



ANNUAL  
**REPORT**  
**2018**



Samin Textiles Limited



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# Corporate Information

## Board of Directors

### Non-Executive Directors

|                   |          |
|-------------------|----------|
| Mrs. Mehvash Amin | Chairman |
| Mr. Shehryar Amin |          |
| Mr. Tariq Jilani  |          |
| Mr. Jamil Masud   |          |

### Executive Directors

|                          |                 |
|--------------------------|-----------------|
| Mr. Jehanzeb Amin        | Chief Executive |
| Mr. Safder Hussain Tariq |                 |

### Independent Director

Mr. Qamber Hamid

### Audit Committee

|                  |          |
|------------------|----------|
| Mr. Qamber Hamid | Chairman |
| Mr. Jamil Masud  | Member   |
| Mr. Tariq Jilani | Member   |

### Human Resource & Remuneration Committee

|                   |          |
|-------------------|----------|
| Mr. Qamber Hamid  | Chairman |
| Mr. Tariq Jilani  | Member   |
| Mr. Shehryar Amin | Member   |

### Chief Financial Officer

Mr. Safder Hussain Tariq

### Company Secretary

Mr. Muhammad Tayyab

### Chief Internal Auditor

Ms. Nayab Ayaz

### Auditors

Grant Thornton Anjum Rahman  
Chartered Accountants

### Legal Advisor

Imtiaz Saddiqui & Associates

## Leading Banks

National Bank of Pakistan  
Askari Bank Limited  
Bank Alfalah Limited  
Summit bank Limited  
NIB Bank Limited  
Allied Bank Limited  
Pak Libya Holding Company (Private) Limited  
Pak Oman Investment Company Limited  
Soneri Bank Limited

## Shares Registrar

Corplink (Pvt) Limited  
Wings Arcade,  
1-K, Commercial Model Town,  
Lahore, Pakistan.  
Tel: 92 - 42 -35839182  
Fax: 92 - 42 - 35869037

## Registered/Head Office

50-C, Main Gulberg,  
Lahore, Pakistan.  
Tel: 92 - 42 - 35753761  
Fax: 92 - 42 - 35753688

## Mills

8<sup>th</sup> Kilometer,  
Manga - Raiwaind Road,  
District Kasur, Pakistan.

# Vision & Mission Statement

## Vision Statement

To develop into an institution delivering extra value through superior product quality and professionally principal management.

To stay abreast of technological advancements and human resource development to meet the changing and challenging requirements of our customers.

## Mission Statement

To provide an uninterrupted supply of quality products through a continuous process of sourcing, developing, implementing and improving the best leading-edge technology, work of force and innovative ideas.

To create and sustain a workplace where employer and employees are committed to promote change towards patterns of economic development that are environmentally sustainable and socially equitable.

# Chairman's Review Report

The year under review was the most difficult one in the history of the Company. The production activity was down to its lowest level as compared to previous years. Consequently the fixed cost increased to a level where the project became unviable.

The Board members put their sincere efforts to turn around the Company but due to high cost of doing business and adverse business environment for textile sector all their efforts remained invain. To get out of present situation of continuous losses, the board has prepared and approved an alternate business plan and sale of fixed assets of the Company.

The board is optimist about the alternate business plan. Regulatory requirements for its implantations are in progress.

The board's overall performance has been assessed as satisfactory. However, improvement is an ongoing phenomenon. Performance evaluation of HR Committee and Audit Committee is based on their competence, task efficiency, effectiveness, facilitation & support to the Board.

Hope that their performance during coming years will improve further.

Lahore: October 31, 2018



**Mrs. Mehvish Amin**  
Chairperson

## چیرمین کی جائزہ رپورٹ

زیر، جائزہ سال کمپنی کی تاریخ میں ایک بہت ہی دشوار سال تھا۔ پیداواری سرگرمی گزشتہ سالوں کے مقابلے اس کی سب سے نچلی سطح پر تھی۔ اس کے نتیجے میں فکسڈ اخراجات اس سطح تک بڑھ گئے جہاں منصوبہ ناقابل عمل بن گیا۔

بورڈ کے ارکان نے کمپنی کو چلانے کے لئے اپنی بھرپور مخلصانہ کوششیں کی ہیں لیکن کاروبار کرنے کے اعلیٰ اخراجات اور ٹیکسٹائل سیکٹر کے لئے خراب کاروباری ماحول کے باعث ان کی تمام تر کوششیں بے سود رہی ہیں۔ مسلسل نقصانات کی موجودہ صورت حال سے نکلنے کے لئے، بورڈ نے ایک متبادل کاروبار کرنے اور کمپنی کے فکسڈ اثاثوں کو فروخت کرنے کا منصوبہ تیار اور منظور کیا ہے۔

بورڈ متبادل کاروباری منصوبہ کے بارے پر اُمید ہے۔ اس کے اطلاق کے لئے ریگولیشنری ضروریات پوری کی جا رہی ہیں۔

بورڈ کی مجموعی کارکردگی تسلی بخش قرار دی گئی ہے۔ تاہم، بہتری کا رجحان جاری ہے۔ ایچ آر کمیٹی اور آڈٹ کمیٹی کی کارکردگی کا اندازہ ان کی صلاحیت، کام کی کارکردگی، موثرگی، بورڈ کو سہولت پہنچانے اور مدد فراہم کرنے پر مبنی ہے۔

اُمید ہے کہ آئندہ سالوں کے دوران ان کی کارکردگی مزید بہتر ہو جائے گی۔



محترمہ مہوش امین

چیرمین

لاہور: 31 اکتوبر 2018ء

# Directors' Report

On behalf of the Board of Directors the undersigned takes pleasure to present before you the 29th (twenty ninth) Annual Report for the financial year ended June 30, 2018 along with Auditors' Report there on.

## Operating Financial Results

During the financial year under review, Company's sales stood at Rs. 395.67 million as compared to Rs. 973.65 million of the corresponding last year.

The company has posted net loss from operations of Rs. 898.12 million as compared to net loss after tax of Rs. 283.10 million of the corresponding last year.

## The composition of net (loss)/profit is as under:-

|                                                           | Rs. in million   |           |
|-----------------------------------------------------------|------------------|-----------|
|                                                           | 2018             | 2017      |
| (Loss)/Profit from operations before tax and Capital Gain | <b>(891.193)</b> | (273.078) |
| (Loss)/Profit after Tax                                   | <b>(898.118)</b> | (283.105) |
| Total comprehensive (loss) for the year                   | <b>(657.318)</b> | (283.105) |

## The reasons for the losses and non-performance are being discussed hereunder:-

- Sluggish textile demand in the international market continued during the year under review as well. Consequently, the selling price remained under and couldn't generate gross margins.
- The existing plant & machinery has become too old, obsolete and inefficient to compete with the latest machinery which is highly cost efficient and more productive.
- The uncertain political and investment climate in the country refrained the Sponsors to invest in company's proposed BMR & E plans. Had these plans been implemented the complexion of the financial statements would have been totally different.
- Due to non-availability of the viable orders the plant capacity of the project couldn't be achieved to its optimum level. As such the heavy fixed cost was not absorbed in the depressed selling/ conversion prices.

## Charts of Significant Ratios and comparison with previous years

|                           |        | 2018              | 2017     | 2016     | 2015     | 2014     |
|---------------------------|--------|-------------------|----------|----------|----------|----------|
| Sales                     | Rs.(m) | <b>395.67</b>     | 973.65   | 1,272.23 | 1,642.57 | 2,537.08 |
| (Loss)/Porift after tax   | Rs.(m) | <b>(898.12)</b>   | (283.10) | (95.51)  | 518.51   | (147.74) |
| Reserves                  | Rs.(m) | <b>(1,099.37)</b> | (215.74) | 51.26    | 137.30   | 701.45   |
| Gross Profit/(Loss) Ratio | %      | <b>(91.68%)</b>   | (13.38%) | 4.66%    | (10.21%) | 1.22%    |
| Net (Loss)/Profit Ratio   | %      | <b>(226.99%)</b>  | (29.08%) | (7.51%)  | 31.57%   | (5.82%)  |
| Break-up Value/Share      | Rs.    | <b>(6.75)</b>     | 16.18    | 25.23    | 25.00    | 46.45    |
| Current Ratio             | Times  | <b>0.20</b>       | 0.59     | 0.89     | 0.94     | 1.00     |
| Debt/Equity Ratio         | Ratio  | <b>(29:100)</b>   | 10:90    | 30:70    | 25:75    | 0.56     |
| Dividend pay Out%         | %      | <b>Nil</b>        | Nil      | Nil      | Nil      | Nil      |
| Earning/(Loss) per Share  | Rs.    | <b>(33.60)</b>    | (10.59)  | (3.57)   | 19.40    | (5.53)   |
| Fixed Assets              | Rs.(m) | <b>5.620</b>      | 882.07   | 948.92   | 881.13   | 903.52   |
| Long Term Liabilities     | Rs.(m) | <b>54.071</b>     | 120.99   | 203.19   | 133.91   | 126.18   |
| Short Term Liabilities    | Rs.(m) | <b>1,040.699</b>  | 576.97   | 532.85   | 853.24   | 1,006.48 |

## Future outlook / Strategy

The shareholders are aware that Board of Directors in their meeting has decided to dispose of the assets of the Company and approved an alternate business plan for trading, import & export of textile products like cotton, polyester, viscose, yarn, fabric, garments, etc, etc. The Board has further decided the proceeds from the disposal of Assets will be utilized to redeem the bank borrowings in full and partially settle the other liabilities of the Company and the remaining proceeds will be applied towards alternate business plan. The Board also recommended amendment the Memorandum and Articles of Association to include therein the business of trading as the principal.

Subsequently, the shareholders in the Extraordinary general meeting held on 26 October, 2018 approved the disposal of assets of the Company, utilization of the proceeds for settlement of bank borrowings in full and partial settlement of other liabilities and remaining proceeds be applied for the alternate business plan which was also approve by the shareholders, unanimously. The shareholders also approved amendments in the Memorandum of Association to include the trading as the principal line of business.

The company has also issued tender for in the newspapers for sale of assets of the Company. After the disposal of assets, the proceeds will be utilized as approved by the shareholders and the alternate business will be commenced as soon as practical after the disposal of the assets and settlement of the liabilities.

We hope that the new alternate Business Plan will bring fruitful results for the Company.

## CORPORATE GOVERNANCE

The Board of Directors of Samin Textiles and its management are fully conversant with its responsibilities as formulated in Code of Corporate Governance as incorporated in the listing regulations of stock exchanges issued by the SECP. The prescribed practices are effectively under implementation in the company and there has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.

The statements as required by the Code of Corporate Governance are given below:

### 1. Presentation of Financial Statement

The financial statements, prepared by the management of the company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity.

### 2. Books of Account

The company has maintained proper books of Account.

### 3. Accounting Policies

The Companies Act, 2017 has introduced changes to the accounting and reporting standards, which have been applied for the first time in these financial statements. The changes in the accounting and reporting standards have impacted the Company's accounting policy relating to the revaluation surplus on property, plant and equipment.

### 4. International Financial Reporting Standards (IFRS)

International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

### 5. Accounting Year

The accounting year of the company is from July 01 to June 30.

### 6. Audit Committee

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

|                   |          |
|-------------------|----------|
| Mr. Qamber Hamid  | Chairman |
| Mr. Tariq Jillani | Member   |
| Mr. Jamil Masud   | Member   |

### 7. Safety and Environment

The company strictly complies with the standards of the safety rules and regulations. It also follows environmental friendly policies.

## 8. Going Concern

As regard to going concern, please see the detail mentioned in note 1.2 of the financial statements.

## 9. Internal Control System

The system of internal control is sound in design and has been effectively implemented and monitored. The review will continue in future for the improvement in controls.

## 10. Trading Company's Shares

Board of Directors, CEO, CFO, Company Secretary, Executives and their spouse and minor children have made no transaction of company's shares during the year except that mentioned in "Pattern of shareholding".

## 11. Outstanding Statutory Dues

There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on 30 June 2018 except for those disclosed in the financial statements.

## 12. Contingencies and Commitments

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Directors' Report.

## 13. Dividend

Due to the circumstances already discussed the Board of Directors does not recommend any dividend for the year ended 30 June 2018.

## 14. Quality Control

To ensure implementation of the Management System, Internal Quality Audits, Surveillance Audits and Management Review Meetings are conducted regularly.

## 15. Communication

Communication with the shareholders is given high priority. Annual, Half Yearly and Quarterly Accounts are distributed to them within the time specified in the Companies Ordinance, 1984. Every opportunity is given to the individual shareholders to attend and freely ask questions about the company operations at the Annual General Meeting.

## 16. Board Meeting

During the year under review, four meeting of Board of Directors were held and the attendance of Directors was as under:-

|                             |         |
|-----------------------------|---------|
| 1. Mrs. Mehvash Amin        | 04 Nos  |
| 2. Mr. Jehanzeb Amin        | 04 Nos  |
| 3. Mr. Shehryar Amin        | 04 Nos  |
| 4. Mr. Jamil Masud          | 04 Nos. |
| 5. Mr. Safder Hussain Tariq | 04 Nos. |
| 6. Mr. Tariq Jillani        | 04 Nos. |
| 7. Mr. Qamber Hamid         | 04 Nos  |

## 17. Audit Committee Meetings

Four meeting of audit committee were held during the year. Attendance by each member was as follows:-

|                   |         |
|-------------------|---------|
| Mr. Jamil Masud   | 04 Nos. |
| Mr. Tariq Jillani | 04 Nos. |
| Mr. Qamber Hamid  | 04 Nos. |
| Ms. Nayab Ayaz    | 04 Nos. |

**18. HR Committee Meetings**

Four (4) meetings of HR & Remuneration Committee were held during the year. Attendance by each member was as follows:-

|                   |         |
|-------------------|---------|
| Mr. Qamber Hamid  | 04 Nos. |
| Mr. Tariq Jilani  | 04 Nos. |
| Mr. Shehryar Amin | 04 Nos. |

**19. Auditors**

On the suggestion of Audit Committee, the Board of Directors of the Company has recommended the re-appointment of M/s Grant Thornton Anjum Rahman, Chartered Accountants, as the auditors of the Company for the year ending June 30, 2019.

**20. Staff Retirement Benefits**

The Company is operating a provident fund scheme for its employees, for which a separate trust is created. The fair value of investment made by the trust in different investment institutions is given below:

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

| Rs. in Million                        | 2018         | --- % ---   | 2017  | --- % --- |
|---------------------------------------|--------------|-------------|-------|-----------|
| <b>Mutual funds</b>                   |              |             |       |           |
| Arif Habib Investment Limited         | -            | 0%          | -     | 0%        |
| MCB-Asset Management Company Limited  | 0.192        | 83%         | 0.184 | 05%       |
| NBP Fullerton Asset Management (NAFA) | 0.004        | 02%         | 3.404 | 94%       |
| <b>Balance with brokerage house:</b>  |              |             |       |           |
| Money Line Securities (Pvt.) Ltd.     | 0.034        | 15%         | 0.034 | 1%        |
|                                       | <b>0.230</b> | <b>100%</b> | 3.622 | 100%      |

**21. Pattern Of Shareholding And Information Under Clause XVI (J) Of The Code Of Corporate Governance**

The information under this head as on June 30, 2018 is annexed.

**22. Director Training Program**

In accordance with the criteria specified in clause (xi) of CCG, three Directors have completed the Directors' Training Program (DTP). One Director of the company is exempt due to 14 years of education and 15 years of experience on the Board of listed company (ies), and rest of the directors to be trained within specified time.

**23. Corporate Social Responsibility**

The company is fully aware of corporate social responsibilities and is supporting social sector organizations in the fields of educations, health and environment. The company gives donations as a financial assistance to charitable organizations as well as also offers internships all around the year to student form colleges and universities.

**Acknowledgement**

The Board is pleased and appreciates continued support of its bankers, dedication and hard work of all the employees of the company.

