات میں ان کی ذمہ داریوں پر ہے۔ تاہم کوڈ آف کارپوریٹس گورننس کے مطابق یہ یقین دہانی کرائی جاتی ہے کہ کوئی ڈائریکٹر اپنے ہی معاوضے کے فیصلہ میں حصہ نہیں لیتا۔ کمپنی کسی نان ایگزیکٹو ڈائریکٹر کو، سوائے میٹنگ فیس کے وہ بھی طلب کرنے پر، کوئی معاوضہ ادا نہیں کرتی۔ بہترین صلاحیتوں کو برقرار رکھنے کے لئے، کمپنی کی معاوضہ پالیسیاں انڈسٹری کے رجحانات اور کاروباری روایات کے مطابق بنائی جاتی ہیں۔ برائے مہربانی مالی دستاویزات کے نوٹ نمبر 30 کو ملاحظہ فرمائیں۔

#### ڈائریکٹرز کی ٹریننگ:

کمپنی کے ڈائریکٹرز کی اکثریت چودہ سالہ تعلیم اور لسٹڈ کمپنی کے ڈائریکٹر کے طور پر پندرہ سالہ تجربہ کی بنیاد پر ڈائریکٹرز ٹریننگ پروگرام کی ضروریات سے مستثنیٰ ہے۔

#### ملازمین کی ریٹائرمنٹ کے فوائد:

کمپنی اپنے ملازمین کی ریٹائرمنٹ کے وقت مالی فوائد کے لیے ایک غیر شرکتی گریجویٹ سکیم کا انتظام کرتی ہے جس میں ملازمین، جن کی مدت ملازمت

چھ ماہ سے زیادہ ہے، فائدہ حاصل کر سکتے ہیں۔  
تقسیم منافع:

مالیاتی سال 30 جون 2020 کے لیے بورڈ نے منافع تقسیم نہ کرنے کی سفارش کی ہے جس کی وجہ کمپنی کو درپیش لیکویڈیٹی مسائل ہیں۔ مستقبل میں کمپنی بہتر اور مثبت کارکردگی کی توقع رکھتی ہے۔

چیئرمین کا جائزہ:

سالانہ رپورٹ میں شامل چیئرمین کا جائزہ 30 جون 2020 کو ختم ہونے والے سال کے دوران کمپنی کے کاروبار کی نوعیت، چیلنجز کا سامنا، اور کمپنی کی کارکردگی کے ساتھ مستقبل کی توقعات اور غیر متوقع خدشات کا احاطہ کرتا ہے۔

حاضری برائے بورڈ اور کمیٹی میٹنگ:

سال کے دوران بورڈ ممبران کے چار، آڈٹ کمیٹی کے چار اور ہیومن ریسورس کمیٹی کے دو اجلاس ہوئے۔ ممبران بورڈ، آڈٹ کمیٹی اور ہیومن ریسورس کمیٹی کے اجلاس اور حاضری کی تفصیلات درج ذیل ہیں۔

حاضری کی تعداد				
نمبر شمار	نام ڈائریکٹر / کمیٹی ممبر	بورڈ	آڈٹ کمیٹی	ہیومن ریسورس کمیٹی
1	محمد فضل شیخ	4	-	-
2	محمد سعید شیخ	4	-	-
3	محمد امین شیخ	4	-	-
4	شیخ پرویز افضل	4	-	1
5	مسز پروین افضل	4	2	1
6	مسز فرناز سعید	4	4	1
7	مسز نفیسہ امین	2	-	1
8	کمال سجانی	4	4	2
9	مسز علیہا زاہد طارق	2	2	-

بورڈ کمیٹیوں کی تشکیل نو

آڈٹ کمیٹی

کمپنیز ایکٹ، 2017 کے سیکشن 159 کی رو سے کمپنی کے 29 ویں سالانہ اجلاس عام منعقدہ 25 اکتوبر 2019 کے موقع پر ہونے والے انتخاب کے نتیجہ میں مسز علیہا زاہد طارق مسز نفیسہ امین کی جگہ کمپنی کے بورڈ میں شامل ہوئیں۔ مسز علیہا زاہد طارق جو کہ آزاد ڈائریکٹر ہیں مسز پروین افضل کی جگہ جو



بورڈ کی آڈٹ کمیٹی سے علیحدہ ہو گئیں، آڈٹ کمیٹی کے ممبر کے طور پر شامل ہوئیں۔ چنانچہ آڈٹ کمیٹی کی تشکیل نو کی گئی۔  
نئی تشکیل شدہ آڈٹ کمیٹی اس طرح ہے۔

چیرمین	مسٹر کمال سبحانی
ممبر	مسز فرناز سعید
ممبر	مسز علیہا زاہد طارق

ہیومن ریسورس اور معاوضہ کمیٹی

25 اکتوبر 2019 کو منعقدہ بورڈ آف ڈائریکٹرز کے انتخاب کے نتیجے میں، مسز نفیسہ امین، مسز نفیسہ امین جو کہ ہیومن ریسورس اور معاوضہ کمیٹی کی ممبر بھی تھیں بورڈ سے علیحدہ ہو گئیں چنانچہ ہیومن ریسورس اور معاوضہ کمیٹی کی تشکیل نو کی گئی۔  
ہیومن ریسورس اور معاوضہ کمیٹی کی نئی تشکیل اس طرح ہے۔

چیرمین	مسٹر کمال سبحانی
ممبر	مسز فرناز سعید
ممبر	مسز پروین افضل

آڈیٹران:

موجودہ آڈیٹرز ظاہر صدیقی اینڈ کو، چارٹرڈ اکاؤنٹنٹس جو کہ ریٹائر ہو رہے ہیں اور انہوں نے دوبارہ تعیناتی کے لیے رضامندی ظاہر کی ہے۔ انہوں نے یقین دہانی کرائی ہے کہ انہیں انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس (ICAP) کی طرف سے تسلی بخش درجہ بندی عطا کی گئی ہے اور کوڈ آف آئیٹھکس آف انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) جو کہ ICAP نے اختیار کئے ہیں سے بھی مطابقت کی تصدیق کی ہے۔ آڈٹ کمیٹی اور بورڈ نے کمپنی کے شیئر ہولڈرز کے سالانہ اجلاس عام میں 30 جون 2021 کو ختم ہونے والے سال کے لئے بطور آڈیٹرز ان کی دوبارہ تعیناتی کی سفارش کی ہے۔

شیئر ہولڈنگ کی ترتیب:

کمپنی کے شیئر ہولڈنگ کی ترتیب اور اضافی معلومات کی نشاندہی کرنے والی ایک اسٹیٹمنٹ رپورٹ ساتھ منسلک ہے۔

بڑی تبدیلی:

30 جون 2020 سے رپورٹ کی تاریخ تک کوئی بڑی تبدیلی رونما نہیں ہوئی اور کمپنی نے کوئی کمنٹ نہیں کی جس سے کمپنی کی مالی حالت پر کوئی برا اثر

پڑے۔

اظہار تشکر:

ہم محنت کشوں، انتظامی ٹیم کے کارکنوں اور عملے کی سخت محنت کا اعتراف اور انکی تعریف کرتے ہیں۔ ہم بینکرز اور دیگر متعلقہ افراد کے بھی مشکور ہیں۔ صارفین اور خوردہ فروش ہماری کمپنی کے اہم عناصر ہیں اور ہم ان کے مسلسل تعاون پر ان کا شکریہ ادا کرتے ہیں۔

M. Saeed

محمد سعید شیخ  
چیف ایگزیکٹو

mf

محمد افضل شیخ  
چیرمین

لاہور: 25 ستمبر، 2020



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

Name of company: Al-Khair Gadoon Limited  
Year Ending: 30-06-2020

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

- 1 The total number of directors are eight as per the following:
  - a) Male: Five
  - b) Female: Three
- 2 The composition of board is as follows:
  - i) Independent Director: Mr. Kamal Subhani  
Mrs. Aleeza Zahid Tariq
  - ii) Non-executive Directors: Mohammad Afzal Sheikh  
Mohammad Amin Sheikh  
Mrs. Parveen Afzal  
Mrs. Farnaz Saeed
  - iii) Executive Directors: Mohammad Saeed Sheikh  
Sheikh Pervaiz Afzal
  - iv) The board consists of three female directors as narrated above.
- 3 The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Al-Khair Gadoon Limited;
- 4 The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
- 5 The board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with the date of approval or updating is maintained by the
- 6 All the powers of the board have been duly exercised and decisions on relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;
- 7 The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board;
- 8 The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
- 9 Majority of the Directors of the Company are exempted from the requirement of Directors' Training Program.
- 10 No new appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit has been made during the year. However, any change to their remuneration and terms and conditions of employment have been 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:

**Audit Committee:**

Mr. Kamal Subhani	Chairman
Mrs. Farnaz Saeed	Member
Mrs. Aleeza Zahid Tariq	Member

**HR and Remuneration Committee**

Mr. Kamal Subhani	Chairman
Mrs. Farnaz Saeed	Member
Mrs. Parveen Afzal	Member

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

14 The frequency of meetings (quarterly/half yearly/ yearly) of the committees were as per following:

a)	Audit Committee:	Four
b)	HR and Remuneration Committee	Two

15 The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and conversant with the policies and procedures of the Company;

16 The statutory auditors of the Company M/S Tahir Siddiqi & Co., Chartered Accountants 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 their partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;

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

18 We confirm that all other requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



**MOHAMMAD SAEED SHEIKH**  
**CHIEF EXECUTIVE**

Lahore: September 25, 2020



**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF  
AL-KHAIR GADOON LIMITED**

**Review Report on the Statement of Compliance Contained in Listed Companies  
(Code of Corporate Governance) Regulations, 2019**

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

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

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

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

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



**Tahir Siddiqi & Co.**  
Chartered Accountants

Engagement Partner: Sarah Tahir Siddiqi, FCA

Lahore: September 25, 2020

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
AL-KHAIR GADOON LIMITED**

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

**Opinion**

We have audited the annexed financial statements of AL-KHAIR GADOON LIMITED ("the Company"), which comprise the statement of financial position as at June 30, 2020 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to 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 our audit.

In our opinion and to the best of our information and according to the explanations given to us, 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 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 Company's affairs as at June 30, 2020 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with the 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.

**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 year. The matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
(i)	<p><b>First time adoption of IFRS 9 – Financial instruments</b></p> <p>(Refer to Note 3.1.1 to the annexed financial statements)</p> <p>IFRS 9 'Financial Instruments' is effective for the Company for the first time during the current year and replaces the IAS 39 'Financial Instruments: Recognition and Measurement'. In relation to financial assets, IFRS 9 requires the recognition of expected credit losses ('ECL') rather than incurred credit losses under IAS 39 and is therefore a fundamentally different approach.</p> <p>IFRS 9 requires the impairment of trade debts to be recognized by determining the ECL (expected credit losses) rather than ICL (incurred credit losses), a concept prevalent under IAS 39. The Company's management has reviewed the determination of any significant impact of IFRS 9 on the financial statements of the Company in respect of allowance for impairment of trade debts.</p> <p>The management of the Company has determined no impact of IFRS 9 on annexed financial statement as in the opinion of the management, the Company has history of very low defaults of trade debts therefore the impact of ECL on these balances will be very minimal, hence the same has not been accounted for in these financial statements.</p> <p>Since the first time implementation of IFRS 9 to determine the ECL which involves management judgments and estimates, therefore, we have considered the same as key audit matter.</p>	<p>Our audit procedures in respect of this area included:</p> <p>Reviewed and understood the requirements of IFRS 9.</p> <p>Considered the management's process to assess the impact of adoption of IFRS 9 on the financial statements.</p> <p>Evaluated the key decisions made by the Company's management with respect to accounting policies, estimates and judgments in relation to adoption of IFRS 9 and assessed the appropriateness based on our understanding of the Company's business and operations;</p> <p>Reviewed and determined the Company's credit policy and past history of default based on the accounting records and information system of the Company as well as related external sources used for this purpose;</p> <p>Reviewed and assessed the financial impacts and adequacy and appropriateness of disclosure made in the financial statements in relation to adoption of IFRS 9.</p>
(ii)	<p><b>Impact of COVID-19</b></p> <p>(Refer to Note 38 to the annexed financial statements)</p> <p>Due to spread of Covid 19 and lock down situation in the country since March 2020, business activity has been adversely affected which resulted a substantial decline in sales of the Company. This affected the overall audit strategy, the allocation of resources in the audit and directing the efforts of engagement team. In relation to accounting and reporting obligations, the management assessed and determined the following significant areas for impact of Covid 19 in the financial statements:</p> <ul style="list-style-type: none"> <li>- assessment of ECL in relation to impairment of trade debts under IFRS 9 "Financial Instruments"</li> <li>- going concern assumptions used for the preparation of these financial statements.</li> </ul> <p>The Covid 19 pandemic is a significant development during the year having the most significant impact on audit strategy and its execution involved assessment of significant management judgments in preparation of these financial statements. We, therefore consider it as a key audit matter.</p>	<p>Our audit procedures among others included the following:</p> <p>Obtained an overall understanding of the changes in financial reporting process and underlying controls in order to determine the appropriate audit strategy;</p> <p>Authenticity of the confirmations received was also ensured by performing alternate procedures such as making telephone calls to confirming parties;</p> <p>Assessed the reasonableness of forward-looking factors after the COVID-19 situation used by management to determine the fair value of financial assets;</p> <p>Evaluated whether any impairment indicators exist that could trigger impairment for tangible assets;</p> <p>Evaluated management's going concern assessment by reviewing the future cash flow forecast and assessed whether going concern assumption is appropriate; and</p>



<p><b>Revenue Recognition</b></p> <p>(Refer to Note 4.17 and 21 to the annexed financial statements)</p> <p>The Company recognized a net revenue of Rs.437,357,519/- for the year ended June 30, 2020.</p> <p>We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company and significant decrease in revenue from last year.</p>	<p>Reviewed the adequacy of the disclosures made by the Company under the applicable financial reporting framework.</p> <p>Our audit procedures in relation to the matter, amongst others, included:</p> <ul style="list-style-type: none"> <li>Obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of the key internal controls over recording of revenue;</li> <li>Comparing a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents;</li> <li>Comparing a sample of revenue transactions recorded around the year end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period;</li> <li>Comparing the details of journal entries posted to revenue accounts during the year, which met some specific risk-based criteria, with the relevant underlying documentation;</li> <li>Assessing the appropriateness of accounting policy for revenue recognition and comparing with the applicable accounting and reporting standards; and</li> <li>Assessing the adequacy of disclosures related to revenue as required under the accounting and reporting standards as applicable in Pakistan.</li> </ul>
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**Information Other than the Financial Statements and Auditor’s Report Thereon**

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of the 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 are responsible for overseeing the Company’s financial reporting process.



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

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

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

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

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

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

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

**Report on Other Legal and Regulatory Requirements**

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

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

The engagement partner on the audit resulting in this independent auditor's report is Sarah Tahir Siddiqi.



**Tahir Siddiqi & Co.**  
Chartered Accountants

**STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020**

	Note	2020 Rupees	2019 Rupees (Restated)
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment	5	138,843,726	132,334,174
Deferred Taxation	7	1,517,928	3,684,083
		<b>140,361,654</b>	<b>136,018,257</b>
<b>CURRENT ASSETS</b>			
Stores and Spares		2,073,193	2,154,781
Stock in Trade	8	204,980,630	198,861,532
Trade Debts	9	50,386,778	50,007,957
Advances, Deposits and Prepayments	10	7,446,183	21,673,010
Advance Taxes - Net	11	75,331,615	95,296,013
Cash and Bank Balances	12	5,275,640	3,130,415
		<b>345,494,039</b>	<b>371,123,708</b>
<b>TOTAL ASSETS</b>		<b>485,855,693</b>	<b>507,141,965</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Authorized Capital</b>			
12,000,000 Ordinary shares of Rs. 10 each	13	120,000,000	120,000,000
Issued, Subscribed and Paid up Capital	13	100,000,000	100,000,000
Capital Reserves - Share Premium	14	25,000,000	25,000,000
Unappropriated Profit		105,122,769	97,316,043
<b>Shareholders' Equity</b>		<b>230,122,769</b>	<b>222,316,043</b>
<b>NON CURRENT LIABILITIES</b>			
Deferred Liabilities	15	15,902,464	12,759,381
		<b>15,902,464</b>	<b>12,759,381</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	16	155,482,086	128,828,001
Taxes Payable	17	663,266	31,252
Short Term Borrowings	18	81,840,162	141,362,342
Un-Claimed Dividend	19	1,844,946	1,844,946
		<b>239,830,460</b>	<b>272,066,541</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	20	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>485,855,693</b>	<b>507,141,965</b>

The annexed notes from 1 to 39 form an integral part of these financial statements.



**MOHAMMAD AFZAL SHEIKH**  
CHAIRMAN



**MOHAMMAD SAEED SHEIKH**  
CHIEF EXECUTIVE



**ABDUL HAFEEZ POSWAL**  
CHIEF FINANCIAL OFFICER

Lahore: September 25, 2020




**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 Rupees	2019 Rupees (Restated)
Sales - net	21	437,357,519	574,519,446
Cost of sales	22	(367,019,988)	(488,378,284)
<b>Gross profit</b>		<b>70,337,531</b>	<b>86,141,162</b>
Administrative expenses	23	(27,358,887)	(25,275,044)
Distribution expenses	24	(20,104,208)	(18,957,782)
		(47,463,095)	(44,232,826)
<b>Operating profit</b>		<b>22,874,436</b>	<b>41,908,336</b>
Finance cost	25	(8,090,267)	(12,375,856)
Other operating expenses	26	(1,253,686)	(1,955,950)
Other operating income	27	2,485,485	197,245
		(6,858,468)	(14,134,561)
<b>Profit before taxation</b>		<b>16,015,968</b>	<b>27,773,775</b>
Income tax expense	28	(8,017,470)	(8,378,987)
<b>Profit for the year - net</b>		<b>7,998,498</b>	<b>19,394,788</b>
<b>Other comprehensive income / (loss):</b>			
Items that will not be re-classified to profit or loss			
Re-measurement of defined benefits		(270,101)	(1,178,398)
Deferred tax on remeasurements of defined benefit plan		78,329	341,735
		(191,772)	(836,663)
<b>Total comprehensive income for the year</b>		<b>7,806,726</b>	<b>18,558,125</b>
Earnings per share - before tax (basic and diluted - Rupees)	29	1.60	2.78
Earnings per share - after tax (basic and diluted - Rupees)	29	0.80	1.94

The annexed notes from 1 to 39 form an integral part of these financial statements.