On behalf of the Board of Director



**Jehanzeb Amin**

Chief Executive Officer

Lahore: November 06, 2018

## ممبران کے لئے مجلسِ نظاماء کی رپورٹ

مجلسِ نظاماء کی جانب سے زیرِ دستخطی 30 جون 2018ء کو ختم ہونے والے مالی سال کی 29 ویں سالانہ رپورٹ مع اس پر محاسب کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

### آپریٹنگ مالیاتی نتائج

زیرِ جائزہ مالی سال کے دوران کمپنی کی فروخت گزشتہ سال کی اسی مدت کی 973.65 ملین روپے کے مقابلے 395.67 ملین روپے رہی۔

کمپنی نے گزشتہ سال کی اسی مدت کے 283.105 ملین روپے بعد از ٹیکس نقصان کے مقابلے رواں سال کا رو بار سے 898.12 ملین روپے کا خالص نقصان درج کیا ہے۔

خالص (نقصان) / منافع کا خلاصہ حسبِ ذیل ہے:-

### روپے ملین میں

| 2017      | 2018             |                                                        |
|-----------|------------------|--------------------------------------------------------|
| (273.078) | <b>(891.193)</b> | قبل از ٹیکس آپریٹنگ سے (نقصان) / منافع اور حاصل سرمایہ |
| (283.105) | <b>(898.118)</b> | قبل از ٹیکس (نقصان) / منافع                            |
| (283.105) | <b>(657.318)</b> | سال کا کل مجموعی (نقصان)                               |

حسبِ ذیل میں نقصانات اور غیر کارکردگی کی وجوہات پر غور کیا جا رہا ہے:

زیرِ جائزہ سال کے دوران بھی بین الاقوامی مارکیٹ میں ٹیکسٹائل کی طلب سست روی کا شکار رہی۔ جس کے نتیجے میں قیمت فروخت کم رہی اور مجموعی منافع پیدا نہیں کر سکی۔

موجودہ پلانٹ اور مشینری بہت پرانی، فرسودہ اور جدید مشینری جو اخراجات کی بچت اور زیادہ پیداوار دیتی ہے کے ساتھ مقابلہ کرنے میں غیر موثر ہو چکی ہے۔

ملک میں غیر یقینی سیاسی اور سرمایہ کاری کے ماحول نے اسپانسرز کو ملک کی مجوزہ بی ایم آر اور ایمنسویوں میں سرمایہ کاری سے باز رکھا۔ اگر ان منصوبوں کو مکمل طور پر لاگو کیا جاتا تو مالیاتی حسابات بالکل مختلف ہوتے۔

قابل اطمینان آرڈر کی عدم دستیابی کی وجہ سے پروجیکٹ کے لئے پلانٹ کی صلاحیت اپنی زیادہ سے زیادہ سطح حاصل نہیں کر سکی تھی۔ ایسے بھاری فکسڈ اخراجات زیرِ دباؤ فروخت / تبادلہ قیمتوں میں جذب نہیں ہو سکتے

تھے۔

اہم تناسب اور گزشتہ سالوں سے موازنہ کا جدول:

| 2014     | 2015     | 2016     | 2017     | 2018              |                                    |
|----------|----------|----------|----------|-------------------|------------------------------------|
| 2,537.08 | 1,642.57 | 1,272.23 | 973.65   | <b>395.67</b>     | Rs.(m) فروخت                       |
| (147.74) | 518.51   | (95.51)  | (283.10) | <b>(898.12)</b>   | Rs.(m) بعد از ٹیکس (نقصان) / منافع |
| 701.45   | 137.30   | 51.26    | (215.74) | <b>(1,099.37)</b> | Rs.(m) ریزرو                       |
| 1.22%    | (10.21%) | 4.66%    | (13.38%) | <b>(91.68%)</b>   | % مجموعی منافع / (نقصان) تناسب     |
| (5.82%)  | 31.57%   | (7.51%)  | (29.08%) | <b>(226.99%)</b>  | % خالص منافع / (نقصان) تناسب       |
| 46.45    | 25.00    | 25.23    | 16.18    | <b>(6.75)</b>     | Rs.(m) بریک اپ ویلیو / شیئر        |
| 1.00     | 0.94     | 0.89     | 0.59     | <b>0.20</b>       | Times موجودہ تناسب                 |
| 0.56     | 25:75    | 30:70    | 10:90    | <b>(29:100)</b>   | Ratio قرضہ / ایکویٹی تناسب         |
| Nil      | Nil      | Nil      | Nil      | <b>Nil</b>        | % ڈیویڈنڈ کی ادائیگی               |
| (5.53)   | 19.40    | (3.57)   | (10.59)  | <b>(33.60)</b>    | Rs.(m) آمدن / (نقصان) فی شیئر      |
| 903.52   | 881.13   | 948.92   | 882.07   | <b>5.620</b>      | Rs.(m) فکسڈ اثاثے                  |
| 126.18   | 133.91   | 203.19   | 120.99   | <b>54.071</b>     | Rs.(m) طویل مدتی واجب ادائیگیاں    |
| 1,006.48 | 853.24   | 532.85   | 576.97   | <b>1,040.699</b>  | Rs.(m) مختصر مدتی واجب ادائیگیاں   |

### مستقبل کا نقطہ نظر / حکمت عملی

حصص داران کو مطلع کیا جاتا ہے کہ بورڈ آف ڈائریکٹرز نے اپنے اجلاس میں کمپنی کے اثاثوں کو فروخت کرنے اور کپاس، پولیسٹر، ولسکوس، یارن، فیبرک، گارمنٹس، وغیرہ کی طرح کی ٹیکسٹائل مصنوعات

کی تجارت، درآمد و برآمد کے لئے متبادل کاروباری منصوبہ کو منظور کرنے کا فیصلہ کیا ہے۔ بورڈ نے مزید فیصلہ کیا کہ اثاثوں کی فروخت سے حاصل ہونے والی آمدنی بینک قرضوں کی مکمل واپسی اور کمپنی کی دیگر

واجب ادائیگیوں کی جزوی ادائیگی کے لئے استعمال کی جائے گی اور باقی آمدنی متبادل کاروباری منصوبہ پر خرچ کی جائے گی۔ بورڈ نے میمورنڈم اینڈ آرٹیکلز آف ایسوسی ایشن میں تجارتی کاروبار کو بنیادی کاروبار

کے طور پر شامل کرنے کے لئے اصطلاحات کرنے کی بھی سفارش کی ہے۔

اس کے بعد، 26 اکتوبر 2018 کو منعقدہ غیر معمولی اجلاس عام میں حصص داران نے کمپنی کے اثاثوں کو فروخت، حاصل ہونے والی آمدنی کو بینک کے کئی قرضوں کی ادائیگی اور دیگر واجب ادائیگیوں کی جزوی ادائیگی اور باقی آمدنی تبادل کاروباری منصوبہ جس کی حصص داران کی طرف سے متفقہ طور پر منظوری دی گئی پر خرچ کرنے کے لئے استعمال کرنے کی منظوری دی ہے۔ حصص داران نے مہورنڈم آف ایسوسی ایشن میں تجارت کو کاروبار کی بنیادی لائن کے طور پر شامل کرنے کے لئے اصطلاحات کی بھی منظوری دی ہے۔

کمپنی نے کمپنی کے اثاثوں کی فروخت کے لئے اخبارات میں ٹینڈر بھی شائع کروایا ہے۔ اثاثوں کی فروخت کے بعد، حاصل ہونے والی آمدنی حصص داران کی منظوری کے مطابق استعمال کی جائے گی اور تبادل کاروبار اثاثوں کی فروخت اور واجب ادائیگیوں کی ادائیگی کے بعد عملی طور پر جلد از جلد شروع کر دیا جائے گا۔ ہم امید کرتے ہیں کہ نیا تبادل کاروباری منصوبہ کمپنی کے لئے منافع بخش نتائج سے بھرپور ہوگا۔

#### کارپوریٹ گورننس

مبین ٹیکسٹائل کی مجلسِ نظاماء اور اس کی انتظامیہ SECP سے جاری شدہ اسٹاک ایکسچینج کے فہرستی قواعد و ضوابط میں شامل کارپوریٹ گورننس کے ضابطہء اخلاق میں تشکیل کردہ اپنی ذمہ داریوں سے مکمل طور پر آگاہ ہے۔ مقرر کردہ طریقوں کو موثر انداز سے کمپنی میں نافذ کیا گیا ہے اور فہرستی قواعد میں تفصیلی کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی انحراف نہیں کیا گیا ہے۔ کارپوریٹ گورننس کے ضابطہء اخلاق کے تحت درکار بیانات مندرجہ ذیل ہیں:

#### مالی حسابات کی پریزنٹیشن

کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کیا گیا ہے۔

#### کھاتہ جات

کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔

#### اکاؤنٹنگ پالیسی

کمپنی نے 2017 ایکاؤنٹنگ اور رپورٹنگ معیارات میں تبدیلیاں متعارف کرائی ہیں، جو ان مالی گوشواروں میں پہلی بار لاگو کی گئی ہیں۔ ایکاؤنٹنگ اور رپورٹنگ معیارات میں تبدیلیوں نے جائیداد، پلانٹ اور سامان پر سرپلس کی دوبارہ قدر کے انداز سے متعلقہ کمپنی کی ایکاؤنٹنگ پالیسی کو متاثر کیا ہے۔

#### بین الاقوامی مالی رپورٹنگ معیارات (IFRS)

مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے۔

#### اکاؤنٹنگ سال

کمپنی کا ایکاؤنٹنگ سال یکم جولائی تا 30 جون ہے۔

#### آڈٹ کمیٹی

مجلسِ نظاماء نے کارپوریٹ گورننس کے ضابطہء اخلاق کی تعمیل میں ایک آڈٹ کمیٹی تشکیل دی ہے اور اس کے ارکان درج ذیل ہیں:

قمر حمید

طارق جیلانی

جمیل مسعود

چیمبر مین

رکن

رکن

#### حفاظت اور ماحول

کمپنی حفاظتی قوانین اور قواعد و ضوابط کے معیارات پر سختی سے عمل کرتی ہے۔ یہ ماحول دوستانہ پالیسیوں کی بھی پیروی کرتی ہے۔

#### گورننگ کنسرن

گورننگ کنسرن کے سلسلے میں، برائے مہربانی مالی حسابات کے نوٹ 1.2 میں بیان کردہ تفصیل ملاحظہ کریں۔

#### داخلی کنٹرول کا نظام

داخلی کنٹرول کا نظام ڈیزائن میں مستحکم ہے اور اسے مؤثر طریقے سے لاگو کیا جاتا ہے۔ کنٹرول میں بہتری کے لئے مستقبل میں مسلسل جائزہ لیا جائے گا۔

## کمپنی کے حصص میں تجارت

بورڈ آف ڈائریکٹرز، سی ای او، ایف او، کمپنی سیکریٹری، ایگزیکٹوز اور ان کے زوج اور نابالغ بچوں نے سال کے دوران کمپنی کے حصص میں کوئی تجارت نہیں کی سوائے جن کا ذکر "نمونہ حصص داری" میں کیا گیا ہے۔

## بقایا قانونی واجبات

ٹیکسز، ڈیویڈنڈ، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگیاں نہیں ہیں جو 30 جون 2018 کو بقایا ہوں سوائے جن کا انکشاف مالی حسابات میں کیا گیا ہے۔

## امکانات اور وعدے

مالی سال کے اختتام اور ڈائریکٹرز رپورٹ کی تاریخ کے درمیان کمپنی کے مالی حالت پر اثر انداز ہونے والی کوئی مادی تبدیلیاں اور وعدے وقوع پذیر نہیں ہوئے جو اس بیلنس شیٹ سے متعلق ہوں۔

## ڈیویڈنڈ

متذکرہ بالا حالات کے باعث بورڈ آف ڈائریکٹرز نے 30 جون 2018 کو ختم ہونے والے سال کے لئے کسی ڈیویڈنڈ کی رائے پیش نہیں کی ہے۔

## کوالٹی کنٹرول

انتظامی نظام کے نفاذ کو یقینی بنانے کے لئے، اندرونی کوالٹی آڈٹ، سرورٹینس آڈٹ اور انتظامی جائزہ کے اجلاس باقاعدگی سے منعقد کیے جاتے ہیں۔

## مواصلات

حصص داران کے ساتھ مواصلات کو بہت زیادہ ترجیح دی جاتی ہے کیونکہ آڈٹینس، 1984 میں مجوزہ مدت کے اندر سالانہ، ششماہی اور سہ ماہی حسابات ترسیل کیے جاتے ہیں۔ انفرادی حصص داروں کو سالانہ اجلاس عام میں شرکت اور کمپنی کے آپریشنز کے بارے میں بلا جھجک سوالات پوچھنے کا ہر موقع دیا جاتا ہے۔

## بورڈ کے اجلاس

زیر جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے اور ڈائریکٹرز کی حاضری حسب ذیل تھی:

|                 |        |
|-----------------|--------|
| مخترمہ ہوش امین | 04 عدد |
| جہانزیب امین    | 04 عدد |
| شہریار امین     | 04 عدد |
| جمیل مسعود      | 04 عدد |
| صفدر حسین طارق  | 04 عدد |
| طارق جیلانی     | 04 عدد |
| قمر حمید        | 04 عدد |

## آڈٹ کمیٹی کے اجلاس

سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے۔ ہر رکن کی حاضری مندرجہ ذیل تھی:-

|                   |        |
|-------------------|--------|
| جمیل مسعود        | 04 عدد |
| طارق جیلانی       | 04 عدد |
| قمر حمید          | 04 عدد |
| مخترمہ نایاب ایاز | 04 عدد |

## ایچ آر کمیٹی کے اجلاس

سال کے دوران ایچ آر اینڈ ریسرچ کمیٹی کے چار اجلاس منعقد ہوئے۔ ہر رکن کی حاضری مندرجہ ذیل تھی:-

|          |        |
|----------|--------|
| قمر حمید | 04 عدد |
|----------|--------|



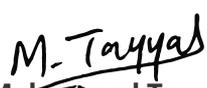
# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 29<sup>th</sup> Annual General Meeting of the shareholders of Samin Textiles Limited (the "Company") will be held on Tuesday, November 27, 2018 at 11:30 a.m. at the registered office of the Company, 50-C Main Gulberg, Lahore, to transact the following business:

## **ORDINARY BUSINESS:**

- i) To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2018 together with the Directors' and Auditors' Reports there on and Chairman's report.
- ii) To appoint auditors of the Company for the year ending June 30, 2019 and fix their remuneration. The Board and Audit Committee have recommended the name of retiring auditors M/S Grant Thornton Anjum Rahman, Chartered Accountant for re-appointment as auditors of the Company.

By the order of the Board

  
**Muhammad Tayyab**  
Company Secretary

**Lahore:**  
**November 06, 2018**

## **Notes:**

- i). The share transfer books of the Company will remain closed from November 20<sup>th</sup>, 2018 to November 27<sup>th</sup>, 2018 (both days inclusive). Physical transfers / CDS Transaction IDs received at the Company's Share Registrar, M/s. Corplink (Pvt) Limited, Wing Arcad 1-K Commercial Model Town, Lahore, at the close of business on November 19<sup>th</sup>, 2018 will be considered in time to determine voting rights of the shareholders for attending the meeting.
- ii). A member of the Company, entitled to attend, speak and vote at the Meeting is entitled to appoint another person as his / her proxy to attend, speak and vote instead of him / her and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the Meeting as are available to the Member. Proxy form, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the Meeting. The proxy must be a Member of the Company. The proxy shall produce his/her original Computerized National Identity Card (CNIC) or passport to prove his identity. Form of proxy English and Urdu languages is attached to the Notice dispatched to the members.
- iii). Members are requested to send copies of their CNIC's to the Company's Share Registrar to enable the Company to comply with the direction of the Securities and Exchange Commission of Pakistan (SECP) contained in SRO 831(1)/2012.
- iv). Shareholders are requested to notify change in their addresses, in case of book entry securities in CDS to their respective CDS participants and in case of physical shares to the Share Registrar, if not earlier notified.
- v). As per provisions of Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company which remained unclaimed/unpaid for a period of three years from the date these become due are required to be deposited with Federal Government under the instructions of SECP. In this respect detail of unclaimed dividend is available at website of the Company. In case, no claim is received, the unclaimed dividend shall be deposited with Federal Government as required under Law.
- vi). If the Company receives consent from members holding aggregate 10% or more shareholding, residing in geographical location to participate in the meeting through video conference at least ten (10) days prior to the date of meeting, the Company will arrange video conference facility.

In this regard, please fill the following and submit at Registered Office of the Company, 50-C Main Gulberg, Lahore, at least ten days prior to the date of Annual General Meeting.

"I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of Samin Textiles Limited, holder of \_\_\_\_\_ Ordinary Share(s) as per Registered Folio / CDC A/c # \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

\_\_\_\_\_  
Signature of Member / Attorney"

- vii). The audited financial statements of the company for the year ended June 30, 2018 are available on the Company's website ([www.samintextile.com](http://www.samintextile.com)). The Members can also opt to obtain the Annual Audited Financial Statements and Notice of AGM through e-mail. In this regard, shareholders are requested to send a written consent by post/ courier on a standard request form available on the website of the Company or by sending a scanned copy of duly filled and signed form by email to Company Secretary at [tayyab@samintextile.com](mailto:tayyab@samintextile.com).