  
MOHAMMAD AFZAL SHEIKH  
CHAIRMAN

  
MOHAMMAD SAEED SHEIKH  
CHIEF EXECUTIVE

  
ABDUL HAFEEZ POSWAL  
CHIEF FINANCIAL OFFICER

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

	Note	2020 Rupees	2019 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	34	75,313,059	142,195,603
Finance cost paid		(9,222,079)	(13,164,299)
WPPF paid		(1,486,486)	(1,059,315)
Income tax (paid) / refunds received		2,354,269	7,564,940
Sales tax (paid) / refunds received		11,837,143	4,122,940
Gratuity paid		-	(709,000)
		<u>3,482,847</u>	<u>(3,244,734)</u>
<b>Net cash (used in) generated from operating activities</b>		<b>78,795,906</b>	<b>138,950,869</b>
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(20,546,541)	(71,764,110)
Capital work in progress		(201,960)	-
Proceeds from sale of property, plant and equipment		3,620,000	2,177,100
<b>Net cash (used in) investing activities</b>		<b>(17,128,501)</b>	<b>(69,587,010)</b>
<b>Cash flows from financing activities</b>			
Short term borrowings		(59,522,180)	(44,014,743)
Loan from associated undertaking		-	(25,000,000)
<b>Net cash generated / (used in) financing activities</b>		<b>(59,522,180)</b>	<b>(69,014,743)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>2,145,225</b>	<b>349,116</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>3,130,415</b>	<b>2,781,299</b>
<b>Cash and cash equivalents at the end of the year</b>	12	<b>5,275,640</b>	<b>3,130,415</b>

The annexed notes from 1 to 39 form an integral part of these financial statements.



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Lahore: September 25, 2020



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

	Issued, Subscribed and Paid up Share Capital	Share Premium	Unappropriated Profit	Total
	(-----Rupees-----)			
<b>Balance as at 1 July 2018 as restated</b>	<b>100,000,000</b>	<b>25,000,000</b>	<b>78,757,918</b>	<b>203,757,918</b>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	19,394,788	19,394,788
Other comprehensive income (loss) for the year	-	-	(1,178,398)	(1,178,398)
	-	-	18,216,390	18,216,390
<b>Balance as at 30 June 2019 as previously reported</b>	<b>100,000,000</b>	<b>25,000,000</b>	<b>96,974,308</b>	<b>221,974,308</b>
<b>Balance as at 30 June 2019 as restated</b>				
Profit for the year	-	-	19,394,788	19,394,788
Other comprehensive income (loss) for the year	-	-	(836,663)	(836,663)
	-	-	18,558,125	18,558,125
<b>Balance as at 30 June 2019 as restated</b>	<b>100,000,000</b>	<b>25,000,000</b>	<b>97,316,043</b>	<b>222,316,043</b>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	7,998,498	7,998,498
Other comprehensive (loss) for the year	-	-	(191,772)	(191,772)
	-	-	7,806,726	7,806,726
<b>Balance as at 30 June 2020</b>	<b>100,000,000</b>	<b>25,000,000</b>	<b>105,122,769</b>	<b>230,122,769</b>

The annexed notes from 1 to 39 form an integral part of these financial statements.



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Lahore: September 25, 2020

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2020

### 1 Legal Status and Operations

The Company was incorporated as a private limited company on August 27, 1990 under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act 2017), and converted into Public Limited Company on August 31, 1995. The shares of the company are listed on Pakistan Stock Exchange Limited.

The principal activities of the Company are to manufacture and sale foam and allied products. The geographical location and addresses of the Company's business units including plants are as follows:

<b>Business Unit</b>	<b>Geographical location and address</b>
- Registered office	92/3, Phase-III, Industrial Estate, Gadoon Amazai, District Swabi, KPK.
- Manufacturing Plant;	92/3, Phase-III, Industrial Estate, Gadoon Amazai, District Swabi, KPK. 94-A, 94-B, Phase-III, Industrial Estate, Gadoon Amazai, District Swabi, KPK.
- Corporate Office	Al-Khair House, 43-T, Gulberg II, Lahore.

### 2 Basis of Preparation

#### 2.1 Statement of compliance

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

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

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

#### 2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention, except for certain items, as disclosed in the relevant accounting policies below.

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

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

#### 2.3 Key Judgments and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan, requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the company's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- useful lives, residual values and depreciation method of property, plant and equipment [Refer Note of PPE note 4.1 and note 5].
- Provision for slow moving inventories.
- Obligation of defined benefit plans for employees.[Refer to note 15].
- Estimate of provision for warranty if any.[Refer to note 4.23].
- Estimate of current and deferred tax.[Refer to note 4.5].
- Estimate of contingent liabilities.
- Impairment loss of non-financial assets other than inventories.



**3 New and Amended Standards and Interpretations**

**3.1 Standards, amendments to approved accounting standards effective in current year**

Following standards, amendments and interpretation with respect to published accounting and reporting standards are effective from the date mentioned below.

- IFRS-9 Financial instruments (effective for annual periods ending on or after June 30, 2019).

IFRS-9 addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the guidance in IAS-39, that relates to the classification and measurement of financial instruments. IFRS-9, retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets which are amortized cost, fair value through OCI, and fair value through profit or loss. The basis of classification depends on the entity's business model and contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with irrevocable option at inception to present changes in fair value in OCI with no recycling in future. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

**3.1.1 Financial assets of the Company comprise the following:**

- Trade Debts
- Advances , deposits and prepayments
- Cash and bank balances

Bank balances which are subject to credit risk are with financial institutions having high credit ratings. Trade debts, advances and other receivables of the Company that are exposed to credit risk pertain to receivable from counterparties that have a history of very low defaults. Therefore, the impact of ECL on these balances would be very minimal and hence, the same has not been accounted for in these financial statements. This change in accounting policy has no impact on statement of profit or loss and other comprehensive income and statement of cash flows.

IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after July 1, 2018).

The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

- IFRS 16 'Leases' (effective from annual period on or after January 1, 2019).

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the statement of financial position. IFRS 16 supersedes IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a lease.

- IFRIC 23 'Uncertainty over income tax treatments' (effective from accounting period beginning on or after January 1, 2019).



This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS interpretations committee had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

- Amendments to IFRS 9:

Prepayment Features with Negative Compensation Under IFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

- Amendments to IAS 19:

Plan Amendment, Curtailment or Settlement. The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to re-measure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the planned assets after that event, and the discount rate used to re-measure that net defined benefit liability (asset).

- Amendments to IAS 28:

Long-term interests in associates and joint ventures. The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long term interests. The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

- Amendments to IFRS 3 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including re-measuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquire re-measures its entire previously held interest in the joint operation. An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2019 with early application permitted.

- Amendments to IFRS 11

Joint Arrangements. An entity that participates in, but does not have joint control of a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not re-measured. An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted.



- Amendments to IAS 12, Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognized those past transactions or events. An entity applies the amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognized on or after the beginning of the earliest comparative period.

- Amendments to IAS 23, Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted. Since the Group's current practice is in line with these amendments, they had no impact on the standards, amendments to published standards and interpretations that are not yet effective and have not been early adopted by the Company.

- SECP brought certain alterations in 4th schedule of the Companies Act, 2017, with regard to preparation and presentation of financial statements. These alterations resulted in elimination of certain disclosures in these financial statements of the Company.

The following new standards and interpretations are not effective for the financial year beginning on July 1, 2019 and have not been early adopted by the company.

	<b>Effective Date</b>
- Definition of a business - Amendments to IFRS-3	01-Jan-20
- Interest rate benchmark reform-Amendments to IFRS-9, IAS-39, and IFRS-7	01-Jan-20
- Definition of material-Amendments to IAS-1 and IAS-8	01-Jan-20
- IFRS-7 Insurance Contracts	01-Jan-22

4

**Significant Accounting Policies**

The principal accounting policies applied 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.

**4.1 Property, Plant and Equipment**

**a Owned assets**

The Company has adopted cost model for its property, plant and equipment. Property, plant and equipment except for leasehold land and freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at cost less impairment loss, if any. Leasehold land which is stated at cost and is not amortized for the reason that it is a lease of 99 years.

Depreciation charged on all depreciable assets is charged to profit and loss account on the reducing balance method over its estimated useful life at annual rates mentioned in note of fixed assets (Note 5) after taking into account their residual values. Depreciation on additions is charged from the month in which asset is available for use and on disposal before the month of disposal. Residual values and the useful lives of the assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

Subsequent costs including major renewals and improvements are included in the carrying amount of the asset or are recognized as separate asset as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the company and cost can be measured reliably. The carrying amount of the replaced part is derecognized at the time of replacement. Normal repair and maintenance and day to day servicing are charged to the statement of profit or loss as incurred.



The depreciation methods, useful lives and residual values of items of property, plant and equipment are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change or adjustment in depreciation method, useful lives and residual values is accounted for as a change in accounting estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and is applied prospectively in the financial statements by adjusting the depreciation charge for the period in which the amendment or change has been made and for future periods. Disposal of an item of property, plant and equipment is recognized when significant risk and rewards, incidental to the ownership of that asset, have been transferred to the buyer. Gain and loss on disposal is determined by comparing the carrying amount of that asset with the sales proceed and is recognized within 'other income / other operating expenses' in the statement of profit or loss.