## اطلاع سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ ٹین ٹیکسٹائلز لمیٹڈ (دی "کمپنی") کے حصص داران کا 29 واں سالانہ اجلاس عام، کمپنی کے رجسٹرڈ دفتر C-50 مین گلبرگ، لاہور پر منگل 27 نومبر 2018ء کو صبح 11:30 بجے درج ذیل اُمور کی انجام دہی کیلئے منعقد ہوگا۔

عام اُمور:

- 30 جون 2018ء مختتمہ سال کیلئے کمپنی کے نظر ثانی شدہ مالی حسابات معہ ڈائریکٹران اور آڈیٹران کی رپورٹس اور چیئرمین کی رپورٹ کی وصولی، غور و خوض اور منظوری دینا۔
- 30 جون 2019ء مختتمہ سال کیلئے کمپنی کے آڈیٹران کا تقرر اور ان کے صلہ خدمت کا تعین۔ بورڈ اور آڈٹ کمیٹی نے ریٹائر ہونے والے آڈیٹرز میسرز گریٹ ریٹ رحمان چارٹرڈ اکاؤنٹنٹس کو کمپنی کے آڈیٹرز کی حیثیت سے دوبارہ مقرر کرنے کی سفارش کی ہے۔

لاہور

06 نومبر 2018ء

**M. Tayyab**  
بحکم بورڈ

محمد طیب

کمپنی سیکرٹری

### نوٹ:

i۔ کمپنی کی حصص منتقلی کتاب میں 20 نومبر 2018ء تا 27 نومبر 2018ء (بشمول ہر دو ایام) بند رہیں گی۔ مادی منتقلیاں/سی ڈی ایس ٹرانزیکشنز آئی ڈیز کمپنی کے شیئرز رجسٹر، میسرز کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آر کیڈ، 1-K کمرشل، ماڈل ٹاؤن لاہور کو 19 نومبر 2018ء کو دوبارہ کے اختتام تک موصول ہونیوالی اجلاس میں شرکت اور حصص داران کے حق رائے دہی کے تعین کے لئے بروقت تصور ہوں گی۔

ii۔ اجلاس ہذا میں شرکت، تقرر اور ووٹ دینے کا مستحق ممبر اپنے بجائے شرکت، تقرر اور ووٹ دینے کیلئے کسی دیگر ممبر کو بطور پراکسی مقرر کر سکتا/سکتی ہے اور اس طرح کے مقرر پراکسی کو اجلاس میں شرکت، تقرر اور ووٹ دینے کے ایسے حقوق حاصل ہوں گے جیسے کہ ایک رکن کو دستیاب ہیں۔ پراکسی فارم، تا نکلہ موثر ہو سکیں، کمپنی کے رجسٹرڈ دفتر پر اجلاس کے وقت سے کم از کم 48 گھنٹے قبل لازماً وصول ہو جانا چاہئے۔ پراکسی لازماً کمپنی کا رکن ہونا چاہئے۔ پراکسی کو اپنی شناخت ثابت کرنے کے لئے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا پاسپورٹ مہیا کرنا ہوگا۔ اردو اور انگریزی زبان میں پراکسی فارم نوٹس ہذا کے ہمراہ منسلک ارکان کو ارسال کیا گیا ہے۔

iii۔ ارکان سے التماس ہے کہ کمپنی کو SRO 831(1)/2012 میں شامل سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی تعمیل کے اہل بنانے کے لئے کمپنی کے شیئرز رجسٹر کو اپنے CNIC کی کاپیاں ارسال کریں۔

iv۔ شیئرز ہولڈر سے التماس ہے کہ اپنے پتوں میں تبدیلی بارے اطلاع، سی ڈی ایس میں بک انٹری سکیورٹیز کی صورت میں اپنے متعلقہ سی ڈی ایس پارٹنیشنس کو اور مادی حصص کی صورت میں شیئرز رجسٹر اراکو پہنچائیں (اگر پہلے مطلع نہیں کیا گیا)۔

v۔ کمپنی ایکٹ 2017 کی دفعہ 244 کی پروویژن کے مطابق، کمپنی کی طرف سے کوئی جاری شدہ حصص یا اعلان کردہ ڈیویڈنڈ جو تاریخ سے تین سالوں کی مدت کے لئے غیر دعویٰ وغیر ادا شدہ رہے یہ SECP کی ہدایات کے تحت وفاقی حکومت کے ہاں جمع کرانے ضروری ہیں۔ اس سلسلہ میں غیر دعویٰ شدہ ڈیویڈنڈ کی تفصیل کمپنی کی ویب سائٹ پر دستیاب ہے۔ کوئی دعویٰ وصول نہ ہونے کی صورت میں، غیر دعویٰ شدہ ڈیویڈنڈ قانون کے تحت تقاضہ کے مطابق وفاقی حکومت کے ہاں جمع کرا دیئے جائیں گے۔

vi۔ اگر کمپنی کو مجموعی 10% یا زیادہ شیئرز ہولڈنگ کے مالک جغرافیائی محل وقوع میں سکونت دارکان سے اجلاس میں ووٹوں کا نفرنس کے ذریعے شرکت کیلئے رضامندی اجلاس کی تاریخ سے کم از کم (10) یوم قبل وصول ہوتی ہے تو کمپنی ووٹوں کا نفرنس سہولت کا انتظام کرے گی۔

اس سلسلہ میں، براہ مہربانی درج ذیل فارم پر کر کے کمپنی کے رجسٹرڈ دفتر C-50 مین گلبرگ لاہور، میں غیر معمولی اجلاس عام کی تاریخ سے کم از کم 10 یوم قبل جمع کرائیں۔

میں/ہم..... ساکن..... بحیثیت رکن ٹین ٹیکسٹائلز لمیٹڈ، مالک..... عام حصص برطبق رجسٹرڈ فیولوس/سی ڈی ایس اکاؤنٹ نمبر..... بذریعہ ہذا..... میں ووٹوں کا نفرنس سہولت کا خواہشمند ہوں۔

دستخط رکن/انٹاری

vii۔ 30 جون 2018ء کو ختم ہونے والے سال کے لئے کمپنی کے نظر ثانی شدہ مالی حسابات کمپنی کی ویب سائٹ (www.samintextile.com) پر دستیاب ہیں۔ ارکان سالانہ نظر ثانی شدہ مالی حسابات اور نوٹس AGM بذریعہ ای میل بھی حاصل کر سکتے ہیں۔ اس سلسلہ میں، حصص داران سے درخواست ہے کہ کمپنی کی ویب سائٹ پر دستیاب معیاری درخواست فارم پر اپنی تحریری رضامندی بذریعہ ڈاک / کوریئر ارسال کریں یا باقاعدہ پُر اور دستخط شدہ فارم کی سکین شدہ کاپی بذریعہ ای میل tayyab@samintextile.com پر کمپنی سیکرٹری کو ارسال کریں۔

# Pattern of Shareholding

The Companies Act, 2017 (Section 227(2) (f))

**FORM 34**

Name of the Company

**SAMIN TEXTILES LIMITED.**

Pattern of holding of the shares held by the shareholders as at

**30-06-2018**

| No. of Shareholders | ----- Shareholding ----- |            | Total Shares Held |
|---------------------|--------------------------|------------|-------------------|
|                     | From                     | To         |                   |
| 84                  | 1                        | 100        | 2,116             |
| 238                 | 101                      | 500        | 115,749           |
| 93                  | 501                      | 1,000      | 90,028            |
| 159                 | 1,001                    | 5,000      | 478,273           |
| 62                  | 5,001                    | 10,000     | 528,443           |
| 19                  | 10,001                   | 15,000     | 250,139           |
| 15                  | 15,001                   | 20,000     | 291,002           |
| 11                  | 20,001                   | 25,000     | 258,870           |
| 9                   | 25,001                   | 30,000     | 257,000           |
| 4                   | 30,001                   | 35,000     | 134,000           |
| 3                   | 35,001                   | 40,000     | 110,500           |
| 3                   | 45,001                   | 50,000     | 147,000           |
| 2                   | 50,001                   | 55,000     | 103,501           |
| 1                   | 55,001                   | 60,000     | 60,000            |
| 1                   | 70,001                   | 75,000     | 71,500            |
| 1                   | 75,001                   | 80,000     | 78,000            |
| 3                   | 80,001                   | 85,000     | 251,525           |
| 1                   | 90,001                   | 95,000     | 90,238            |
| 1                   | 115,001                  | 120,000    | 117,000           |
| 1                   | 125,001                  | 130,000    | 130,000           |
| 1                   | 150,001                  | 155,000    | 153,500           |
| 1                   | 180,001                  | 185,000    | 181,000           |
| 1                   | 195,001                  | 200,000    | 200,000           |
| 1                   | 295,001                  | 300,000    | 300,000           |
| 1                   | 300,001                  | 305,000    | 300,707           |
| 1                   | 375,001                  | 380,000    | 376,160           |
| 2                   | 495,001                  | 500,000    | 1,000,000         |
| 1                   | 625,001                  | 630,000    | 627,000           |
| 1                   | 850,001                  | 855,000    | 854,000           |
| 1                   | 895,001                  | 900,000    | 898,300           |
| 1                   | 1,095,001                | 1,100,000  | 1,095,067         |
| 1                   | 1,355,001                | 1,360,000  | 1,358,800         |
| 1                   | 2,190,001                | 2,195,000  | 2,190,133         |
| 1                   | 1,600,001                | 1,605,000  | 1,604,838         |
| 1                   | 12,020,001               | 12,025,000 | 12,023,611        |
| <b>727</b>          |                          |            | <b>26,728,000</b> |

| Categories of shareholders                                                    | Share held | Percentage |
|-------------------------------------------------------------------------------|------------|------------|
| Directors, Chief Executive Officers, and their spouse and minor children      | 18,031,504 | 67.4630%   |
| Associated Companies, undertakings and related parties.                       | -          | 0.0000%    |
| NIT and ICP                                                                   | -          | 0.0000%    |
| Banks Development Financial Institutions, Non Banking Financial Institutions. | 1,604,917  | 6.0046%    |
| Insurance Companies                                                           | 854,000    | 3.1952%    |
| Modarabas and Mutual Funds                                                    | 53,500     | 0.2002%    |
| Share holders holding 10% or more                                             | 16,072,544 | 60.1337%   |
| General Public                                                                |            |            |
| a. Local                                                                      | 5,964,835  | 22.3168%   |
| b. Foreign                                                                    | 500        | 0.0019%    |
| Others (to be specified)                                                      |            |            |
| 1- Pension Funds                                                              | 12,794     | 0.0479%    |
| 2- Joint Stock Companies                                                      | 205,501    | 1.2736%    |
| 3- Others                                                                     | 449        | 0.0017%    |

Signature of Company Secretary



Name of Signatory

Muhammad Tayyab

NIC Number

35201-1531083-5

Date

30 06 2018

# Categories of Shareholding

required under Code of Corporate Governance (CCG) as on June 30, 2018

| Sr.                                                                                                                                                           | Name                                    | No. of shares held | Percentage |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------|------------|
| <b>Mutual Funds (Name Wise Detail)</b>                                                                                                                        |                                         |                    |            |
| 1                                                                                                                                                             | CDC - TRUSTEE AKD OPPRTUNITY FUND (CDC) | 53,500             | 0.2002%    |
| <b>Directors and their Spouse and Minor Children (Name Wise Detail):</b>                                                                                      |                                         |                    |            |
| 1                                                                                                                                                             | MR. SARMAD AMIN                         | 16,072,544         | 60.1337%   |
| 2                                                                                                                                                             | MR. SAFDER HUSSAIN TARIQ                | 500                | 0.0019%    |
| 3                                                                                                                                                             | MR. JEHANZEB AMIN (CDC)                 | 181,000            | 0.6772%    |
| 4                                                                                                                                                             | MR. TARIQ JILLANI                       | 500                | 0.0019%    |
| 5                                                                                                                                                             | MR. JAMIL MASUD                         | 500                | 0.0019%    |
| 6                                                                                                                                                             | MR. SHEHRYAR AMIN (CDC)                 | 1,000              | 0.0037%    |
| 7                                                                                                                                                             | MR. QAMBER HAMID (CDC)                  | 1,000              | 0.0037%    |
| 8                                                                                                                                                             | MRS. MEHVASH AMIN W/O SARMAD AMIN (CDC) | 1,774,460          | 6.6390%    |
| <b>Executives:</b>                                                                                                                                            |                                         | -                  | -          |
| <b>Public Sector Companies &amp; Corporations:</b>                                                                                                            |                                         | -                  | -          |
| <b>Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:</b>                     |                                         | 2,471,711          | 9.2476%    |
| <b>Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)</b>                                                      |                                         |                    |            |
| 1                                                                                                                                                             | MR. SARMAD AMIN                         | 16,072,544         | 60.1337%   |
| 2                                                                                                                                                             | MRS. MEHVASH AMIN W/O SARMAD AMIN (CDC) | 1,774,460          | 6.6390%    |
| 3                                                                                                                                                             | NATIONAL BANK OF PAKISTAN.(CDC)         | 1,604,917          | 6.0046%    |
| <b>All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:</b> |                                         |                    |            |

| Sr. No. | Name | Sale | Purchase |
|---------|------|------|----------|
|         |      | NIL  |          |

# Statement of Compliance

with the Code of Corporate Governance for the year ended June 30, 2018

Name of the Company : Samin Textiles Limited (the "Company")

For the Year ended : June 30, 2018

The company has complied with the requirement of the Regulations in the following manner:

1. The total number of directors are seven (7) as per the following:
  - a) **Male:** Six (6)
  - b) **Female:** One (1)
2. The composition of board is as follows:

| Category                       | Name                     |
|--------------------------------|--------------------------|
| <b>Independent Directors</b>   | Mr. Qamber Hamid         |
| <b>Executive Directors</b>     | Mr. Jehanzeb Amin        |
|                                | Mr. Safder Hussain Tariq |
| <b>Non-Executive Directors</b> | Mrs. Mehvash Amin        |
|                                | Mr. Shahryar Amin        |
|                                | Mr. Tariq Jilani         |
|                                | Mr. Jamil Masud          |

3. The Directors have confirmed that none of them is serving as a director in more than five listed companies, including this Company. (Excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved and amended has been maintained.
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 Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Three Directors of the company, Mr. Shehryar Amin, Mr. Jehanzeb Amin and Mr. Jamil Masud Have completed the Directors' Training Program. One Director of the company, Mr. Safder Hussain Tariq is exempt due to 14 years of education and 15 years of experience on the Board of listed company (ies).
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. The financial statements of the company were duly endorsed by the CEO and CFO before approval of the Board.

12. The Board has formed committees comprising of members given below:

**a. Audit Committee**

- i. Mr. Qamber Hamid -Chairman
- ii. Mr. Jamil Masud -Member
- iii. Mr. Tariq Jilani -Member

**b. HR and Remuneration Committee**

- i. Mr. Qamber Hamid -Chairman
- ii. Mr. Tariq Jilani -Member
- iii. Mr. Shehryar Amin -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 of the aforesaid committee were as per following:

- a. **Audit Committee:** Four quarterly meetings during the financial year ended June 30, 2018
- b. **HR and Remuneration Committee:** Four quarterly meetings during the financial year ended June 30, 2018

15. The Board has set-up an effective internal audit function which are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board of Director



**Jehanzeb Amin**

Chief Executive Officer

Lahore: October 30, 2018

**Grant Thornton Anjum Rahman**

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## **Review Report on the Statement of Compliance Contained in listed Companies(Code of Corporate Governance) Regulations, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Samin Textiles Limited (the Company) for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

**Chartered Accountants**

Engagement Partner: Mohammad Shaukat Naseeb

Dated: November 07, 2018

**Chartered Accountants**

Member of Grant Thornton International Ltd  
Offices in Karachi & Islamabad



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# Independent Auditor's Report

## To the members of Samin Textiles Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of **Samin Textiles Limited** (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, (here-in-after referred to as "the financial statements") and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the loss 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 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.

#### Emphasis of Matter

As disclosed in note 1.2 to the financial statements, the Company had net current liabilities amounting to Rs. 829,823,616 and capital deficiency of Rs. 180,504,320 as at June 30, 2018. As per statement of profit and loss and other comprehensive income, the total comprehensive loss for the year amounts to Rs. 657,318,601 and the Company is sustaining operating losses since many years. Despite of funds received from related party during recent past, the Company is still short of liquid funds and is not in a position to make re-payments of borrowings obtained from banks without taking further funds from related parties. Currently, the Company is in process of disposing-off its non-current assets in order to utilise proceeds from such disposal to repay bank borrowings and settle off its other liabilities.