**b Leased assets**

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options. Leases are recognized as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company. The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liabilities are subsequently measured at amortized cost using the effective interest rate. Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right of-use assets are depreciated over the useful life of assets on reducing balance method at the rates mentioned in note of fixed assets (Note 5) The carrying amount of the right of use asset is deduced by impairment losses if any. At transition, the company recognizes right to use assets equal to the present value of lease payments. Payments associated with short term leases and leases of low value assets are recognized on a straight line basis as an expense in profit or loss. Short term leases are leases with a lease term of less than 12 Months.

**4.2 Capital Work In Progress**

Capital work-in-progress is stated at cost less expected impairment losses (if any). All expenditure connected to the specific assets incurred and construction period is carried under capital-work-in-progress. These are transferred to specific assets as and when these are available for use.

**4.3 Stock In trade**

Stocks in trade are stated at the lower of cost and net realizable value. Cost of raw materials and components represent invoice values plus other charges incurred thereon. Cost of inventory is based on weighted average cost. Cost in relation to work in process and finished goods represent direct cost of raw materials, wages and appropriate manufacturing overheads. Goods in transit are valued at cost accumulated upto the reporting date.

The company reviews the carrying amount of stock in trade on an ongoing basis and as appropriate, inventory is written down to its net realizable value or provision is made for obsolescence if there is any change in usage pattern and physical form of related inventory. Net realizable value is the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make sale.

**4.4 Stores, Spares and Loose tools**

Stores, spares and loose tools are stated at lower of cost and net realizable value. The cost of inventory is based on weighted average cost. Items in transit are stated at cost accumulated up to the reporting date. The Company reviews the carrying amounts of stores, spares and loose tools on an on-going basis and provision is made for obsolescence if there is any change in usage.



#### **4.5 Taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognized in the statement of profit or loss, 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.

##### **Current**

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in the previous years arising from assessments framed during the year for such years.

##### **Deferred Tax**

Deferred tax is recognized using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

#### **4.6 Trade debts and other receivables**

Trade debts and other receivables are classified as financial assets at amortized cost according to IFRS 9. Under IAS 39, trade and other receivables were previously classified as loans and receivables. Trade debts are initially recognized at original invoice amount which is the fair value of the consideration to be received in future and subsequently measured at cost less provision for doubtful debts. The Company uses simplified approach for measuring expected credit losses for all trade and other receivables including contract assets based on lifetime expected credit losses. The Company estimates the credit losses using a provision matrix, where trade receivables are grouped based on different customer attributes along with historical, current and forward looking assumptions. Bad debts are written off with the approval of board of directors when identified.

#### **4.7 Cash and cash equivalents**

Cash and cash equivalents are stated at cost in the statement of financial position. For the purpose of cash flow statement cash and cash equivalent consists of cash in hand and balances with banks.

#### **4.8 Trade and other Payables**

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

#### **4.9 Financial Liabilities**

Financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value less directly attributable transactions costs, if any, and subsequently measured at amortized cost using effective interest method.

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

#### **4.10 Financial Assets**

The detail of new accounting policies after the application of IFRS 9 are as follows. The new IFRS effectively eliminated loans and receivables category of the previous IAS 39.



**4.10.1 Classification**

Financial assets are classified into financial assets at amortized cost, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income as per the requirements of IFRS-9. The financial assets are classified at initial recognition based on the business model used for managing the financial assets and contractual terms of the cash flows.

**a Financial assets at amortized cost**

A financial asset shall be classified as financial asset at amortized cost if both of the following conditions are met:

- the assets held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- Contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**b Financial assets at Fair Value through Other Comprehensive Income**

Debt instruments where contractual cash flows are solely payments of principal and interest and the objective of the company is achieved by both collecting cash flows and selling the financial assets.

Equity investments that are not held for trading and the company made an irrevocable action at initial recognition to measure it at fair value with only dividend income recognized in profit or loss.

**c Financial asset at fair value through Profit or loss**

Financial asset are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive Income. A debt instrument is classified as financial asset at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains or losses on them on different basis.

**4.10.2 Recognition and Measurement**

Regular purchases and sales of financial assets are recognized on the trade-date, the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss, are initially recognized at fair value, and transaction costs are expensed in the statement of profit or loss. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

After initial recognition, financial assets are measured at amortized cost. Gains or losses arising from changes in fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of profit or loss within 'other income / other operating expenses' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the statement of profit or loss as part of 'other income' when the Company's right to receive payments is established. Gains or losses arising from changes in fair value of the 'financial assets at fair value through other comprehensive income' category are recognized in other comprehensive income with only dividend income recognized in profit or loss.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from equity and recognized in the statement of profit or loss. Impairment losses recognized in the statement of profit or loss on equity instruments are not reversed through the statement of profit or loss.



#### **4.11 Offsetting of Financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on allies the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

#### **4.12 Derivative, financial instruments and hedging activities**

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair values. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, if so, the nature of the item being hedged. The Company designates certain derivatives as either fair value hedge or cash flow hedge.

##### **a Fair Value Hedge**

A hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment or a component of any such item that is attributable to a particular risk and could affect profit or loss.

##### **b Cash flow Hedge**

A hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all or a component of a recognized asset or liability or a highly probable forecast transaction and could affect profit or loss.

#### **4.13 Borrowing Costs**

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalized as part of the cost of that asset.

#### **4.14 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 outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

#### **4.15 Foreign Currency Transactions**

Transactions in foreign currencies are accounted for in Pakistan rupees at monthly average rates. Monetary assets and liabilities in foreign currencies are translated into rupees at the rate of exchange prevailing at the reporting date. Exchange gain or losses (if any) are charged to profit and loss account.

#### **4.16 Impairment of Non- financial assets**

Non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

#### **4.17 Revenue recognition**

According to the core principles of IFRS-15, the company recognizes the revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods and services. The company recognizes the revenue in accordance with that core principle by applying the following steps:

- Identify the contract with customers.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognize revenue when the entity satisfies a performance obligation.

The company is involved in manufacturing and sale of foam and allied products. Revenue from sale of goods is recognized when the company satisfies a performance obligation (at a point of time) by transferring promised goods to customers being when the goods are dispatched to customers. Revenue is measured at fair value of the consideration received or receivable and is reduced for allowances such as taxes, duties, commission, sales returns and discounts. Income from different sources other than above is recognized on the following basis

- Interest income is recognized on accrual basis.
- Dividend income is recognized when the right to receive payment is established.

#### **4.18 Related party transactions**

The company enters into transactions with related parties on arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods, except in extremely rare circumstances where, subject to approval of the Board of Directors it is in the interest of the Company to do so.

#### **4.19 Long term investment in associates**

Investment in associated companies is accounted for using the equity method of accounting. Under this method, investment is initially recognized at cost plus the company's equity in undistributed earnings and losses after acquisition, less any impairment in the value of individual investments.

#### **4.20 Staff Retirement benefits**

The company operates a defined benefit plan i.e gratuity scheme for all its permanent employees subject to attainment of retirement age and minimum service of prescribed period. Contributions are made to fund on the basis of actuarial recommendations. Actuarial valuation is carried out using the projected unit credit method. All actuarial gains and losses are recognized in other comprehensive Income.

#### **4.21 Earning Per Share**

The company presents earning per share data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

#### **4.22 Dividend and appropriations**

Dividend is recognized as liability in period in which it is declared. Appropriations of profit are reflected in the statement of changes in equity in the period in which appropriations are approved.

#### **4.23 Warranty**

The Company has made a policy to provide warranty to replace the damaged products for an average period of twelve years. The Company has a history of very low claims over the years, hence the same has not been accounted for in the financial statements and this has no material impact on statement of profit or loss and other comprehensive income and statement of cash flows.

#### **4.24 Share Capital**

Ordinary shares are classified as equity and recognized at face value.





**5.2 Particulars of immovable fixed assets in the name of Company are as follows:**

Sr.No	Location	Usage of Property	Total Area	Covered Area
1)	43-T, Gulberg II, Lahore	Head Office	2 Kanals 9 Marlas 220 Sq.ft	17100 Sq.ft
2)	92/3, Phase III, Industrial Estate, Gadoon Amazai, District Swabi - KPK	Manufacturing Unit	2 Acres	18940 Sq.ft
3)	94A / 94B, Phase III, Industrial Estate, Gadoon Amazai, District Swabi - KPK	Manufacturing Unit	8 Acres	69984 Sq.ft

5.3 Aggregate book value of disposed assets does not exceed five million rupees.

5.4 Depreciation is allocated as under:	Note	2020 Rupees	2019 Rupees
Cost of Goods Sold	22	4,865,934	2,236,593
Administrative Expenses	23	1,522,156	1,512,020
Distribution Expenses	24	6,228,251	6,560,218
		<b>12,616,341</b>	<b>10,308,831</b>

**5.5 Capital Work in Progress**

Plant & Machinery	201,960	-
Building	-	3,128,571
	<b>201,960</b>	<b>3,128,571</b>

**Movement in Capital Work in Progress**

	Plant & Machinery	Building
Balance as on July 01,	-	3,128,571
Addition during the year	201,960	-
	<b>201,960</b>	<b>3,128,571</b>
Transfer during the year	-	(3,128,571)
Balance as on June 30,	<b>201,960</b>	-

**6 RESTATEMENT OF DEFERRED TAX ASSETS AND OTHER COMPREHENSIVE INCOME / (LOSS)**

The Company has restated the opening Deferred Tax Assets and Other Comprehensive Income / (Loss) in accordance with the requirements of IAS 12 "Income Taxes". Changes in these financial statements are incorporated and presented from the previous year 2019.

In view of above, for better presentation and treatment of respective accounts, restated data is given below:

	As at June 30, 2019		
	Rupees	Rupees	Rupees
Effect of Restatement of Deferred Tax Assets	As previously reported	As restated	Impact of restatement
<b>Statement of Financial Position</b>			
Deferred tax assets	3,342,348	3,684,083	341,735
Unappropriated Profit	96,974,308	97,316,043	341,735



**Other Comprehensive Income / (Loss):**

Re-measurement of defined benefits	(1,178,398)	(836,663)	341,735
Total comprehensive income for the year	18,216,390	18,558,125	341,735

**Statement of Changes in Equity**

Other comprehensive income / (loss):	(1,178,398)	(836,663)	341,735
Unappropriated Profit	96,974,308	97,316,043	341,735

	Note	2020 Rupees	2019 Rupees
<b>7 DEFERRED TAX ASSETS</b>			
Deferred Tax Assets			(Restated)
Trade debts		222,520	220,847
Deferred liability - Employee benefits		4,611,715	3,700,220
Unutilized Tax Credits		6,769,348	9,136,533
Remeasurement of defined benefit plan		78,329	341,735
Deferred Tax Liabilities			
Accelerated Tax Depreciation		(10,163,984)	(9,715,252)
<b>Net Deferred Tax Assets</b>		<b>1,517,928</b>	<b>3,684,083</b>

**8 STOCK IN TRADE**

Raw and Packing Material		138,625,232	112,239,404
Work-in-Process		34,170,455	46,856,980
Finished Goods		32,184,943	39,765,148
		<b>204,980,630</b>	<b>198,861,532</b>

**9 TRADE DEBTS**

Considered Good - unsecured	9.1	51,154,089	50,769,499
Provision for Doubtful Debts	9.3	(767,311)	(761,542)
		<b>50,386,778</b>	<b>50,007,957</b>

9.1 These includes Rs.6,381,555 (2019: Rs. Nil) due from an associated undertaking M/S Al-Khair Global (Pvt) Ltd. Maximum aggregate balance receivable was Rs.6,381,555/- at the end of month of June, 2020.

9.2 Trade debtors of Rs.50,386,778 (2019: Rs.50,007,957) were past due but not impaired. These relate to routine customers from there no recent history of default is found. The aging analysis of the trade debtors is as follows:

Upto 1 month	27,712,728	28,509,536
1 to 6 months	16,123,769	14,792,354
more than 6 months	6,550,281	6,706,067
	<b>50,386,778</b>	<b>50,007,957</b>

9.3 Movement in provision in doubtful debts:

Balance as of July 01	761,542	713,542
Provision made / (reversed) during the year	5,769	48,000
	<b>767,311</b>	<b>761,542</b>

**10 ADVANCES, DEPOSITS & PREPAYMENTS**

Advances to Employees	10.1	6,263,530	6,150,553
Letters of Credit	10.2	112,966	13,592,293
Prepayments		-	1,439,836
Other receivables		1,069,687	490,328
		<b>7,446,183</b>	<b>21,673,010</b>

10.1 Advances to employees are provided to meet business expenses and are settled as and when expenses are incurred. Advances are also provided in view of their personal needs and adjusted from their salaries for respective month.

10.2 This represents amount deposited against various letters of credit established with banks for import of raw materials and will be adjusted on maturity dates of respective letters of credit.

	Note	2020 Rupees	2019 Rupees
<b>11 ADVANCE TAXES - NET</b>			
Advance income tax		50,197,915	58,946,300
Current taxation - for the year		(6,560,363)	(7,181,493)
		<u>43,637,552</u>	<u>51,764,807</u>
Sales tax		31,694,063	43,531,206
		<u>75,331,615</u>	<u>95,296,013</u>

11.1 Advance taxes represent the amount of income tax refunds determined / retained by FBR on account of tax withheld on import stage and other sources as well as amounts of sales tax carried forward.

**12 CASH AND BANK BALANCES**

Cash in hand		446,496	547,015
Cash at banks - in current accounts		4,829,144	2,583,400
		<u>5,275,640</u>	<u>3,130,415</u>

**13 SHARE CAPITAL**

**AUTHORIZED**

12,000,000 (2019: 12,000,000) Ordinary shares of Rs. 10 each		<u>120,000,000</u>	<u>120,000,000</u>
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**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

7,000,000 Ordinary shares of Rs.10 each fully paid in cash		70,000,000	70,000,000
3,000,000 Ordinary shares of Rs.10 each issued as bonus shares		30,000,000	30,000,000
		<u>100,000,000</u>	<u>100,000,000</u>

13.1 There is no agreement with any shareholder for voting rights, board selection, rights of first refusal, and block voting.

**14 CAPITAL RESERVE- SHARE PREMIUM**

	<u>25,000,000</u>	<u>25,000,000</u>
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This reserve can be utilized by the Company only for the purposes specified in Section 81(3) of the Companies Act, 2017.

**15 DEFERRED LIABILITIES**

Gratuity	15.1	<u>15,902,464</u>	<u>12,759,381</u>
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15.1 The Company provides defined benefit plan under unfunded gratuity scheme for all its permanent employees who attain the minimum qualifying period. Annual charge is made using the actuarial techniques of Projected Unit Credit Method.

**15.1.1 Movement in Net liability recognized**

Net Liability at the beginning of the year		12,759,381	10,295,080
Re-Measurements chargeable in Other Comprehensive Income		270,101	1,178,398
Charge for the year		2,872,982	1,994,903
Benefits paid during the year		-	(709,000)
		<u>15,902,464</u>	<u>12,759,381</u>



15.1.2 Movement in Present value of defined benefit plan	Note	2020 Rupees	2019 Rupees
Present value of defined benefit obligation			
Current service cost			
Interest costs		12,759,381	10,295,080
Benefits Paid		1,278,059	1,100,251
Re-Measurements		1,594,923	894,652
		-	(709,000)
		270,101	1,178,398
		<u>15,902,464</u>	<u>12,759,381</u>
<b>15.1.3 Expense recognized in Profit &amp; loss account</b>			
Current service cost		1,278,059	1,100,251
Interest costs		1,594,923	894,652
		<u>2,872,982</u>	<u>1,994,903</u>
<b>15.1.4 Principal actuarial assumptions</b>			
Discount rate used for Interest cost in P&L charge		8.50%	12.50%
Discount rate used for year-end obligation		8.50%	12.50%
Expected rate of increase in salaries per annum		7.50%	11.50%
Average expected remaining life time of employees		6 years	8 years

Expected charge to Profit & Loss Account for the year ended June 30, 2021 amounts to Rs.2,601,652/- in respect of Gratuity.

**15.1.5 Sensitivity Analysis as at 30.06.2020**

A sensitivity analysis for the above principal actuarial assumptions as of the statement of financial position date showing how the defined benefit obligation would have been affected by changes in the said assumptions is as follows:

Present Value of Defined Benefit Obligations	Discount Rate	Discount Rate	Salary Increase	Salary Increase
	+1%	-1%	+1%	-1%
	14,849,739	17,093,129	17,093,129	14,831,161

**16 TRADE AND OTHER PAYABLES**

Trade creditors and other payables - unsecured	16.1	141,151,954	115,236,133
Advances from Customers - unsecured	16.2	4,208,277	4,137,821
Mark up Payable		530,360	1,662,172
Accrued Expenses		6,897,625	4,862,793
Others		2,693,870	2,929,082
		<u>155,482,086</u>	<u>128,828,001</u>

16.1 This includes Rs.Nil (2019: Rs.614,227/-) due to an associated undertaking M/S Al-Khair Global (Pvt) Ltd.

16.2 These represent amounts deposited in advance by the customers against sales orders.

**17 TAXES PAYABLE**

Withholding Taxes Payable		<u>663,266</u>	<u>31,252</u>
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17.1 This represents withholding tax withheld from vendors and employees.

**18 SHORT TERM BORROWINGS**

Banking Companies - Secured			
BAFL - Finance against Imported material	18.1	11,734,820	46,257,000
Loan from Directors - Unsecured	18.2	70,105,342	70,105,342
Loan from Associated Undertaking - Unsecured	18.3	-	25,000,000
		<u>81,840,162</u>	<u>141,362,342</u>

**18.1** The Company has obtained the facility of finance against imported material from Bank Al-Falah Limited amounting to Rs.150 million (2019: 150 million). The facility attracts mark-up at flexible rate linked with 3 months KIBOR plus 200 (2019: 200) basis points per annum. The facility is secured against lien over imported documents, pledge of imported material and personal guarantees of Directors of the Company. The Company has also been provided the facility for sight letter of credit (SLC) of Rs. 150 million (2019: Rs.150 million) to retire import documents under SLCs. The facility is secured against import documents of import letters of credit. The carrying amount of material pledged against FIM facility is Rs.15.646 million (2019: Rs.61.676 million).

**18.2** This represents the interest free loan received from directors to meet working capital requirement of the Company. It is unsecured and interest free loan which is repayable on demand.