The above conditions indicate that material uncertainty exists which casts significant doubt on the Company's ability to continue as a going concern and therefore, may be unable to realize its assets and discharge its liabilities in normal course of business. The financial statements have been prepared by the management on going concern basis for the reasons as mentioned in note 1.2 to the financial statements. Our opinion is not qualified relating to this matter.

#### Key Audit Matters

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

#### Chartered Accountants

Member of Grant Thornton International Ltd  
Offices in Karachi & Islamabad

**Following are the Key audit matters:**

| Sr. No. | Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | How the matter was addressed in our audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1       | <b>Preparation of financial statements under the Companies Act, 2017</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|         | <p>The Companies Act 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended June 30, 2018.</p> <p>The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and among others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.</p> <p>Further, the Company has also changed its accounting policy relating to presentation and measurement of surplus on revaluation of fixed assets as a consequence of the application of the Act with retrospective effect. The impact of the said change in accounting policy has been disclosed in note 3.17 to the accompanying financial statements.</p> <p>The above changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act.</p> | <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• reviewed and understood the requirements of the 4th schedule of the Companies Act, 2017;</li> <li>• we evaluated the procedures applied by the management for identification of the changes required in the financial statements due to the enactment of Companies Act, 2017;</li> <li>• we considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the 4th schedule to the aforementioned Act;</li> <li>• verified, on test basis, the supporting evidence for additional disclosures and assessed appropriateness of the disclosures made; and</li> <li>• in respect of the change in accounting policy for the accounting and presentation of revaluation surplus as referred to note 3.17 to the accompanying financial statements; we assessed the accounting implications in accordance with the applicable financial reporting framework.</li> </ul> |
| 2       | <b>Non-Current Assets Classified as Held for Sale</b> <p>The Company has classified its assets as held for sale as disclosed in note 27 to the financial statements. We have focused on this area owing to</p> <p>application of IFRS 5 'Non-Current Asset Held for Sale and Discontinued operations' is significant to our audit because the assessment of the classification is complex, the transaction and its accounting is non-routine and involves significant management judgments. These include, amongst others, the date of classification of the non-current assets as held for sale. As a result of these conclusions, there are requirements around the valuation of the assets held for sale and presentation in the financial statements and disclosure notes.</p>                                                                                                                                                                                                                                                                                                    | <p>With respect to this transaction, we performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Discussed with the management regarding their active plan to dispose-off the assets; Obtained and reviewed the board minutes to confirm the approval of disposal of assets pertaining to factory;</li> <li>• Assessed independence, scope of work and findings of management's third party valuation expert engaged for ascertaining the fair value of the assets being disposed;</li> <li>• Evaluated the presentation and disclosure of Non-Current Assets Classified as Held for Sale in the financial statements as required by the applicable reporting framework.</li> </ul>                                                                                                                                                                                                                                                                                                                |
| 3       | <b>Revaluation of land and building</b> <p>The Company has incorporated fresh revaluation of land of building which has resulted in a revaluation surplus amounting to Rs.141.930 million and 141.241 million against land and building respectively. We have focused on this area owing to the significant increase in value of land and building.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• obtained revaluation report from valuer hired by the Company;</li> <li>• assessed independence, professional competence, scope of work and findings of management's third party valuation expert engaged for ascertaining fair value of the assets;</li> <li>• ensured the revaluation is properly accounted for in financial statements; and</li> <li>• conducted meetings with the management including valuation expert to obtain detailed understanding of the key assumptions used.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                            |

|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>4</b> | <p><b>Tax Contingencies</b></p> <p>The Company has received demand notices and assessment orders under various sections of the Income Tax Ordinance, 2001 for previous years as fully described in note 16.1 to these financial statements.</p> <p>Contingencies require management to make judgements and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provision that may be required against such contingencies.</p> <p>Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgements and estimates to assess the same including relating financial impacts, we considered tax contingencies as key audit matters.</p> | <p>Our procedures included, but were no limited to:</p> <ul style="list-style-type: none"> <li>• discussed the matters with directors, management and tax advisor of the Company;</li> <li>• reviewed correspondence of the Company with relevant authorities including judgements or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved;</li> <li>• obtained confirmation from the Company's external tax advisor and ascertained Company's contentions;</li> <li>• assessed the contingencies under applicable accounting framework; and</li> <li>• assessed the appropriateness of disclosures made regarding the contingencies.</li> </ul> |
|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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

The Board of Directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended June 30, 2018, but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Shaukat Naseeb.

**Grant Thornton Anjum Rahman**  
Chartered Accountants  
Karachi

Date: November 07, 2018

# Statement of Financial Position

as at June 30 2018

|                                                          | Note | June 2018<br>Rupees  | June 2017<br>Rupees<br>(Restated) | June 2016<br>Rupees<br>(Restated) |
|----------------------------------------------------------|------|----------------------|-----------------------------------|-----------------------------------|
| <b>Equity and liabilities</b>                            |      |                      |                                   |                                   |
| <b>Equity</b>                                            |      |                      |                                   |                                   |
| <b>Share capital and reserves</b>                        |      |                      |                                   |                                   |
| <b>Share capital</b>                                     |      |                      |                                   |                                   |
| Issued, subscribed and paid-up share capital             | 4    | 267,280,000          | 267,280,000                       | 267,280,000                       |
| Loan from sponsors                                       | 5    | 85,488,373           | 41,000,000                        | -                                 |
| <b>Capital reserves</b>                                  |      |                      |                                   |                                   |
| Revaluation surplus on property, plant and equipment     | 6    | 566,097,186          | 339,791,266                       | 355,895,066                       |
| <b>Revenue reserves</b>                                  |      |                      |                                   |                                   |
| Accumulated / unappropriated (loss) / profit             |      | (1,099,369,878)      | (215,745,357)                     | 51,256,016                        |
| <b>Total equity</b>                                      |      | <b>(180,504,320)</b> | 432,325,909                       | 674,431,082                       |
| <b>Liabilities</b>                                       |      |                      |                                   |                                   |
| <b>Non-current</b>                                       |      |                      |                                   |                                   |
| Sub-ordinated loan - related party                       | 7    | 10,411,566           | 10,411,566                        | 10,411,566                        |
| Long term financing - banks and financial institutions   | 8    | -                    | 110,579,602                       | 192,775,780                       |
| Liabilities against assets subject to finance lease      | 9    | -                    | -                                 | -                                 |
| Deferred liabilities                                     | 10   | 43,659,621           | 1,287,100                         | 1,562,100                         |
| <b>Total non-current liabilities</b>                     |      | <b>54,071,187</b>    | 122,278,268                       | 204,749,446                       |
| <b>Current</b>                                           |      |                      |                                   |                                   |
| Trade and other payables                                 | 11   | 165,278,430          | 198,871,741                       | 209,981,339                       |
| Interest / markup accrued on borrowings                  | 12   | 56,442,394           | 36,436,697                        | 30,471,290                        |
| Short term borrowings - banks and financial institutions | 13   | 441,869,259          | 525,607,481                       | 472,413,104                       |
| Short term borrowings - related party                    | 14   | 160,000,000          | -                                 | -                                 |
| Current portion of long term borrowings                  | 15   | 181,709,484          | 51,362,932                        | 60,437,762                        |
| Unclaimed dividend                                       |      | 3,466,164            | 3,466,164                         | 3,466,164                         |
| Contribution to Provident Fund Payable                   |      | 31,933,363           | 15,733,793                        | 995,372                           |
| <b>Total current liabilities</b>                         |      | <b>1,040,699,094</b> | 831,478,808                       | 777,765,031                       |
| <b>Total liabilities</b>                                 |      | <b>1,094,770,281</b> | 953,757,076                       | 982,514,477                       |
| <b>Total equity and liabilities</b>                      |      | <b>914,265,962</b>   | 1,386,082,985                     | 1,656,945,559                     |

## Contingencies and commitments

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The annexed notes 1 to 46 form an integral part of these financial statements.

  
JEHANZEB AMIN  
Chief Executive

  
SHEHRYAR AMIN  
Director

  
SAFDER HUSSAIN TARIQ  
Director

Lahore

# Statement of Financial Position

as at June 30 2018

|                                                       | Note | June 2018<br>Rupees | June 2017<br>Rupees<br>(Restated) | June 2016<br>Rupees<br>(Restated) |
|-------------------------------------------------------|------|---------------------|-----------------------------------|-----------------------------------|
| <b>Assets</b>                                         |      |                     |                                   |                                   |
| <b>Non-current</b>                                    |      |                     |                                   |                                   |
| Property, plant and equipment                         | 17   | 5,620,079           | 882,072,369                       | 948,921,557                       |
| Intangible assets                                     |      | -                   | -                                 | 469,280                           |
| Long term investment in associate                     | 18   | -                   | -                                 | 1,000,000                         |
| Long term deposits                                    | 19   | -                   | 14,420,790                        | 14,211,750                        |
| <b>Total non-current assets</b>                       |      | <b>5,620,079</b>    | <b>896,493,159</b>                | <b>964,602,587</b>                |
| <b>Current</b>                                        |      |                     |                                   |                                   |
| Stores, spare parts and loose tools                   | 20   | 44,466,219          | 52,077,111                        | 53,511,629                        |
| Stock in trade                                        | 21   | 20,634,645          | 272,970,158                       | 413,733,133                       |
| Trade debts                                           | 22   | 13,339,625          | 19,414,419                        | 56,499,138                        |
| Loans and advances                                    | 23   | 8,158,157           | 7,370,758                         | 16,974,106                        |
| Trade deposits and prepayments                        | 24   | 2,793,663           | 2,859,050                         | 3,059,050                         |
| Tax refunds due from government - net                 | 25   | 118,133,938         | 129,840,173                       | 121,792,303                       |
| Interest accrued                                      |      | -                   | -                                 | 657,369                           |
| Cash and bank balances                                | 26   | 3,349,231           | 5,058,157                         | 26,116,244                        |
| <b>Total current assets</b>                           |      | <b>210,875,478</b>  | <b>489,589,826</b>                | <b>692,342,972</b>                |
| <b>Non-current assets classified as held for sale</b> | 27   | <b>697,770,405</b>  | -                                 | -                                 |
| <b>Total assets</b>                                   |      | <b>914,265,962</b>  | <b>1,386,082,985</b>              | <b>1,656,945,559</b>              |

The annexed notes 1 to 46 form an integral part of these financial statements.

  
JEHANZEB AMIN  
Chief Executive

  
SHEHRYAR AMIN  
Director

  
SAFDER HUSSAIN TARIQ  
Director

Lahore

# Statement of Profit or Loss and Other Comprehensive Income

for the year ended June 30, 2018

|                                                                                 | Note | June 2018<br>Rupees  | June 2017<br>Rupees  |
|---------------------------------------------------------------------------------|------|----------------------|----------------------|
| <b>Profit or loss</b>                                                           |      |                      |                      |
| Sales                                                                           | 28   | 395,667,125          | 973,653,918          |
| Cost of sales                                                                   | 29   | (758,403,672)        | (1,103,922,543)      |
| <b>Gross (loss)</b>                                                             |      | <b>(362,736,547)</b> | <b>(130,268,625)</b> |
| Other income                                                                    | 30   | 34,004,812           | 2,559,674            |
| Distribution cost                                                               | 31   | (14,278,773)         | (17,587,203)         |
| Administrative expenses                                                         | 32   | (56,624,477)         | (56,293,202)         |
| Other expenses                                                                  | 33   | (419,705,566)        | (2,968,919)          |
| <b>Operating (loss)</b>                                                         |      | <b>(819,340,552)</b> | <b>(204,558,275)</b> |
| Finance cost                                                                    | 34   | (71,852,645)         | (68,519,704)         |
| <b>(Loss) / profit before taxation</b>                                          |      | <b>(891,193,197)</b> | <b>(273,077,979)</b> |
| Provision for taxation                                                          | 35   | (6,924,744)          | (10,027,194)         |
| <b>(Loss) after taxation</b>                                                    |      | <b>(898,117,941)</b> | <b>(283,105,173)</b> |
| <b>Other comprehensive income</b>                                               |      |                      |                      |
| Items that may be reclassified to statement of profit or loss                   |      | -                    | -                    |
| Items that will not be reclassified subsequently to statement of profit or loss |      |                      |                      |
| Revaluation surplus on land and building during the year (net of tax)           | 6    | 240,799,340          | -                    |
| <b>Total other comprehensive income for the year</b>                            |      | <b>240,799,340</b>   | <b>-</b>             |
| <b>Total comprehensive (loss) for the year</b>                                  |      | <b>(657,318,601)</b> | <b>(283,105,173)</b> |
| <b>(Loss) per share - basic and diluted</b>                                     |      | <b>(33.60)</b>       | <b>(10.59)</b>       |

The annexed notes 1 to 46 form an integral part of these financial statements.

  
**JEHANZEB AMIN**  
 Chief Executive

  
**SHEHRYAR AMIN**  
 Director

  
**SAFDER HUSSAIN TARIQ**  
 Director

Lahore

# Statement of Cash Flows

for the year ended June 30, 2018

|                                                                         | Note | June 2018<br>Rupees | June 2017<br>Rupees |
|-------------------------------------------------------------------------|------|---------------------|---------------------|
| <b>Cash flows from operating activities</b>                             |      |                     |                     |
| Cash (used in) operations                                               | 39   | (95,627,628)        | 50,121,494          |
| Taxes paid                                                              |      | (2,319,891)         | (5,573,095)         |
| Gratuity paid                                                           |      | -                   | (275,000)           |
| <b>Net cash (used in) / from operating activities</b>                   |      | <b>(97,947,519)</b> | <b>44,273,399</b>   |
| <b>Cash flows from investing activities</b>                             |      |                     |                     |
| (Increase) / Decrease in long term deposits                             |      | 14,420,790          | (209,040)           |
| Proceeds from disposal of property, plant and equipment                 |      | 2,800,000           | 28,000              |
| Additions in property, plant and equipment                              |      | (9,652,350)         | (5,519,518)         |
| <b>Net cash from / (used in) investing activities</b>                   |      | <b>7,568,440</b>    | <b>(5,700,558)</b>  |
| <b>Cash flows from financing activities</b>                             |      |                     |                     |
| Increase / (Decrease) in short term borrowings - Financial Institutions |      | (83,738,222)        | 53,194,377          |
| Increase in short term borrowings - related party                       |      | 160,000,000         |                     |
| Increase / (Decrease) in long term financing - net                      |      | 19,766,950          | (91,271,008)        |
| Increase in Sponsors loan                                               | 5    | 44,488,373          | 41,000,000          |
| Finance cost paid                                                       |      | (51,846,948)        | (62,554,297)        |
| <b>Net cash from / (used in) financing activities</b>                   |      | <b>88,670,153</b>   | <b>(59,630,928)</b> |
| Net change in cash and cash equivalents                                 |      | (1,708,926)         | (21,058,087)        |
| Cash and cash equivalents at beginning of the year                      |      | 5,058,157           | 26,116,244          |
| <b>Cash and cash equivalents at end of the year</b>                     | 26   | <b>3,349,231</b>    | <b>5,058,157</b>    |

The annexed notes 1 to 46 form an integral part of these financial statements.



**JEHANZEB AMIN**  
Chief Executive

Lahore



**SHEHRYAR AMIN**  
Director



**SAFDER HUSSAIN TARIQ**  
Director

# Statement of Changes in Equity

for the year ended June 30, 2018

|                                                                                   | Issued,<br>subscribed and<br>paid up share<br>capital | Loan from<br>sponsor | Capital Reserve                                               | Revenue reserve                                   | Sub-total            | Total Equity         |
|-----------------------------------------------------------------------------------|-------------------------------------------------------|----------------------|---------------------------------------------------------------|---------------------------------------------------|----------------------|----------------------|
|                                                                                   |                                                       |                      | Revaluation<br>surplus on<br>property, plant<br>and equipment | Revenue reserve-<br>Accumulated<br>Profits/(Loss) |                      |                      |
|                                                                                   | Rupees<br>A                                           | Rupees<br>B          | Rupees<br>C                                                   | Rupees<br>D                                       | Rupees<br>E=B+C+D    | Rupees<br>F=A-E      |
| Balance as at July 01, 2016 - as previously reported                              | 267,280,000                                           | -                    | -                                                             | 51,256,016                                        | 51,256,016           | 318,536,016          |
| Effect of retrospective change in accounting policy                               | -                                                     | -                    | 355,895,066                                                   | -                                                 | 355,895,066          | 355,895,066          |
| <b>Balance as at July 01, 2016 - restated</b>                                     | <b>267,280,000</b>                                    | <b>-</b>             | <b>355,895,066</b>                                            | <b>51,256,016</b>                                 | <b>407,151,082</b>   | <b>674,431,082</b>   |
| Loss for the year                                                                 | -                                                     | -                    | -                                                             | (283,105,173)                                     | (283,105,173)        | (283,105,173)        |
| Other comprehensive income for the year                                           | -                                                     | -                    | -                                                             | -                                                 | -                    | -                    |
| Total comprehensive loss for the year                                             | -                                                     | -                    | -                                                             | (283,105,173)                                     | (283,105,173)        | (283,105,173)        |
| Loan obtained during the year                                                     | -                                                     | 41,000,000           | -                                                             | -                                                 | 41,000,000           | 41,000,000           |
| Transfer from surplus on revaluation of property, plant and equipment-net of tax  | -                                                     | -                    | (16,103,800)                                                  | 16,103,800                                        | -                    | -                    |
| <b>Balance as at June 30, 2017</b>                                                | <b>267,280,000</b>                                    | <b>41,000,000</b>    | <b>339,791,266</b>                                            | <b>(215,745,357)</b>                              | <b>165,045,909</b>   | <b>432,325,909</b>   |
| Loss for the year                                                                 | -                                                     | -                    | -                                                             | (898,117,941)                                     | (898,117,941)        | (898,117,941)        |
| Other comprehensive income for the year                                           | -                                                     | -                    | 240,799,340                                                   | -                                                 | 240,799,340          | 240,799,340          |
| Total comprehensive loss for the year                                             | -                                                     | -                    | 240,799,340                                                   | (898,117,941)                                     | (657,318,601)        | (657,318,601)        |
| Loan obtained during the year                                                     | -                                                     | 44,488,373           | -                                                             | -                                                 | 44,488,373           | 44,488,373           |
| Transfer from surplus on revaluation of property, plant and equipment -net of tax | -                                                     | -                    | (14,493,420)                                                  | 14,493,420                                        | -                    | -                    |
| <b>Balance as at June 30, 2018</b>                                                | <b>267,280,000</b>                                    | <b>85,488,373</b>    | <b>566,097,186</b>                                            | <b>(1,099,369,878)</b>                            | <b>(447,784,319)</b> | <b>(180,504,319)</b> |

The annexed notes 1 to 46 form an integral part of these financial statements.

  
**JEHANZEB AMIN**  
 Chief Executive

  
**SHEHRYAR AMIN**  
 Director

  
**SAFDER HUSSAIN TARIQ**  
 Director

Lahore

# Notes to the Financial Statements

for the year ended June 30, 2018

## 1 STATUS AND ACTIVITIES

**1.1** Samin Textiles Limited ("the Company") was incorporated in Pakistan on November 27, 1989 as a public limited company under the Companies Ordinance, 1984. The registered office of the Company is situated at 50-C, Main Gulberg, Lahore and the plant is located at 8 Kilometer, Manga Raiwind Road, Kasur. The Company is currently listed on Pakistan Stock Exchange. The principal business of the Company is manufacturing and sale of cloth.

**1.2** In preparing these financial statements, the Directors have given careful consideration to the future liquidity and performance of the Company in light of the fact that as at June 30, 2018, the Company had net current liabilities amounting to Rs. 133,373,181 and a capital deficiency amounting to Rs. 701,217,608 as at June 30, 2018. These conditions, along with the change in business model/adoption of alternate business plan described in detail below, indicate that material uncertainty exists which casts significant doubt on the Company's ability to continue as a going concern in the foreseeable future and therefore, may be unable to realize its assets and discharge its liabilities in normal course of business.

The Directors reviewed the Company's financial and liquidity position, and have taken following actions to mitigate the liquidity issues faced by the Company:

As part of the plan, the Company will dispose-off all of its existing production related fixed assets comprising freehold land, buildings on freehold land, plant and machinery, furniture and fittings, vehicle, office equipment, electric installations, tube well, and arms and ammunition and some other assets (hereinafter the "Assets"). In view of the strategic location of Mills of the Company at 8- K.M Off. Manga Raiwind Road, Tehsil & Distt. Kasur, Pakistan and the importance this location especially in view of CPEC, the Company has assessed that funds generated from sale of its existing assets would not only repay its liabilities but also would enable it to venture in trading Business by way of getting textile products like cotton, polyester viscose, yarn, fabric, garments, e.t.c.in cotton rich belt of Pakistan.

Subsequent to the year end, the Company, through its Board has resolved in a meeting held on September 17, 2018 to cease its operations on September 20, 2018 relating to production of cloth to curtail its losses. Additionally, the Company, in the EOGM held on October 26, 2018 resolved to dispose-off all its factory assets pertaining to production and to repay all its long term and short term external loans through proceeds generated by sale of assets. The Company has also incorporated changes in its memorandum of association to update its objectives to allow it and adopt an alternative business plan pertaining to trading of textile sector raw materials and finished goods. The Company plans to trade, import & export textile products like cotton, polyester viscose, yarn, fabric, garments, etc..

-the Company will finance the working capital requirements of the Trading business through surplus proceeds from sale of its existing assets;

-the shareholders of the Company have also confirmed that they will provide continuous financial support to the Company for a period of twelve months from the date of approval of financial statements for the year ended June 30, 2018 by the Directors;

-the management plans to improve the Company's financial performance by taking steps to reduce discretionary expenses and administrative costs and exploring new business which will provide a growing and recurring source of income.

In light of measures and arrangements as described above, the Directors consider the Company will have sufficient working capital to meet their financial obligations as they fall due for the foreseeable future.

Accordingly, these financial statements have been prepared on a going concern basis. Should the Company be unable to continue as a going concern, necessary adjustments would have to be made to adjust values of the assets to their recoverable amounts and to provide for any further liabilities which might arise during the process. The effects of these potential adjustments have not been reflected in these financial statements due to above mentioned mitigating factors.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

### 2.2 Standards, amendments and interpretations to approved accounting standards that became effective during the year

The fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. The Company has also adopted following new standards and amendments to published standards during the year:

# Notes to the Financial Statements

for the year ended June 30, 2018

| <b>Standard or Interpretation</b>               | <b>IASB effective date<br/>(Annual periods<br/>beginning<br/>on or after)</b> |
|-------------------------------------------------|-------------------------------------------------------------------------------|
| IAS-7 Statement of Cash Flows                   | January 1, 2017                                                               |
| IAS-12 Income Taxes                             | January 1, 2017                                                               |
| IFRS 12 - Annual Improvements to IFRS 2014-2016 | January 1, 2017                                                               |

Adoption of the above revisions, amendments and interpretations of the standards have no significant effect on the amounts for the year ended June 30, 2017 and 2018.

## 2.3 Standards, amendments and interpretations to the approved accounting standards that are relevant but not yet effective and not early adopted by the Company

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

| <b>Standard or interpretation</b>                                                                                                                      | <b>IASB effective date<br/>(Annual periods<br/>beginning<br/>on or after)</b> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| IFRS 9 Financial Instruments                                                                                                                           | 1-Jul-18                                                                      |
| IFRS 15 Revenue from Customers                                                                                                                         | 1-Jul-18                                                                      |
| IFRS 16 Leases                                                                                                                                         | 1-Jan-19                                                                      |
| IFRS 2 Share-based Payment – Classification and Measurement of Share based Payment Transactions                                                        | 1-Jan-18                                                                      |
| IFRS 4 Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts                                                     | 1-Jan-18                                                                      |
| IAS 40 Investment Property – Transfers of Investment Property                                                                                          | 1-Jan-18                                                                      |
| Annual Improvements to IFRSs 2015 - 2017 Cycle                                                                                                         | 1-Jan-19                                                                      |
| IFRS 11 Joint Agreements - Accounting for Acquisition of Interests in Joint Operations (Amendments)                                                    | 1-Jan-18                                                                      |
| IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)                                                                   | 1-Jan-19                                                                      |
| IAS 16 Property, Plant and Equipments and IAS 38 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization (Amendments) | 1-Jul-16                                                                      |
| IFRIC 22 Foreign Currency Transactions and Advance Consideration                                                                                       | 1-Jan-18                                                                      |
| IFRIC 23 Uncertainty Over Income Tax Treatment                                                                                                         | 1-Jan-19                                                                      |
| IFRS 1 and IAS 28 - Annual Improvements to IFRSs 2014-2016                                                                                             | 1-Jan-18                                                                      |
| IFRS 9 - Prepayment Features with Negative Compensation (Amendments to IFRS 9)                                                                         | 1-Jan-19                                                                      |
| IAS 19 - Plan Amendment, Curtail or Settlement (Amendments to IAS 19)                                                                                  | 1-Jan-19                                                                      |
| IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)          | Postponed                                                                     |

The Company is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Company.

# Notes to the Financial Statements

for the year ended June 30, 2018

## 2.4 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

In addition to the above, following standards have been issued by International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan;

| <b>Standard or Interpretation</b>               | <b>IASB effective date<br/>(Annual periods<br/>beginning<br/>on or after)</b> |
|-------------------------------------------------|-------------------------------------------------------------------------------|
| IFRS 14            Regulatory Deferral Accounts | January 1, 2016                                                               |
| IFRS 17            Insurance Contracts          | January 1, 2021                                                               |

## 2.5 Accounting convention

These financial statements have been prepared under the historical cost, convention, except for revaluation of free hold land, revaluation of building on freehold land and investment which are stated at fair value.

## 2.6 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are discussed below:

- recoverable amounts, residual values and useful lives of property, plant and equipment;
- useful lives and residual values of intangibles assets;
- net realizable value of stocks;
- provision for doubtful / trade debts;
- forced sale value with reference to revaluation of fixed assets;
- provision for impairment ( fixed assets and financial assets);
- provision for gratuity;
- provision income tax liability;
- disclosure and assessment of provision for contingencies;and
- projections.

## 2.7 Functional and presentation currency

These financial statements are presented in Pakistan Rupee which is the Company's functional and presentation currency. Figures in the financial statements have been rounded off to the nearest Rupee unless otherwise stated.

## 3 SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Employee benefits

#### Defined contribution plan

The Company operates unapproved funded contributory provident fund for all its employees who have completed minimum qualifying period of service as defined under the respective scheme. Equal monthly contributions are made both by the Company and the employees at the rate of 8.33% of basic salary.

# Notes to the Financial Statements

for the year ended June 30, 2018

## 3.2 Taxation

### Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemption available, if any, and tax paid on presumptive basis.

### Deferred

Deferred tax is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses and tax credits, if any, to the extent that it is probable that taxable profits will be available against which such temporary differences and tax losses and credits can be utilized. Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the profit or loss account, except in the case of items credited or charged to equity in which case it is included in equity.

## 3.3 Property, plant and equipment

Property, plant and equipment except freehold land and building on freehold land are stated at cost less accumulated depreciation and impairment. Freehold land is stated at revalued amount while building on freehold land is stated at stated at revalued amount less accumulated depreciation. Capital work in progress is stated at cost less impairment loss, if any. Cost also includes borrowing cost.

Depreciation is charged to profit or loss account applying the reducing balance method over the estimated useful life at the rates specified in note 17.

Depreciation on additions is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

Maintenance and normal repairs are charged to profit or loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gain or loss on disposal of property, plant and equipment is taken to profit or loss account.

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

Any surplus arising on revaluation of property, plant and equipment is credited to the "Surplus on revaluation of property, plant and equipment" account. Revaluation is carried out sufficiently to ensure that the carrying amounts of assets do not differ materially from the fair value.

## 3.4 Accounting for finance leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance lease are recognized as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as liabilities against assets subject to finance lease. Lease payments are appropriated between finance costs and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are charged directly to profit or loss account, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Assets so acquired are amortized over their expected useful life at the rates specified in note 18.

# Notes to the Financial Statements

for the year ended June 30, 2018

## 3.5 Foreign currencies

Transactions in currencies other than Pakistan Rupee are recorded at the rates of exchange prevailing on the date of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date.

Gains and losses arising on retranslation are included in profit or loss account for the year.

## 3.6 Financial instruments

### Financial assets

Financial assets are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs. Subsequent measurement of financial assets are described below. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

For the purpose of subsequent measurement, financial assets of the Company are classified into the following categories upon initial recognition.

### a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. These are included in current assets, except for maturities for greater than twelve months after the statement of financial position date, which are classified as non-current assets. Loans and receivables with less than twelve months maturities are classified as current assets. The Company's cash and bank balances, trade debts, trade deposits, loans and advances, interest accrued and other receivables fall into this category of financial instruments. Loans and receivables are subject to review for impairment at each reporting date to identify whether there is objective evidence that the financial asset is impaired.

### b) Available-for-sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the categories of loans and receivables, financial assets at fair value through profit or loss and financial assets held to maturity. These are included in non-current assets unless management intends to dispose of the investments within twelve months from the end of reporting period.

After initial recognition, available- for-sale investments are measured at fair value in accordance with IAS 39 "Financial Instruments: Recognition and Measurement". Unrealised gains and losses on available-for-sale investments are recognized through other comprehensive income until the investment is sold or de-recognized, at which time the cumulative gain or loss previously reported is included in profit or loss account.

Dividends on available-for-sale equity instruments are recognized in the profit or loss account when the Company's right to receive payment is established.

The Company assesses at each date of statement of financial position whether there is objective evidence, that a financial asset or group of financial assets is impaired. If any such evidence exists for 'available-for-sale' financial assets, the cumulative loss is removed from other comprehensive income and recognized in profit or loss account. Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss account.

### Financial liabilities

The Company's financial liabilities include short term borrowings, interest / markup accrued on borrowings and trade and other payables.

The Company's financial liabilities include borrowings, accrued mark-up and trade and other payables.

Financial liabilities are measured initially at fair value, less attributable transaction costs. Financial liabilities are measured subsequently at amortized cost using the effective interest rate method.

A financial asset and financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

# Notes to the Financial Statements

for the year ended June 30, 2018

### 3.7 Investment in associate

Entities in which the Company has significant influence but not control and which are neither its subsidiaries nor joint ventures are associates.

These investments are recognized under equity method whereas by carrying amount is increased or decreased to recognize the Company's share of profit or loss of associate. Share of post acquisition profit or loss of associates was accounted for in the Company's profit or loss. Distribution received from investee, reduced the carrying amount of investment. The Company's share of changes recognized in other comprehensive income by the associate are recognized by the Company in other comprehensive income.

### 3.8 Investment in subsidiary

Investment in subsidiary is recognized at cost. At subsequent reporting dates, the recoverable amount is estimated to determine the extent of impairment loss, if any, and carrying amount of investment is adjusted accordingly. Impairment loss is recognized as expense. Where impairment loss subsequently reverse, the carrying amount of investment is increased to the revised recoverable amount but limited to the extent of initial cost of investment. A reversal of impairment loss is recognized in the profit or loss account.

### 3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

### 3.10 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet in note 27.

### 3.11 Stores, spare parts and loose tools

These are valued at moving average cost except goods in transit, which are valued at cost comprising invoice value plus other charges incurred thereon.

### 3.12 Stock in trade

These are measured at lower of cost and net realizable value. Cost is detailed on following basis:

|                  |                            |
|------------------|----------------------------|
| Raw material     | Weighted average           |
| Work in process  | Average manufacturing cost |
| Finished goods   | Average manufacturing cost |
| Packing material | Weighted average           |
| Waste            | Net realizable value       |

Raw material in transit is stated at invoice price plus other charges paid thereon up to the date statement of financial position.

Average manufacturing cost in relation to work in process and finished goods consists of direct material and labor and a proportion of manufacturing overheads based on normal capacity.

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

# Notes to the Financial Statements

for the year ended June 30, 2018

## 3.13 Revenue recognition

Revenue is measured at fair value of consideration received or receivable and represents amounts receivable for goods and services provided in normal course of business.

- Export sales are recognized on shipment date and proceeds are adjusted in the period of realization.
- Local sales are recorded on dispatch of goods to customers.
- Rebate income is recognized on accrual basis.
- Dividend income is recognized when the Company's right to receive payment is established.
- Interest income is recognized on time proportion basis.

## 3.14 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 out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

## 3.15 Impairment

The carrying amounts of the assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment of any asset or group of assets. If any such indication exists, the recoverable amount of that asset or group of assets is estimated and impairment loss is recognized in the profit or loss account.

## 3.16 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of the assets can be measured reliably. Cost of the intangible asset includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Costs associated with maintaining computer software are recognized as an expense as and when incurred.