**18.3** This represents the interest free loan received from an associated undertaking and repaid during the year.

## 19 UNCLAIMED DIVIDENDS

This represents amount of unclaimed dividends pertaining to various past years and are still unclaimed. This amount is being transferred to a profit bearing account and profit will be utilized for corporate social responsibilities and other specific purposes.

## 20 CONTINGENCIES & COMMITMENTS

### 20.1 Contingencies

The commercial banks have issued guarantees on behalf of the Company amounted to Rs.11.861 million (2019 : Rs.6.237 million).

### 20.2 Commitments

Commitments in respect of letters of credit for raw materials at the terminal date were Rs.99.000 million (2019: Rs.21.256 million), for machinery were Rs.Nil million (2019: Rs.8.816 million) and for spare parts were Rs.Nil million (2019: Rs.1.456 million).

21 SALES	Note	2020 Rupees	2019 Rupees
Local sales		563,418,090	673,226,772
Less: Sales tax		(84,044,814)	(98,707,326)
Trade Discount		(42,015,757)	-
		<u>437,357,519</u>	<u>574,519,446</u>

**21.1** In Finance Act 2019, the foam and spring mattresses are included in 3rd schedule to the Sales Tax Act, 1990, where in sales tax is charged at retail price. Sales tax and trade discount / retailers margin is subtracted from gross sales and disclosed in accordance with the requirements of fourth schedule to the Companies Act, 2017 to arrive at net sales of the Company.

## 22 COST OF GOODS SOLD

Opening stock of raw material and store & spares		114,394,185	110,747,724
Purchases		350,622,793	490,632,879
Closing stock of raw material and store & spares		(140,698,425)	(114,394,185)
Raw material and Store & Spares consumed		324,318,553	486,986,418
Salaries, wages and other benefits	22.1	14,118,404	12,492,772
Power & Fuel and Lubricants		2,287,147	1,772,270
Repair & Maintenance		297,046	237,514
Depreciation	5.4	4,865,934	2,236,593
Insurance		866,174	454,403
		<u>346,753,258</u>	<u>504,179,970</u>
Opening stock of work in process		46,856,980	39,251,472
Closing stock of work in process		(34,170,455)	(46,856,980)
Cost of goods manufactured		359,439,783	496,574,462
Opening stock of finished goods		39,765,148	31,568,970
Closing stock of finished goods		(32,184,943)	(39,765,148)
Cost of Goods Sold		<u>367,019,988</u>	<u>488,378,284</u>



22.1 Salaries, wages and other benefits include Rs.1,367,944/- (2019: Rs.799,859/-) in respect of defined benefit plan under non-funded gratuity scheme.

	Note	2020 Rupees	2019 Rupees
<b>23 ADMINISTRATIVE EXPENSES</b>			
Directors' remuneration		6,981,717	6,179,872
Salaries & benefits	23.1	7,280,323	6,802,751
Travelling & Conveyance		816,107	965,549
Postage, telephone & telefaxes		946,405	872,723
Vehicle running & maintenance		744,103	656,980
Legal & professional charges		31,550	68,750
Auditors' remuneration	23.2	843,477	747,076
Printing & stationery		158,395	119,211
Staff welfare		880,323	821,471
Entertainment		209,314	132,654
Utility charges		2,926,404	2,880,756
Fee & subscription		498,535	492,959
Depreciation	5.4	1,522,156	1,512,020
Medical Expenses		52,734	51,274
Internet charges		27,044	29,300
Provision for bad debts	9.3	5,769	48,000
Repair and maintenance		528,591	729,524
Insurance		1,953,378	1,469,715
Advertisements		568,645	551,302
Property tax		383,917	143,156
		<u>27,358,887</u>	<u>25,275,044</u>

23.1 Salaries and other benefits include Rs.827,770/- (2019: Rs.652,834/-) in respect of defined benefit plan under non-funded gratuity scheme.

**23.2 Auditors' remuneration**

Audit fee	800,000	700,000
Out of pocket expenses	43,477	47,076
	<u>843,477</u>	<u>747,076</u>

**24 DISTRIBUTION EXPENSES**

Salaries & benefits	24.1	8,341,097	7,120,434
Staff welfare		720,180	603,654
Entertainment		583,305	415,367
Printing and stationery		136,592	124,598
Telephone and postage		405,100	361,630
Travelling and conveyance		770,894	715,417
Vehicle repair and maintenance		650,280	696,587
Newspaper and periodicals		75,420	66,249
Utility charges		71,246	63,812
Advertisement/business promotion charges		2,121,843	2,229,816
Depreciation	5.4	6,228,251	6,560,218
		<u>20,104,208</u>	<u>18,957,782</u>

24.1 Salaries and other benefits include Rs.677,268/- (2019: Rs.542,210/-) in respect of defined benefit plan under non-funded gratuity scheme.

	Note	2020 Rupees	2019 Rupees
<b>25 FINANCE COST</b>			
Mark up on short term financing		7,492,530	11,758,196
Bank & muccadam charges		597,737	617,661
		<u>8,090,267</u>	<u>12,375,856</u>
<b>26 OTHER OPERATING EXPENSES</b>			
Workers' Profit Participation Fund - WPPF		863,483	1,486,486
Workers' Welfare Fund - WWF		390,203	469,464
		<u>1,253,686</u>	<u>1,955,950</u>
<b>27 OTHER OPERATING INCOME</b>			
Gain on sale of fixed assets		1,997,393	-
Insurance Claim - Others		488,092	197,245
		<u>2,485,485</u>	<u>197,245</u>
<b>28 INCOME TAX EXPENSE</b>			
Current Taxation			
- For the year		6,560,363	7,181,493
- For prior year		(787,377)	145,741
		5,772,986	7,327,234
Deferred Taxation		2,244,484	1,051,753
		<u>8,017,470</u>	<u>8,378,987</u>
<b>28.1 Relationship between income tax expenses and accounting profit:</b>			
Profit before taxation		<u>16,015,968</u>	<u>27,773,775</u>
Tax at the applicable tax rate of 29% (2019: 29%)		4,644,631	8,054,395
Tax effect of:			
-amounts not deductible for tax purpose		363,569	567,226
-amounts deductible for tax purpose but not taken to the statement of profit or loss		649,741	(1,814,389)
- Additional provision to reach at minimum tax		902,422	374,261
Adjustment for current tax of prior years		(787,377)	145,741
Tax effect of deferred taxation		<u>2,244,484</u>	<u>1,051,753</u>
Income tax expense		<u>8,017,470</u>	<u>8,378,987</u>
Effective rate of tax		50.06%	30.17%
<b>29 EARNINGS PER SHARE - basic and diluted</b>			
There is no dilutive effect on the basic earnings per share of the Company, which is based on:			
Profit for the year before taxation	(Rupees)	16,015,968	27,773,775
Profit for the year after taxation	(Rupees)	7,998,498	19,394,788
Number of shares outstanding	(Shares)	10,000,000	10,000,000
Earnings per share before taxation	(Rupees)	1.60	2.78
Earnings per share after taxation	(Rupees)	0.80	1.94



**30 CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE REMUNERATION**

	Chief Executive		Directors		Executives		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	Rupees		Rupees		Rupees		Rupees	
Managerial Remuneration	3,259,938	2,887,374	3,259,938	2,887,374	2,012,772	2,012,772	8,532,648	7,787,520
Utilities	461,841	405,124	-	-	-	-	461,841	405,124
Gratuity	-	-	-	-	201,275	201,275	201,275	201,275
<b>Total</b>	<b>3,721,779</b>	<b>3,292,498</b>	<b>3,259,938</b>	<b>2,887,374</b>	<b>2,214,047</b>	<b>2,214,047</b>	<b>9,195,764</b>	<b>8,393,919</b>
Number of Persons	1	1	1	1	1	1	3	3

Remuneration to Chief Executive and Directors is paid in accordance with the policy formulated by the Board of Directors of the Company. No remuneration is paid to Non-Executive Directors and Independent Directors of the Company.

**31 FINANCIAL RISK MANAGEMENT**
**31.1 Credit Risk**

The Company's credit risk exposures are categorized under the following heads:-

**Exposure to Credit Risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at reporting date was:-

	2020 Rupees	2019 Rupees
Trade debtors	51,154,089	50,769,499
Advances to staff	6,263,530	6,150,553
Other receivables	1,069,687	490,328
Cash at banks	4,829,144	2,583,400
	<b>63,316,450</b>	<b>59,993,780</b>

The trade debts as at the reporting date are all domestic debts. The aging of trade receivables at the reporting dates is as under:-

	2020	2019
Past due 0-30 days	27,712,728	28,509,536
Past due 31-120 days	12,036,620	10,026,637
Past due 121-365 days	10,225,376	11,222,763
More than one year	1,179,365	1,010,563
	<b>51,154,089</b>	<b>50,769,499</b>

Based on the historic records, the company believes that no impairment allowance in respect of financial assets and liabilities is required except for the provisions provided for impairment amounting to Rs.767,311/- (2019: Rs.761,542/-).

**31.2 Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the company's reputation. Following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any.