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the estimated useful life of the asset on a systematic basis by applying straight line method.

Useful lives of intangible assets are reviewed at each balance sheet date and adjusted if the impact of amortization is significant.

## 3.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Company has a single reportable segment as the Board of Directors views the Company's operations as one reportable segment.

## 3.18 Change in accounting policy

The Companies Act, 2017 has introduced changes to the accounting and reporting standards, which have been applied for the first time in these financial statements. The changes in the accounting and reporting standards have impacted the Company's accounting policy relating to the revaluation surplus on property, plant and equipment. Accordingly, the accounting policy of the revaluation surplus on property, plant and equipment has been changed and applied retrospectively in these financial statements to comply with the accounting and reporting standards applicable to the Company. The resulted impact of change in accounting policy is further explained below:

# Notes to the Financial Statements

for the year ended June 30, 2018

| <b>Statement of financial position</b>                                                          | <b>30-Jun-18</b>   | <b>30-Jun-17</b>   | <b>30-Jun-16</b>   |
|-------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|
| Surplus on revaluation below equity - previously reported                                       | <b>325,297,846</b> | <b>339,791,266</b> | <b>355,895,066</b> |
| Surplus on revaluation below equity - as restated                                               | -                  | -                  | -                  |
| Surplus on revaluation in equity - previously reported                                          | -                  | -                  | -                  |
| Surplus on revaluation in equity - as restated                                                  | <b>325,297,846</b> | <b>339,791,266</b> | <b>355,895,066</b> |
| <b>Statement of comprehensive income</b>                                                        | <b>30-Jun-18</b>   | <b>30-Jun-17</b>   |                    |
| (Loss)/Gain on revaluation of land and buildings - net of deferred tax (as previously reported) | -                  | -                  |                    |
| (Loss)/Gain on revaluation of land and buildings - net of deferred tax (as restated)            | <b>240,799,340</b> | -                  |                    |

|                                                                                                      | <b>Note</b> | <b>2018</b><br><b>Rupees</b> | <b>2017</b><br><b>Rupees</b> |
|------------------------------------------------------------------------------------------------------|-------------|------------------------------|------------------------------|
| <b>4 SHARE CAPITAL</b>                                                                               |             |                              |                              |
| <b>4.1 Authorized share capital</b>                                                                  |             |                              |                              |
| 30,000,000 (2017: 30,000,000) ordinary shares of Rs. 10 each                                         |             | <b>300,000,000</b>           | 300,000,000                  |
| <b>4.2 Issued, subscribed and paid-up share capital</b>                                              |             |                              |                              |
| 26,728,000 (2017: 26,728,000) ordinary shares of Rs. 10 each allotted for consideration paid in cash |             | <b>267,280,000</b>           | 267,280,000                  |
| <b>Total</b>                                                                                         |             | <b>267,280,000</b>           | 267,280,000                  |
| <b>5 LOAN FROM SPONSOR - RELATED PARTY</b>                                                           |             |                              |                              |
| Loan from sponsor                                                                                    | <b>5.1</b>  | <b>85,488,373</b>            | 41,000,000                   |
| <b>Total</b>                                                                                         |             | <b>85,488,373</b>            | 41,000,000                   |

**5.1** This represents interest free loan from a member (ex-director) of the Company to meet working capital requirements. This loan is designated interest free and is repayable at the discretion of the Company. Further, in accordance with Technical Release - 32 "Accounting Directors' Loan" issued by the Institute of Chartered Accountants of Pakistan, such loan has been classified as part of equity.

## 6 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

The surplus on revaluation of property, plant and equipment represents surplus over book value resulting from revaluation of freehold land and building on freehold land.

Latest revaluation of freehold land and building on freehold land was carried out as on August 25, 2018 by M/s RBS associates (Private) Limited on the basis of market values.

|                                                                                       | <b>2018</b><br><b>Rupees</b> | <b>2017</b><br><b>Rupees</b> |
|---------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>6.1 The revaluation resulted in the following:</b>                                 |                              |                              |
| Balance at the beginning of the year                                                  | <b>339,791,266</b>           | 355,895,066                  |
| Transfer to unappropriated losses on account of incremental depreciation - net of tax | <b>(14,493,420)</b>          | (16,103,800)                 |
| Add: Revaluation surplus during the year on land and building - net of tax            | <b>240,799,340</b>           | -                            |
| <b>Total</b>                                                                          | <b>566,097,186</b>           | 339,791,266                  |

# Notes to the Financial Statements

for the year ended June 30, 2018

|                                             | Note | <u>2018</u><br>Rupees | <u>2017</u><br>Rupees |
|---------------------------------------------|------|-----------------------|-----------------------|
| <b>7 SUB-ORDINATED LOAN - RELATED PARTY</b> |      |                       |                       |
| Sub-ordinated loan-unsecured                | 7.1  | <b>10,411,566</b>     | 10,411,566            |
| <b>Total</b>                                |      | <b>10,411,566</b>     | 10,411,566            |

**7.1** This represents interest bearing loan obtained from a member of the Company and is subordinated to the main lenders. This carries interest @ 6 Month KIBOR + 3% per annum. Re-payment terms of the loan have not yet been finalized. However, loan is not repayable within next twelve months.

|                                                                 | Note | <u>2018</u><br>Rupees | <u>2017</u><br>Rupees |
|-----------------------------------------------------------------|------|-----------------------|-----------------------|
| <b>8 LONG TERM FINANCING - BANKS AND FINANCIAL INSTITUTIONS</b> |      |                       |                       |
| From financial institutions                                     | 8.1  | <b>180,328,119</b>    | 160,561,169           |
|                                                                 |      | <b>180,328,119</b>    | 160,561,169           |
| Less:                                                           |      |                       |                       |
| Payable within next twelve months                               | 15   | <b>(180,328,119)</b>  | (49,981,567)          |
|                                                                 |      | -                     | 110,579,602           |
| <b>Total</b>                                                    |      | -                     | 110,579,602           |

# Notes to the Financial Statements

for the year ended June 30, 2018

## 8.1 Salient terms and conditions are as follows:

| Description                                                                                | Interest                                | Detail of Securities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Sanctioned Limit   | Re-payment terms                                                                         | 2018               | 2017        |
|--------------------------------------------------------------------------------------------|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|------------------------------------------------------------------------------------------|--------------------|-------------|
|                                                                                            |                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Rupees             |                                                                                          | Rupees             | Rupees      |
| <b>Pak Oman Investment Company Limited and Pak Libya Holding Company (Private) Limited</b> |                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                    |                                                                                          |                    |             |
| Syndicated Term Finance Facility                                                           | Three month KIBOR plus 3.00% per annum. | <ul style="list-style-type: none"> <li>*- Continuation of existing charge on imported Air Jet looms and Air Compressor with all standard accessories and essential parts securing an amount of Rs. 150,000,000;</li> <li>- Continuation of existing first pari passu charge of Rs.50 million (PAK Libya Rs.33.33 million and Pak Oman 16.67 million) on Company's moveable fixed assets (plant and machinery)</li> <li>- Continuation of existing first pari passu charge of Rs.50 million (PAK Libya Rs.33.33 million and Pak Oman 16.67 million) on Company's immovable fixed assets (land and building plant and machinery)</li> <li>- Personal guarantees of Mr. Sarmad Amin and Mr. Jehanzeb Amin (CEO).</li> </ul>                                                                                                                       | <b>150,000,000</b> | Principal to be repaid in 24 monthly installments commencing from 1 March 2017.          | <b>33,807,001</b>  | 35,316,288  |
| <b>Askari Bank Limited</b>                                                                 |                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                    |                                                                                          |                    |             |
| Term Finance Facility                                                                      | Three month KIBOR plus 1% per annum.    | <ul style="list-style-type: none"> <li>*- First joint pari passu charge for Rs.176M on current assets of the company including stocks, books debts and receivables Margin:25%;</li> <li>- Second joint pari passu charge for Rs.114M on fixed assets of the company. Hypothecation of plant &amp; machinery and mortgage charge over land measuring 202 kanals &amp; 8 marlas and building thereon. Margin:25%</li> <li>- Ranking mortgage charge for Rs.13M over additional land measuring 11 kanals&amp; 19 marls. Margin:25%</li> <li>-First pari passu charge of Rs.60M on fixed assets of the company. Hypothecation of plant &amp; machinery and mortgage charge over land measuring 80 kanals &amp; building thereon. Margin:25%</li> <li>- Personal guarantee of Mr. Sarmad Amin duly supported by his net worth statement.</li> </ul> | <b>50,000,000</b>  | Principal to be repaid in 60 monthly installments commencing from September 2015         | <b>39,999,996</b>  | 41,249,996  |
| <b>Allied Bank Limited</b>                                                                 |                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                    |                                                                                          |                    |             |
| Term Loan Facility                                                                         | Three month KIBOR plus 0.75%            | <ul style="list-style-type: none"> <li>*- First joint pari passu charge on all present and future current assets of the Company amounting to Rs. 80 million;</li> <li>- First pari passu charge amounting to Rs. 60 million on mortgaged land and building measuring 80 kanals and</li> <li>- Personal guarantee of Mr. Sarmad Amin.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>45,000,000</b>  | Principal to be repaid in 30 monthly installments commencing from September 2015         | <b>21,561,122</b>  | 23,994,885  |
| <b>NIB Bank</b>                                                                            |                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                    |                                                                                          |                    |             |
| Term Loan Facility                                                                         | Three month KIBOR plus 3.00% per annum. | <ul style="list-style-type: none"> <li>*- Joint pari passu charge of Rs. 80 million over the current assets of the Company located anywhere in Pakistan;</li> <li>- Second joint pari passu charge of Rs. 40 million over the fixed assets of the Company located anywhere in Pakistan;</li> <li>- Ranking charge of Rs. 40 million over the current assets of the Company located anywhere in Pakistan; and</li> <li>- Personal guarantee of Mr. Sarmad Amin and Mr. Jehanzeb Amin amounting to Rs. 98.836 million each.</li> </ul>                                                                                                                                                                                                                                                                                                           | <b>60,000,000</b>  | Principal to be repaid in 20 equal quarterly installments commencing from July 01, 2017. | -                  | 60,000,000  |
| <b>Bank Alfalah Limited</b>                                                                |                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                    |                                                                                          |                    |             |
| Term Finance Facility                                                                      | Three month KIBOR plus 3.00% per annum  | <ul style="list-style-type: none"> <li>*- First joint pari passu charge of Rs. 120 million over the current assets of the Company;</li> <li>- Second joint pari passu charge of Rs. 70 million over the fixed assets of the Company and fourth ranking charge over the machinery; and</li> <li>- Personal guarantee of Mr. Sarmad Amin and Mr. Jehanzeb Amin for entire exposure</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>84,960,000</b>  | Bullet repayment at maturity i.e 31 December 2017                                        | <b>84,960,000</b>  | -           |
| <b>Sub Total</b>                                                                           |                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                    |                                                                                          | <b>180,328,119</b> | 160,561,169 |
| <b>Total</b>                                                                               |                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                    |                                                                                          | <b>180,328,119</b> | 160,561,169 |

## 9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

This represents plant and machinery and vehicles obtained under finance lease from various leasing companies. The financing rates used as discounting factor is 15.7 % (2017: 15.7%) per annum.

Taxes, repairs, replacements and insurance costs are borne by the Company. The Company intends to exercise its option to purchase above assets upon completion of lease period.

|                                                       | Note      | 2018<br>Rupees     | 2017<br>Rupees |
|-------------------------------------------------------|-----------|--------------------|----------------|
| Present value of minimum lease payments               |           | <b>1,381,365</b>   | 1,381,365      |
| Less: current portion shown under current liabilities | <b>15</b> | <b>(1,381,365)</b> | (1,381,365)    |
| <b>Total</b>                                          |           | -                  | -              |

# Notes to the Financial Statements

for the year ended June 30, 2018

- 9.1 Title of related assets is still in name of leasing company due to non-payment of overdue markup charges claimed by the lessor as mention in note 12.

|                                                              | Note        | 2018<br>Rupees    | 2017<br>Rupees |
|--------------------------------------------------------------|-------------|-------------------|----------------|
| <b>10 DEFERRED LIABILITIES</b>                               |             |                   |                |
| Deferred tax liability on surplus on revaluation of Building |             | 42,372,521        | -              |
| Gratuity                                                     | 10.2 & 10.3 | 1,287,100         | 1,287,100      |
| <b>Total</b>                                                 |             | <b>43,659,621</b> | 1,287,100      |

- 10.1 Deferred tax asset amounting to Rs. 467.941 million (2017: 202.517 million) arising on account of temporary differences mainly for property, plant and equipment, unused tax losses and unused tax credits has not been accounted for due to uncertainty regarding its recoverability and foreseeable future.

- 10.2 The Company had operated an unfunded gratuity scheme up to the year ended September 30, 1999 covering all its employees who had completed prescribed qualifying period of service. The unfunded gratuity scheme has been substituted by the provident fund scheme operated by the Company for all employees as defined in note 3.1. This balance of gratuity payable represents the entitlement of current employees as at September 30, 1999, as reduced by the payments made to employees who have left the Company.

|                                      | Note | 2018<br>Rupees   | 2017<br>Rupees |
|--------------------------------------|------|------------------|----------------|
| <b>10.3 Movement during the year</b> |      |                  |                |
| Opening                              |      | 1,287,100        | 1,562,100      |
| Provision                            |      | -                | -              |
| Paid during the year                 |      | -                | (275,000)      |
| <b>Total</b>                         |      | <b>1,287,100</b> | 1,287,100      |

## 11 TRADE AND OTHER PAYABLES

Creditors for:

|                         |      |                    |             |
|-------------------------|------|--------------------|-------------|
| - goods                 |      | 16,783,643         | 46,322,077  |
| - for supplies          |      | 44,806,786         | 37,000,822  |
| - for services          | 11.1 | 49,343,707         | 48,033,312  |
|                         |      | <b>110,934,136</b> | 131,356,211 |
| Security deposits       | 12.2 | 513,630            | 913,630     |
| Withholding tax payable |      | 10,233,797         | 6,443,376   |
| Accrued liabilities     |      | 20,360,819         | 33,039,183  |
| Advances from customers |      | 23,236,048         | 27,119,341  |
| <b>Total</b>            |      | <b>165,278,430</b> | 198,871,741 |

- 11.1 This includes amount of Rs 3.129 million (2017: Rs. 2.98 million) payable to Security General Insurance Company Limited, a related party, on account of insurance services.

|                                               | 2018<br>Rupees | 2017<br>Rupees |
|-----------------------------------------------|----------------|----------------|
| <b>11.2 Security deposits</b>                 |                |                |
| - goods / services to be delivered / provided | 513,630        | 913,630        |
| <b>Total</b>                                  | <b>513,630</b> | 913,630        |

- 11.2.1 These security deposits has been taken for goods / services to be delivered / provided and are utilized for the purpose of company business.

# Notes to the Financial Statements

for the year ended June 30, 2018

|                                                     | Note | 2018<br>Rupees    | 2017<br>Rupees    |
|-----------------------------------------------------|------|-------------------|-------------------|
| <b>12 INTEREST / MARKUP ACCRUED ON BORROWINGS</b>   |      |                   |                   |
| Long term financing                                 |      | 1,943,840         | 2,810,415         |
| Liabilities against assets subject to finance lease |      | 3,217,396         | 3,217,396         |
| Short term borrowings                               |      | 30,438,858        | 18,225,976        |
| Subordinated loan - related party                   |      | 20,842,300        | 12,182,910        |
| <b>Total</b>                                        |      | <b>56,442,394</b> | <b>36,436,697</b> |

## 13 SHORT TERM BORROWINGS - BANKS AND FINANCIAL INSTITUTIONS

|                                             | Note | Sanctioned Limit<br>Rupees | 2018<br>Rupees     | 2017<br>Rupees     |
|---------------------------------------------|------|----------------------------|--------------------|--------------------|
| From banking companies:                     |      |                            |                    |                    |
| Pre & Post-shipment - own sources - Secured | 13.2 | 106,875,000                | 106,869,778        | 191,835,000        |
| Cash finance - secured                      | 13.3 | 335,000,000                | 334,999,481        | 333,772,481        |
| <b>Total</b>                                |      |                            | <b>441,869,259</b> | <b>525,607,481</b> |

**13.1** The securities against short term borrowing obtained from one financial institution ( note 13.1.1) is utilized for various facilities sanctioned by the said financial institution.

**13.2** These facilities are secured against first joint pari passu charge on current assets ranging from Rs. 115 million to Rs. 176 million, first pari passu charge on fixed assets of Rs. 60 million, second joint pari passu charge on fixed assets of the Company of Rs. 114 million, first joint pari passu charge on present and future fixed assets of the Company amounting to Rs. 115 million, joint pari passu charge amounting Rs.65 million on current and fixed assets of the Company, Ranking Mortgage for Rs.13 million over additional land measuring 11 kanals & 19 Marlas, indemnity bond to cover exchange risk, hypothecation of plant & machinery and mortgage charge over land measuring 282 kanals & 8 marlas and building and personal guarantee of the sponsoring director of the Company. These carry markup at rates ranging from three to six months KIBOR plus 1% to 4% per annum (2017: three to six months KIBOR plus 2.5% to 4% per annum).

**13.3** These facilities are secured against first joint pari passu charge over the current assets of the Company amounting to Rs. 295 million, first pari passu charge over the fixed assets of the company amounting 340 million, 1% registered and 100% equitable mortgage of residential property in the name of Mrs. Mehvish Amin, pledge of stocks (i.e. yarn and grey cloth) and personal guarantee of the sponsoring director. These facilities carry markup at rate ranging from three to six month KIBOR plus 3% per annum (2017: three to six month KIBOR average ask rate plus 3% per annum).

|                                                 | 2018<br>Rupees     | 2017<br>Rupees |
|-------------------------------------------------|--------------------|----------------|
| <b>14 SHORT TERM BORROWINGS - RELATED PARTY</b> |                    |                |
| From related parties - unsecured                | 160,000,000        | -              |
| <b>Total</b>                                    | <b>160,000,000</b> | <b>-</b>       |

**14.1** This loan has been extended by a shareholder of the company and is utilized for working capital requirement. This carries interest at the rate of 3 months KIBOR plus 0.3% p.a.

# Notes to the Financial Statements

for the year ended June 30, 2018

|                                                     | Note | 2018<br>Rupees     | 2017<br>Rupees    |
|-----------------------------------------------------|------|--------------------|-------------------|
| <b>15 CURRENT PORTION OF LONG TERM BORROWINGS</b>   |      |                    |                   |
| Long term financing                                 | 8    | 180,328,119        | 49,981,567        |
| Liabilities against assets subject to finance lease | 9    | 1,381,365          | 1,381,365         |
| <b>Total</b>                                        |      | <b>181,709,484</b> | <b>51,362,932</b> |

## 16 CONTINGENCIES AND COMMITMENTS

### 16.1 Contingencies

- i) A suit for declaration with consequential relief and damages has been filed dated 11-10-2013 against the Company to challenge the purchase of land in village Rousa, Kasur. The same is pending adjudication before Civil Judge, Kasur.
- ii) A petition W.P.No. 1849 has been filed on 03-02-2010 by the Company challenging calculation and demand of electricity duty. The matter of revised calculations made by the Electricity Inspector of Lahore region is still pending adjudication before the Honorable Lahore High Court, Lahore.
- iii) An order, bearing no. 54 dated 24-06-2010 u/s 161/205 of the Income Tax Ordinance, 2001 was received for recovery of tax arrears amounting to Rs. 70.868 million for tax year 2004. The Company was contesting the above order in appeal before the Commissioner Inland Revenue Appeals-II, Lahore (CIR-A). The said CIR-A has remanded back the order u/s 161/205 to the assessing officer.

In respect of such case, the Company also filed a writ petition 16748/2012 before the Honorable Lahore High Court, Lahore wherein the Company has sought declaration vis-a-vis the amendment in section 174(3) of the Income Tax Ordinance, 2001 incorporated vide Finance Act, 2010 whereby period to maintain record was extended from 5 years to 6 years which is prospective and cannot be applied retrospectively to open past and closed matters. During the year, the Honorable, Lahore High Court, Lahore has passed judgment on said petition wherein the High Court agreed with the stance of the Company and declared such notice illegal.

- iv) Guarantees of Rs. 29.655 million (2016: Rs. 29.655 million) have been given by the National Bank of Pakistan on behalf of the Company to Sui Northern Gas Pipelines Limited, Excise and Taxation Authorities and Lahore Electric Supply Company Limited (LESCO).
- v) A petition no. 22674 dated 25-02-2015 was pending in the Honorable Lahore High Court, Lahore for waiver of security amounting to Rs. 5,355,000 (2015: Rs. 5,355,000) demanded by LESCO. During the year, the Honorable, Lahore High Court, Lahore has passed judgment on said petition whereby the High Court agreed with the stance of the Company and referred the matter to LESCO for return of security deposit.
- vi) Amendment Order u/s 122(5A) for Tax Year 2007 raising demand of Rs. 3,637,393 on account of charge of minimum tax u/s 113 in respect of local sales only was passed on 24-05-2013. This order was contested before CIR-A. During the year, an order partially in favor of the Company was passed by the CIR-A. However, 2nd appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) on the same grounds, which is pending for adjudication.

An appeal effect order u/s 124 for Tax Year 2008 in the light of direction given in the CIR(A)-II Order No. C/7 page No. 121 dated 16-04-2014 where total loss amounting to Rs. (128,915,283) has been determined and demand of Rs. 28,482,019 has been vacated in the said appeal effect order. whereas, the company has approached ATIR against the order of CIR(A)-II. which is pending adjudication till date.

- vii) An order u/s 122(5A) for Tax Year 2009 on 27-10-2014 has been passed by Additional Commissioner Inland Revenue (Add.CIR) raising demand of Rs. 4,857,801. Appeal was filed before CIR-Appeals, who provided partial relief whereas interest on WPPF & on short term borrowings was disallowed, whereas, the company has approached ATIR on 17-05-2015 against the order of CIR-Appeals which is pending adjudication till date.
- viii) An order u/s 122(5A) for Tax Year 2010 on 31-10-2012 has been passed by Add. CIR reducing the Income Tax Refunds to Rs. 521,334/- by imposing minimum tax u/s 113 @ 0.5% on local sales amounting to Rs. 4,412,674/-. Appeal was filed before CIR Appeals who upheld the stance of Add. CIR. Appeal against the Order of CIR Appeals has been filed on 04-07-2013 before the Appellate Tribunal Inland Revenue (ATIR), Appeal was heard on 25th of August 2018. Accordingly, the judgment is reserved for order which is awaiting till date.

# Notes to the Financial Statements

for the year ended June 30, 2018

During the year, orders for Tax Year 2010 u/s 122(5A) dated 16-09-2015 and 26-11-2015, had also been passed by CIR which had reduced brought forward losses and created a liability amounting to Rs. 1,640,269 and 1,775,510 respectively. Appeal against orders of CIR have been filed before CIR Appeals-II which are pending for adjudication till date.

- ix)** An order u/s 122(5A) for Tax Year 2011 has been passed on 02-02-2016 by CIR reducing the Income Tax Refunds from Rs. 8,939,819 to Rs. 2,925,744. Appeal against order of CIR has been filed before CIR Appeals-II, Lahore. Appeal was heard on 13-02-2018, however, no Order has been received till date.
- x)** In respect of the Audit proceedings for the Tax Year 2012, The Add. CIR passed an Order on 23-06-2018 u/s 122(5A) of the Ordinance along with notice of demand u/s 137 of the Ordinance whereby the tax demand of Rs. 3,971,666/- was raised and made impugned addition/disallowance of Rs. 22,739,169/-. We, as AR, requested for adjustment of demand against available refunds through our letter no. IT/S-28/18/827 dated 18-09-2018. This request has been made in response to notice bearing reference no. 850963-1 dated 17-09-2018 issued u/s 138 of the Ordinance to avoid any coercive/recovery proceedings.

As per confirmation from tax advisor being aggrieved from the aforesaid Order, the Company has also filed an Appeal before the first Appellate Forum i.e. Commissioner Appeals-II, Lahore on 23-07-2018. This appeal is pending for adjudication till date.

- xi)** An order u/s 122(1)(5) for Tax Year 2014 has been passed on 29-0-2017 by ACIR, Unit-02, Zone-VII, whereby addition of Rs. 23,525,775 were made and the tax demand of Rs. 1,293,704 was raised. Appeal against order of ACIR has been filed before CIR Appeals-II, Lahore on 30-11-2017, Which are pending for adjudication till date.
- xii)** An order u/s 122(1) for Tax Year 2015 has been passed by ACIR whereby addition of Rs. 18,856,268 were made and the tax refund claimed demand was reduced from Rs. 17,462,076 to Rs. 17,099,006. Appeal against order of ACIR has been filed before CIR Appeals-II on 12-02-2018, Which are pending for adjudication till date.
- xiii)** Certain tax payers of textile industry were issued recovery notices regarding tool manufacturing / processing charges at the rate of 16 % of Punjab Sales Tax on Services Act, 2012 by Punjab Revenue Authority (PRA), whereas, 3 % goods processing charges / tool manufacturing charges also levied through SRO 1125 (I)/2011 by the Federal Board of Revenue (FBR) under Sales Tax Act, 1990. These recovery notices were challenged and disposed of by single order of Honorable High Court, Lahore by Honorable Mr. Justice Mansoor Ali Shah through writ petition No. 578/2014 titled "Muhammad Shahfique Vs Government of Punjab.

Further, during the previous year, PRA through Notification No. SO(TAX)1-1/2015-16 (Vol.II) dated January 11, 2016 have reduced the rate of sales tax on toll manufacturing services from 16% to 2% with the basic condition that the input tax credit/adjustment shall not be admissible. The sector of toll manufacturing shall be same as covered under FBR's SRO1125(I)/2011 dated 31st December 2011. The above stated notification was valid initially for the financial year 2015-16. However, PRA, through Notification No. SO(TAX)1-1/2015-16 (Vol.II) dated October 28, 2016 extended the previous notification for the financial year 2016-17.

Currently, the Company is charging and depositing to FBR as it anticipates future outcome of such appeals in favor of petition.

- xiv)** Other un-acknowledged debts / claims as on balance sheet date amount to Rs. 16,383,145 (2017: 16,383,145).
- xv)** During the year, a case C.P. No. 3129/2011 has been filed in Honorable Hig Court of Sindh at Karachi against the demand of Province of Sindh of the goods entry and leaving the province. The said petition is now fixed on 4-10-2018.

Management is confident of favorable decision of all pending cases above and accordingly, no provision has been made in these financial statements.

## 16.2 Commitments

There were no commitments during the year.

|           | Note                                 | 2018<br>Rupees   | 2017<br>Rupees     |
|-----------|--------------------------------------|------------------|--------------------|
| <b>17</b> | <b>PROPERTY, PLANT AND EQUIPMENT</b> |                  |                    |
|           | Operating fixed assets               | 5,620,079        | 882,072,369        |
|           | <b>Total</b>                         | <b>5,620,079</b> | <b>882,072,369</b> |

# Notes to the Financial Statements

for the year ended June 30, 2018

17.1 Land of the company is located at 8 kilometer, Manga Raiwind Road, Kasur having a total area of 314.95 kanals.

## 17.2 Operating fixed assets - 2018

| Description                | Cost                 |                                        |                                                               |                                            |                     | Rate % | Depreciation        |                                         |                                                               |                     |                  |
|----------------------------|----------------------|----------------------------------------|---------------------------------------------------------------|--------------------------------------------|---------------------|--------|---------------------|-----------------------------------------|---------------------------------------------------------------|---------------------|------------------|
|                            | As at July 01, 2017  | Additions/ (deletions)                 | Transferred to Non-current assets classified as held for sale | Revaluation Adjustment / (Impairment loss) | As at June 30, 2018 |        | As at July 01, 2017 | For the year / (adjustments)            | Transferred to Non-current assets classified as held for sale | As at June 30, 2018 | Net book value   |
|                            | Rupees               | Rupees                                 | Rupees                                                        | Rupees                                     | Rupees              |        | Rupees              | Rupees                                  | Rupees                                                        | Rupees              | Rupees           |
| <b>Owned Assets</b>        |                      |                                        |                                                               |                                            |                     |        |                     |                                         |                                                               |                     |                  |
| Freehold land              | 239,159,375          | -                                      | (304,871,600)                                                 | 65,712,225                                 | -                   | -      | -                   | -                                       | -                                                             | -                   |                  |
| Buildings on freehold land | 237,325,891          | -                                      | (311,872,485)                                                 | 74,546,594                                 | -                   | 10     | 23,732,592          | 21,359,328                              | (45,091,920)                                                  | -                   |                  |
| Plant and machinery        | 1,196,233,226        | 9,652,350                              | (1,205,885,576)                                               | -                                          | -                   | 10     | 803,529,529         | 39,879,929                              | (843,409,458)                                                 | -                   |                  |
| Furniture and fittings     | 6,551,155            | -                                      | (6,551,155)                                                   | -                                          | -                   | 10     | 4,960,976           | 159,012                                 | (5,119,988)                                                   | -                   |                  |
| Office equipment           | 32,347,323           | -                                      | (22,144,367)                                                  | (9,884,859)                                | 318,097             | 10     | 19,897,479          | 1,244,988                               | (21,142,467)                                                  | 318,097             |                  |
| Vehicles                   | 40,960,767           | -                                      | (5,284,158)                                                   | -                                          | 30,607,695          | 20     | 32,158,480          | 1,667,496                               | (3,984,543)                                                   | 25,305,713          |                  |
|                            |                      | (5,068,914)                            | -                                                             | -                                          | -                   | -      |                     | (4,535,720)                             | -                                                             | 5,301,982           |                  |
| Electric installation      | 33,945,322           | -                                      | (33,945,322)                                                  | -                                          | -                   | 10     | 21,376,428          | 1,256,892                               | (22,633,320)                                                  | -                   |                  |
| Tube well                  | 2,602,423            | -                                      | (2,602,423)                                                   | -                                          | -                   | 10     | 1,398,092           | 120,432                                 | (1,518,524)                                                   | -                   |                  |
| Arms and ammunition        | 5,500                | -                                      | (5,500)                                                       | -                                          | -                   | 10     | 5,036               | 48                                      | (5,084)                                                       | -                   |                  |
| <b>Sub-total</b>           | <b>1,789,130,982</b> | <b>9,652,350</b><br><b>(5,068,914)</b> | <b>(1,893,162,587)</b>                                        | <b>130,373,960</b>                         | <b>30,925,792</b>   |        | <b>907,058,613</b>  | <b>65,688,126</b><br><b>(4,535,720)</b> | <b>(942,905,305)</b>                                          | <b>25,305,713</b>   | <b>5,620,079</b> |
| <b>Total</b>               | <b>1,789,130,982</b> | <b>9,652,350</b><br><b>(5,068,914)</b> | <b>(1,893,162,587)</b>                                        | <b>130,373,960</b>                         | <b>30,925,792</b>   |        | <b>907,058,613</b>  | <b>65,688,126</b><br><b>(4,535,720)</b> |                                                               | <b>25,305,713</b>   | <b>5,620,079</b> |

17.2.1 During the year ended June 30, 2016, leased plant and machinery has been transferred to owned assets. However, title of related assets is still in name of leasing company due to non-payment of overdue markup claimed by the lessor( as above reflected in note 12)