2020	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Trade and other payables	148,049,579	148,049,579	96,232,226	51,817,353	-	-
Taxes payable	663,266	663,266	663,266	-	-	-
Unclaimed dividend	1,844,946	1,844,946	1,844,946	-	-	-
Financial charges payable	530,360	530,360	530,360	-	-	-
Short term borrowings	81,840,162	81,840,162	57,288,113	24,552,049	-	-
<b>Total</b>	<b>232,928,313</b>	<b>232,928,313</b>	<b>156,558,911</b>	<b>76,369,402</b>	-	-

2019	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Trade and other payables - restated	120,098,926	120,098,926	75,650,760	44,448,166	-	-
Taxes payable	31,252	31,252	31,252	-	-	-
Unclaimed dividend	1,844,946	1,844,946	1,844,946	-	-	-
Financial charges payable	1,662,172	1,662,172	1,662,172	-	-	-
Short term borrowings	141,362,342	141,362,342	71,257,000	70,105,342	-	-
<b>Total</b>	<b>264,999,638</b>	<b>264,999,638</b>	<b>150,446,130</b>	<b>114,553,508</b>	-	-

### 31.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate, foreign currency, commodity price and equity price that will affect the Company's income or the value of its holdings of financial instruments.

#### 31.3.1 Interest Rate Risk

At the reporting date the interest rate profile of the Company's interest bearing financial instruments were:-

Particulars	2020		2019	
	Effective rate in %		Carrying amount (Rs.)	
Financial Liabilities				
Variable Rate instruments:-				
Short Term Borrowings	8.25 to 15.41	8.93 to 14.90	11,734,820	46,257,000

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

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

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

A change of 100 basis points in interest rate at the reporting date would have increased/(decreased) profit or loss by amounts shown below. This analysis assumes that all other variables, in a particular foreign currency rate (if any), remains constant. The analysis is performed on the same basis as for the previous year:-

		Increase Profit	Decrease Profit
As at June 30, 2020	Rupees	117,348	(117,348)
As at June 30, 2019	Rupees	462,570	(462,570)

The sensitivity analysis prepared is not necessarily indicative of the effect on Profit for the year and assets / liabilities of the company.

#### 31.3.2 Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The company is not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

#### 31.3.3 Currency Risk

The company is exposed to currency risk on import of raw materials mainly dominated in US dollars. The Company's exposure to foreign currency risk for US Dollars is as follows:-

	2020	2019
	Rupees	Rupees
Outstanding Letter of Credits	99,000,056	31,497,228
Average Rate	159.29	138.08
Reporting date rate	168.75	157.95



**31.3.4 Sensitivity analysis**

At reporting date, if the PKR had strengthened by 10% against the foreign currencies with all other variables held constant, post-tax Profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of outstanding letter of credits.

		2020	2019
The effect on Profit and loss Account is:	Rupees	<b>9,900,006</b>	3,149,723

The weakening of PKR against foreign currencies would have an equal but opposite impact on the post tax profit. The sensitivity analysis prepared is not necessarily indicative of the effects on (loss) /profit for the year and assets / liabilities of the Company.

**31.4 Fair value of financial instruments**

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date.

**31.5 Capital Risk Management**

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

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

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as debt divided by total capital employed. Total capital employed is calculated as equity as shown in the statement of financial position plus debt.

	2020 Rupees	2019 Rupees
<b>Total Debt</b>	<b>81,840,162</b>	141,362,342
<b>Total Equity</b>	<b>230,122,769</b>	221,974,308
<b>Total Capital Employed</b>	<u><b>311,962,931</b></u>	<u>363,336,650</u>
<b>Gearing Ratio</b>	<b>26.23%</b>	38.91%

**32 TRANSACTIONS WITH RELATED PARTIES**

The Company's related parties include associated companies, entities over which directors are able to exercise influence, subsidiaries, staff retirement fund, directors and key management personnel. Detail of transactions with related parties during the year other than those which have been disclosed elsewhere in the financial statements are as follows:-

Name of Related Party	Relationship	Nature of Transaction	2020 Rupees	2019 Rupees
Al-Khair Global (Private) Limited	Associate	Sales	<b>6,995,781</b>	7,641,480

The transaction with related parties are executed on arms' length prices. Directors are interested to the extent of their directorship / shareholding.

**Name and nature of relationship**

Related party	Nature	Relationship
Al-Khair Global (Private) Limited	Associated Undertaking	Common Directorship

**33 FINANCIAL INSTRUMENTS BY CATEGORIES**

**IAS 39 Measurement Category**

**As at June 30, 2020**

**IFRS 9 Measurement Category**

	Carrying amount before reclassification	Fair value through profit or loss	Amortized cost	Fair value through OCI
<b>Financial Assets</b>				
Trade debts	50,386,778	-	50,386,778	-
Advances, deposits and prepayments	7,446,183	-	7,446,183	-
Cash and bank balances	5,275,640	-	5,275,640	-
	<u>63,108,601</u>	<u>-</u>	<u>63,108,602</u>	<u>-</u>
<b>As at June 30, 2019</b>				
Trade debts	50,007,957	-	50,007,957	-
Advances, deposits and prepayments	21,673,010	-	21,673,010	-
Cash and bank balances	3,130,415	-	3,130,415	-
	<u>74,811,382</u>	<u>-</u>	<u>74,811,382</u>	<u>-</u>
<b>Financial Liabilities</b>				
<b>As at June 30, 2020</b>				
Trade and other payables	155,482,086	-	155,482,086	-
Short term borrowings	11,734,820	-	11,734,820	-
Un-claimed dividend	1,844,946	-	1,844,946	-
	<u>169,061,852</u>	<u>-</u>	<u>169,061,852</u>	<u>-</u>
<b>As at June 30, 2019</b>				
Trade and other payables	128,828,001	-	128,828,001	-
Short term borrowings	46,257,000	-	46,257,000	-
Un-claimed dividend	1,844,946	-	1,844,946	-
	<u>176,929,947</u>	<u>-</u>	<u>176,929,947</u>	<u>-</u>

**34 CASH GENERATED FROM OPERATIONS**

	<b>2020</b> <b>Rupees</b>	<b>2019</b> <b>Rupees</b>
Profit before taxation	<b>16,015,968</b>	27,773,775
Adjustments for non cash items:		
Depreciation on property, plant and equipment	<b>12,616,341</b>	10,308,831
Finance cost	<b>8,090,267</b>	12,375,856
Gain on sale of property, plant and equipment	<b>(1,997,393)</b>	-
Provision for gratuity	<b>2,872,982</b>	1,994,903
Provision for doubtful debt	<b>5,769</b>	48,000
Provision for workers' profit participation fund	<b>863,483</b>	1,486,486
Provision for workers' welfare fund	<b>390,203</b>	469,464
	<u><b>22,841,652</b></u>	<u>26,683,541</u>
<b>Operating profit before working capital changes</b>	<b>38,857,620</b>	54,457,316
<b>Decrease/(increase) in current assets</b>		
Stores and spares	<b>81,588</b>	769,397
Stock-in-trade	<b>(6,119,098)</b>	(20,217,544)
Trade debts	<b>(384,590)</b>	(1,498,655)
Advances, deposits and prepayments	<b>14,226,827</b>	34,431,866
	<u><b>7,804,727</b></u>	<u>13,485,064</u>
<b>(Decrease)/increase in current liabilities</b>		
Trade and other payables	<b>28,650,712</b>	74,253,223
<b>Net cash flow from Operating Activities</b>	<u><b>75,313,059</b></u>	<u>142,195,603</u>



	2020 Rupees	2019 Rupees
<b>34.1 Cash and cash equivalents</b>		
Cash in hand	446,496	547,015
Cash at banks - in current accounts	4,829,144	2,583,400
	5,275,640	3,130,415

**35 RECONCILIATION OF MOVEMENT OF LIABILITIES AND EQUITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES**

	Short Term Borrowing	Equity Reserve	Total
Balance as on July 01, 2019	141,362,342	97,316,043	238,678,385
Decrease in short term borrowing	(59,522,180)		(59,522,180)
Total comprehensive income for the year		7,806,726	7,806,726
	81,840,162	105,122,769	186,962,931

**36 CAPACITY AND PRODUCTION**

	2020 Tons	2019 Tons
Rated capacity	13,280	13,280
Capacity utilized	1,205	1,455

It is important to disclose that the capacity of plant is utilized according to the demand of the products. The very nature of plant is such that the producing speed is so high, it can run on average ranging from 90 Kgs to 125 Kgs per minute flow, resulting it can produce one month's stock in just two days. The plant is working as per its specifications and there is no indication of any under utilization.

**37 NUMBER OF EMPLOYEES**

	2020	2019
Number of employees as at June 30	179	175
Average number of employees during the year	180	178

**38 CORRESPONDING FIGURES AND GENERAL**

- Have been rounded off to the nearest rupee

Corresponding figures have been re-classified / restated to reflect more appropriate presentation of events and transactions for comparison purpose.

- The pandemic of Covid 19 that has rapidly spread across the world has not only endangered human lives but has also adversely impacted the global economy including Pakistan. In March 2020 the Federal Government and all Provincial Governments announced complete lock down as a measure to block the spread of the Covid 19 which continued till May 2020. Since the major portion of sales is based at retail level, closure of the business activities was a severe cause of disruption of supply chain including supply to the customers resulting a substantial decline in sales revenue. It is expected that as result of restoration of business activities in the country, this pandemic will not cause low demand of Company's products in future.

According to management's assessment, there is no significant impact of the effects of Covid 19 in these financial statements.

**39 DATE OF AUTHORIZATION**

These financial statements were authorized for issue on September 25, 2020 by the Board of Directors of the Company.



**MOHAMMAD AFZAL SHEIKH**  
CHAIRMAN



**MOHAMMAD SAEED SHEIKH**  
CHIEF EXECUTIVE



**ABDUL HAFEEZ POSWAL**  
CHIEF FINANCIAL OFFICER

Lahore: September 25, 2020

**YEAR WISE STATISTICAL SUMMARY**

	2020	2019	2018	2017	2016	2015
	(Rupees in millions)					
<b>Investment Measures</b>						
Share Capital	100	100	100	100	100	100
Shareholders' Equity	230.12	222.32	203.76	195.47	185.66	178.46
Profit / (loss) before taxation	16.02	27.77	11.16	11.90	10.20	1.40
Profit after taxation	8.00	19.39	7.38	8.33	7.72	(3.70)
Dividend Per share	-	-	-	-	-	-
Earnings / (Loss) per share - Rs.	0.80	1.94	0.74	0.83	0.77	(0.37)
Break-up value per share - Rs.	23.01	22.20	20.38	19.55	18.57	17.85
<b>Measures of Financial Status</b>						
Current Ratio	1.44:1	1.36:1	1.65:1	1.74:1	1.55:1	1.37:1
No of days – Stock	203	143	199	195	232	179
No of days - Debtors	41.89	31.31	29.90	13.60	14.37	12.38
<b>Measures of Financial Performance</b>						
Return on Capital Employed	3.25%	8.25%	3.09%	3.58%	3.50%	-1.31%
Gross Profit Ratio	16.08%	14.99%	15.13%	12.55%	13.57%	13.78%
Profit before tax to sales	3.66%	4.83%	3.01%	3.24%	2.90%	0.35%
Profit after tax to sales	1.83%	3.38%	1.99%	2.27%	2.20%	-0.92%
Debt Equity Ratio	26.23%	38.91%	50.80%	27.76%	33.32%	43.34%



**PATTERN OF HOLDING OF THE SHARES HELD  
BY THE MEMBERS OF AL-KHAIR GADOON LIMITED  
AS AT JUNE 30, 2020**

Sr. No.	Number of Shareholders	HOLDING		Total Shares Held
		From	To	
1	30	1	100	495
2	183	101	500	90,755
3	56	501	1000	56,000
4	43	1001	5000	124,502
5	14	5001	10000	104,000
6	2	10001	15000	27,000
7	1	15001	20000	20,000
8	1	20001	25000	21,409
9	2	30001	35000	67,000
10	1	120001	125000	122,737
11	1	185001	190000	186,000
12	1	220001	225000	223,000
13	1	375001	380000	377,000
14	1	385001	390000	383,000
15	1	450001	455000	452,200
16	2	490001	495000	985,000
17	2	495001	500000	997,000
18	3	600001	605000	1,805,000
19	1	675000	680000	676,291
20	1	685001	690000	686,000
21	1	795001	800000	800,000
22	1	875001	880000	878,000
23	1	915001	920000	917,611
	<u>350</u>			<u>10,000,000</u>

Categories of Shareholders	No. of Shareholders	No. of Shares held	Percentage
Individuals	345	9,774,913	97.749%
Investment Companies	1	500	0.005%
Joint Stock Companies	4	224,587	2.246%
	<u>350</u>	<u>10,000,000</u>	<u>100.000%</u>

**PATTERN OF SHAREHOLDING**

		No. of Shares	Percentage
<b>1</b>	<b>SHARES HELD BY ICP</b>	<b>500</b>	<b>0.01%</b>
<b>2</b>	<b>DIRECTORS</b>		
	a) Mr. Mohammad Afzal Sheikh	Chairman/Director 676,291	6.76%
	b) Mr. Mohammad Saeed Sheikh	Chief Executive 603,000	6.03%
	c) Mr. Mohammad Amin Sheikh	Director 917,611	9.18%
	d) Mr. Sheikh Pervaiz Afzal	Director 878,000	8.78%
	e) Mrs. Parveen Afzal	Director 601,000	6.01%
	f) Mrs. Farnaz Saeed	Director 800,000	8.00%
	g) Mrs. Aleeza Zahid Tariq	Director 500	0.01%
	h) Mr. Kamal Subhani	Independent Director 500	0.01%
		<b>4,476,902</b>	<b>44.77%</b>
<b>3</b>	<b>SPOUSE AND CHILDREN</b>		
	a) Mrs. Nafisa Amin	686,000	6.86%
	b) Mr. Nadeem Afzal s/o M. Afzal Sheikh	601,000	6.01%
	c) Mr. Ali Afzal s/o M. Afzal Sheikh	452,200	4.52%
	d) Miss Huma Afzal d/o Sheikh Pervaiz Afzal	492,500	4.93%
	e) Mr. Muhammad Saad	499,000	4.99%
	f) Mr. Muhammad Ahmed	377,000	3.77%
		<b>3,107,700</b>	<b>31.08%</b>
<b>4</b>	<b>PUBLIC SECTOR COMPANIES</b>	<b>224,587</b>	<b>2.25%</b>
<b>5</b>	<b>GENERAL PUBLIC</b>	<b>2,190,311</b>	<b>21.90%</b>
		<b>10,000,000</b>	<b>100.00%</b>
<b>6</b>	<b>SHAREHOLDING 5% OR MORE</b>		
	Please refer to Serial No. 2 and 3 above.		-
<b>7</b>	There was no trading in the shares of the Company by Directors, CEO, CFO, Company Secretary, Executives and their Spouses and Minor Children.		



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**FORM OF PROXY**

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a member of Al-Khair Gadoon Limited and holder of \_\_\_\_\_ Ordinary Shares as  
per registered Folio No./CDC Participant's ID and Account No. \_\_\_\_\_ Sub-Account  
No. \_\_\_\_\_ hereby appoint \_\_\_\_\_ (Name)  
\_\_\_\_\_ of \_\_\_\_\_

or failing him/her \_\_\_\_\_  
(NAME) \_\_\_\_\_

of \_\_\_\_\_  
who is also a member of the Company vide registered Folio No./CDC Participant's ID and Account  
No. \_\_\_\_\_ as my / our proxy to vote for me / us and on my / our behalf at the 30<sup>th</sup>  
Annual General Meeting of the Company to be held at Registered Office at 92/3, Phase III, Industrial  
Estate, Gadoon Amazai, District Swabi, Khyber Pakhtunkhwa, on Friday October 26, 2020 at 09:00  
A.M. and at every adjournment thereof.

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_  
\_\_\_\_\_ 2020.  
signed by the said \_\_\_\_\_ in the presence  
of \_\_\_\_\_

Signature:

Signature Across Two Rupees  
Revenue Stamps

**Note:** Proxies, in order to be effective, must be received at the Corporate Office of the Company at Al-Khair House, 43 – T, Gulberg II, Lahore, not less than forty eight hours before the time for holding the meeting and must be stamped, signed and witnessed.



مختار نامہ (پراکسی فارم)

میں / ہم  
ساکن  
محشیت رکن (ممبر) الخیر گدون لمیٹڈ مقرر کرتا / کرتی / کرتے ہیں مسمیٰ / مسماۃ  
ساکن

جو خود بھی الخیر گدون لمیٹڈ کا رکن ہے کہ وہ بطور میرا / ہمارا مختار نامہ (پراکسی فارم) الخیر گدون لمیٹڈ کے 30 ویں سالانہ اجلاس عام میں جو بروز پیر 26 اکتوبر 2020 صبح 9:00 بجے کو کمپنی کے رجسٹرڈ آفس واقع 92/3 فیروز 1111، انڈسٹریل اسٹیٹ، گدون امازی ضلع صوابی خیبر پختونخواہ میں منعقد ہو رہا ہے یا اس کہ کسی ملتوی شدہ اجلاس میں شرکت کرے اور وہ میری / ہماری جگہ میری / ہماری طرف سے حق رائے دہی استعمال کرے۔  
2020 کو میرے / ہمارے دستخط سے جاری ہوا۔

رسیدی ٹکٹ پر دستخط	حصص کی تعداد	سی ڈی سی لکھانہ نمبر	فولیو نمبر

گواہ نمبر ۲	گواہ نمبر ۱
دستخط	دستخط
نام	نام
کمپیوٹرائزڈ شناختی کارڈ کا نمبر	کمپیوٹرائزڈ شناختی کارڈ کا نمبر
پتہ	پتہ

ہدایات

- مختار (پراکسی) کا کمپنی کارکن (ممبر) ہونا ضروری ہے۔
- رکن (ممبر) کے دستخط / اندراج شدہ دستخط سے مماثلت ہونا ضروری ہے۔
- سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مختار نامہ (پراکسی فارم) کے ہمراہ کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کرنا ضروری ہے۔ کارپوریٹ ادارے کے نمائندوں کو معمول کے مطابق دستاویزات لانا ضروری ہے۔
- مختار نامہ (پراکسی فارم) مکمل شدہ کمپنی کارپوریٹ آفس میں اجلاس کے مقررہ وقت سے کم از کم ۲۸ گھنٹے قبل جمع کرانا ضروری ہے۔

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**Al-Khair Gadoon Ltd.**

43-T, Gulberg II, Lahore.

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URL: [www.alkhairgroup.com](http://www.alkhairgroup.com)