## 17.3 Operating fixed assets - 2017

| Description                | Cost                 |                                      |                      | Rate %               | Depreciation        |                                       |                        |                     |                    |
|----------------------------|----------------------|--------------------------------------|----------------------|----------------------|---------------------|---------------------------------------|------------------------|---------------------|--------------------|
|                            | As at July 01, 2016  | Additions/ (deletions)               | As at June 30, 2017  |                      | As at July 01, 2016 | For the year / (adjustments)          | Revaluation Adjustment | As at June 30, 2017 | Net book value     |
|                            | Rupees               | Rupees                               | Rupees               |                      | Rupees              | Rupees                                | Rupees                 | Rupees              | Rupees             |
| <b>Owned Assets</b>        |                      |                                      |                      |                      |                     |                                       |                        |                     |                    |
| Freehold land              | 239,159,375          | -                                    | 239,159,375          | -                    | -                   | -                                     | -                      | -                   | 239,159,375        |
| Buildings on freehold land | 237,325,891          | -                                    | 237,325,891          | 10                   | -                   | 23,732,592                            | -                      | 23,732,592          | 213,593,299        |
| Plant and machinery        | 1,191,802,710        | 4,430,516                            | 1,196,233,226        | 10                   | 760,145,517         | 43,384,012                            | -                      | 803,529,529         | 392,703,697        |
| Furniture and fittings     | 6,551,155            | -                                    | 6,551,155            | 10                   | 4,784,288           | 176,688                               | -                      | 4,960,976           | 1,590,179          |
| Office equipment           | 31,258,321           | 1,089,002                            | 32,347,323           | 10                   | 18,564,497          | 1,332,982                             | -                      | 19,897,479          | 12,449,844         |
| Vehicles                   | 41,091,817           | -                                    | 40,960,767           | 20                   | 30,077,507          | 2,202,133                             | -                      | 32,158,480          | 8,802,287          |
|                            |                      | (131,050)                            |                      |                      |                     | (121,160)                             | -                      |                     |                    |
| Electric installation      | 33,945,322           | -                                    | 33,945,322           | 10                   | 19,979,880          | 1,396,548                             | -                      | 21,376,428          | 12,568,894         |
| Tube well                  | 2,602,423            | -                                    | 2,602,423            | 10                   | 1,264,280           | 133,812                               | -                      | 1,398,092           | 1,204,331          |
| Arms and ammunition        | 5,500                | -                                    | 5,500                | 10                   | 4,988               | 48                                    | -                      | 5,036               | 464                |
| <b>Sub-total</b>           | <b>1,783,742,514</b> | <b>5,519,518</b><br><b>(131,050)</b> | <b>1,789,130,982</b> |                      | <b>834,820,957</b>  | <b>72,358,816</b><br><b>(121,160)</b> | <b>-</b>               | <b>907,058,613</b>  | <b>882,072,369</b> |
| <b>Total</b>               | <b>1,783,742,514</b> | <b>5,519,518</b><br><b>(131,050)</b> | <b>1,789,130,982</b> | <b>1,789,130,982</b> | <b>834,820,957</b>  | <b>72,358,816</b><br><b>(121,160)</b> |                        | <b>907,058,613</b>  | <b>882,072,369</b> |

| Note                                                        | 2018              | 2017              |
|-------------------------------------------------------------|-------------------|-------------------|
|                                                             | Rupees            | Rupees            |
| 17.4 Depreciation for the year has been allocated as under: |                   |                   |
| Cost of sales                                               | 29                | 68,647,012        |
| Administrative expenses                                     | 32                | 3,711,803         |
| <b>Total</b>                                                | <b>65,688,126</b> | <b>72,358,815</b> |

|                           | Cost as at June 30, 2018 | Accumulated depreciation as at June 30, 2018 | Book value as at June 30, 2018 |
|---------------------------|--------------------------|----------------------------------------------|--------------------------------|
|                           | Rupees                   | Rupees                                       | Rupees                         |
| Freehold land             | 15,100,263               | -                                            | 15,100,263                     |
| Building on freehold land | 174,560,080              | (115,415,379)                                | 59,144,701                     |
| <b>Total</b>              | <b>189,660,343</b>       | <b>(115,415,379)</b>                         | <b>74,244,964</b>              |

# Notes to the Financial Statements

for the year ended June 30, 2018

|                           | Cost as at<br>June 30, 2017 | Accumulated<br>depreciation as at<br>June 30, 2017 | Book value as at<br>June 30, 2017 |
|---------------------------|-----------------------------|----------------------------------------------------|-----------------------------------|
|                           | Rupees                      | Rupees                                             | Rupees                            |
| Freehold land             | 15,100,263                  | -                                                  | 15,100,263                        |
| Building on freehold land | 174,560,080                 | (108,022,291)                                      | 66,537,789                        |
| <b>Total</b>              | <b>189,660,343</b>          | <b>(108,022,291)</b>                               | <b>81,638,052</b>                 |

**17.6** Forced sale value of revalued assets amounted to Rs.851,769,206 (2017: nil)

## 17.7 Disposal of property, plant and equipment

The following assets were disposed off during the year:

| Description     | Quantity | Cost             | Accumulated<br>depreciation | Net book value | Proceeds from<br>disposal | Gain on disposal of<br>property, plant and<br>equipment | Particulars of the<br>purchaser | Mode of disposal | Relationship with<br>the purchaser |
|-----------------|----------|------------------|-----------------------------|----------------|---------------------------|---------------------------------------------------------|---------------------------------|------------------|------------------------------------|
|                 |          | Rupees           | Rupees                      | Rupees         | Rupees                    | Rupees                                                  |                                 |                  |                                    |
| <b>Vehicles</b> |          |                  |                             |                |                           |                                                         |                                 |                  |                                    |
| Honda City      | 1        | 1,520,760        | 1,251,143                   | 269,617        | 1,200,000                 | 930,383                                                 | Bilal Ahmed                     | Negotiation      | None                               |
| Suzuki Liana    | 1        | 840,164          | 770,135                     | 70,029         | 400,000                   | 329,971                                                 | Ms. Samers Sohail               | ---do---         | None                               |
| Honda Accord    | 1        | 2,707,990        | 2,514,442                   | 193,548        | 1,200,000                 | 1,006,452                                               | Umair Qaiser                    | ---do---         | None                               |
| <b>Total</b>    |          | <b>5,068,914</b> | <b>4,535,720</b>            | <b>533,194</b> | <b>2,800,000</b>          | <b>2,266,806</b>                                        |                                 |                  |                                    |
| 2017            |          | 131,050          | 121,160                     | 9,890          | 28,000                    | 18,110                                                  | -                               | ---do---         | -                                  |

|                                                             | Note                              | 2018<br>Rupees | 2017<br>Rupees |
|-------------------------------------------------------------|-----------------------------------|----------------|----------------|
| <b>18 LONG TERM INVESTMENT IN ASSOCIATE - RELATED PARTY</b> |                                   |                |                |
| Onetel Pakistan (Private) Limited                           | <b>18.1 &amp; 18.2 &amp; 18.3</b> | -              | -              |
| <b>Total</b>                                                |                                   | <b>-</b>       | <b>-</b>       |

**18.1** During last year, the investment in associate company has been impaired due to change in plans.

|                                       | 2018<br>Rupees | 2017<br>Rupees |
|---------------------------------------|----------------|----------------|
| <b>18.2 This is made-up as under:</b> |                |                |
| Opening investment                    | -              | 1,000,000      |
| Less: Impaired during the year        | -              | (1,000,000)    |
| <b>Total</b>                          | <b>-</b>       | <b>-</b>       |

# Notes to the Financial Statements

for the year ended June 30, 2018

|                                                        |                                                                                                                                                                 | 2018                | 2017          |
|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------|
|                                                        |                                                                                                                                                                 | Rupees              | Rupees        |
| <b>18.3 Extracts from audited financial statements</b> |                                                                                                                                                                 |                     |               |
| <b>Non-current assets</b>                              |                                                                                                                                                                 | -                   | 10,656,561    |
| <b>Current assets</b>                                  |                                                                                                                                                                 | -                   | 14,358        |
| <b>Total assets</b>                                    |                                                                                                                                                                 | -                   | 10,670,919    |
| <b>Non-current liabilities</b>                         |                                                                                                                                                                 | -                   | 1,150,000     |
| <b>Current Liabilities</b>                             |                                                                                                                                                                 | -                   | 2,265,919     |
| <b>Total liabilities</b>                               |                                                                                                                                                                 | -                   | 3,415,919     |
| <b>Net assets</b>                                      |                                                                                                                                                                 | -                   | 7,255,000     |
| Revenue                                                |                                                                                                                                                                 | -                   | -             |
| Other comprehensive income / (loss) for the year       |                                                                                                                                                                 | -                   | -             |
| Depreciation and amortization                          |                                                                                                                                                                 | -                   | -             |
| Tax expense                                            |                                                                                                                                                                 | -                   | -             |
|                                                        | <b>Note</b>                                                                                                                                                     | <b>2018</b>         | <b>2017</b>   |
|                                                        |                                                                                                                                                                 | <b>Rupees</b>       | <b>Rupees</b> |
| <b>19 LONG TERM DEPOSITS</b>                           |                                                                                                                                                                 |                     |               |
| Long term deposits                                     | <b>19.1</b>                                                                                                                                                     | <b>14,420,790</b>   | 14,420,790    |
| Less: Transfer to Non current assets held for sale     | <b>27.1</b>                                                                                                                                                     | <b>(14,420,790)</b> | -             |
| <b>Total</b>                                           |                                                                                                                                                                 | -                   | 14,420,790    |
| <b>19.1</b>                                            | Long term deposits include security deposits against finance leases, electricity connection and bank guarantee given to Lahore Electric Supply Company Limited. |                     |               |
|                                                        |                                                                                                                                                                 | <b>2018</b>         | <b>2017</b>   |
|                                                        |                                                                                                                                                                 | <b>Rupees</b>       | <b>Rupees</b> |
| <b>20 STORES, SPARE PARTS AND LOOSE TOOLS</b>          |                                                                                                                                                                 |                     |               |
| Stores                                                 |                                                                                                                                                                 | <b>18,488,315</b>   | 21,652,797    |
| Spare parts                                            |                                                                                                                                                                 | <b>23,290,535</b>   | 27,276,971    |
| Loose tools                                            |                                                                                                                                                                 | <b>2,687,370</b>    | 3,147,343     |
| <b>Total</b>                                           |                                                                                                                                                                 | <b>44,466,219</b>   | 52,077,111    |
| <b>21 STOCK IN TRADE</b>                               |                                                                                                                                                                 |                     |               |
| Raw material                                           |                                                                                                                                                                 | <b>4,091,029</b>    | 21,732,124    |
| Work in process                                        |                                                                                                                                                                 | <b>1,620,514</b>    | 1,329,570     |
| Finished goods                                         |                                                                                                                                                                 | <b>14,923,102</b>   | 249,908,464   |
| <b>Total</b>                                           |                                                                                                                                                                 | <b>20,634,645</b>   | 272,970,158   |

# Notes to the Financial Statements

for the year ended June 30, 2018

|                                           | Note        | 2018<br>Rupees    | 2017<br>Rupees |
|-------------------------------------------|-------------|-------------------|----------------|
| <b>22 TRADE DEBTS</b>                     |             |                   |                |
| Considered good                           |             |                   |                |
| Export - secured against export documents |             | -                 | 2,101,890      |
| Local - unsecured                         | <b>38.1</b> | <b>13,339,625</b> | 18,341,732     |
|                                           |             | <b>13,339,625</b> | 20,443,622     |
| Considered doubtful                       |             |                   |                |
| Local - unsecured                         |             | -                 | -              |
| Less: Provision for doubtful debt         | <b>22.1</b> | -                 | (1,029,203)    |
|                                           |             | -                 | (1,029,203)    |
| <b>Total</b>                              |             | <b>13,339,625</b> | 19,414,419     |

## 22.1 Provision for doubtful debts

|                           |                    |           |
|---------------------------|--------------------|-----------|
| Opening balance           | <b>1,029,203</b>   | -         |
| Provision for the year    | -                  | -         |
| Write off during the year | <b>(1,029,203)</b> | -         |
| <b>Closing balance</b>    | -                  | 1,029,203 |

## 23 LOANS AND ADVANCES - CONSIDERED GOOD

|                                                    |             |                  |           |
|----------------------------------------------------|-------------|------------------|-----------|
| Loan to related party                              | <b>23.1</b> | -                | -         |
| Advances to:                                       |             |                  |           |
| - Staff - secured                                  |             | <b>720,635</b>   | 1,008,841 |
| - Suppliers for goods and for services - unsecured |             | <b>7,437,522</b> | 6,360,178 |
| Letters of credit                                  |             | -                | 1,739     |
| <b>Total</b>                                       |             | <b>8,158,157</b> | 7,370,758 |

**23.1** This carried markup @ 12.705% (2017: 12.705%). During last year, the loan to associate( Onetel Pakistan) has been impaired due to change of business plans, therefore, the loan and interest accrued thereon have been impaired. Further, no interest income has been recognized during 2018.

|                                         | Note | 2018<br>Rupees | 2017<br>Rupees |
|-----------------------------------------|------|----------------|----------------|
| <b>23.1.1 This is made-up as under:</b> |      |                |                |
| Opening investment                      |      | -              | 1,150,000      |
| Less: Impaired during the year          |      | -              | (1,150,000)    |
| <b>Total</b>                            |      | -              | -              |

## 24 TRADE DEPOSITS AND PREPAYMENTS

|                   |             |                  |           |
|-------------------|-------------|------------------|-----------|
| Security deposits | <b>24.1</b> | <b>2,793,663</b> | 2,793,663 |
| Prepayments       |             | -                | 65,387    |
| <b>Total</b>      |             | <b>2,793,663</b> | 2,859,050 |

**24.1** This includes security deposit of leasing company amounting to Rs. 1,708,239 (2017: 1,708,239).

# Notes to the Financial Statements

for the year ended June 30, 2018

|                                           | Note | 2018<br>Rupees     | 2017<br>Rupees     |
|-------------------------------------------|------|--------------------|--------------------|
| <b>25 TAX REFUNDS DUE FROM GOVERNMENT</b> |      |                    |                    |
| Advance Income tax refundable - net       |      | 62,515,327         | 67,120,180         |
| Sales tax refundable - net                |      | 50,844,556         | 57,945,938         |
| Export rebate receivable                  |      | 294,182            | 294,182            |
| Excise duty receivable                    |      | 4,479,873          | 4,479,873          |
| <b>Total</b>                              |      | <b>118,133,938</b> | <b>129,840,173</b> |

## 26 CASH AND BANK BALANCES

Cash at bank:

|                             |      |                  |                  |
|-----------------------------|------|------------------|------------------|
| - current accounts          |      | 1,582,891        | 4,378,931        |
| - deposit accounts          | 26.1 | 100,987          | 171,829          |
| - foreign currency accounts |      | -                | 5,060            |
|                             |      | <b>1,683,878</b> | <b>4,555,820</b> |
| Cash in hand                |      | 1,665,353        | 502,337          |
| <b>Total</b>                |      | <b>3,349,231</b> | <b>5,058,157</b> |

26.1 The effective rate of return in respect of deposit accounts is 3.75% (2017: 3.75 %).

## 27 NON CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

This represents realizable value of following assets classified as held for sale. The proceeds will be utilized to settle / reduce banks' finance facilities in order to reduce dependency on external debts and finance cost of the Company, as per plan approved by Board of Directors. (mentioned in note 1.2).

|                                      | Note  | 2018<br>Rupees     | 2017<br>Rupees |
|--------------------------------------|-------|--------------------|----------------|
| <b>Property, plant and equipment</b> |       |                    |                |
| -Land                                | 27.02 | 304,871,600        | -              |
| -Building                            | 27.03 | 266,780,565        | -              |
| -Plant and machinery                 | 27.04 | 104,192,000        | -              |
| -Furniture and fittings              | 27.05 | 480,000            | -              |
| -Office equipment                    | 27.06 | 801,520            | -              |
| -Vehicles                            | 27.07 | 1,299,615          | -              |
| -Electric installation               | 27.08 | 3,840,000          | -              |
| -Tube well                           | 27.09 | 1,083,899          | -              |
| -Arms and ammunition                 | 27.10 | 416                | -              |
| <b>Long term deposits</b>            | 27.11 | 14,420,790         | -              |
|                                      |       | <b>697,770,404</b> | <b>-</b>       |

27.1 These assets are classified as held for sale to pay off all debts of the company to make it a debt free company and keep the company alive. The sale is expected within one year from the reporting date.

# Notes to the Financial Statements

for the year ended June 30, 2018

|                                                       | 2018                 | 2017   |
|-------------------------------------------------------|----------------------|--------|
|                                                       | Rupees               | Rupees |
| <b>27.2 Land</b>                                      |                      |        |
| Opening balance                                       | -                    | -      |
| Carrying value transfer property, plant and equipment | <b>304,871,600</b>   | -      |
| Closing balance                                       | <b>304,871,600</b>   | -      |
| <b>27.3 Building</b>                                  |                      |        |
| Opening balance                                       | -                    | -      |
| Carrying value transfer property, plant and equipment | <b>266,780,565</b>   | -      |
| Closing balance                                       | <b>266,780,565</b>   | -      |
| <b>27.4 Plant and machinery</b>                       |                      |        |
| opening balance                                       | -                    | -      |
| Carrying value transfer property, plant and equipment | <b>362,476,118</b>   | -      |
| Impairment loss on reclassification                   | <b>(258,284,118)</b> | -      |
| closing balance                                       | <b>104,192,000</b>   | -      |
| <b>27.5 Furniture and fittings</b>                    |                      |        |
| opening balance                                       | -                    | -      |
| Carrying value transfer property, plant and equipment | <b>1,431,167</b>     | -      |
| Impairment loss on reclassification                   | <b>(951,167)</b>     | -      |
| closing balance                                       | <b>480,000</b>       | -      |
| <b>27.6 Office equipment</b>                          |                      |        |
| opening balance                                       | -                    | -      |
| Carrying value transfer property, plant and equipment | <b>1,001,900</b>     | -      |
| Impairment loss on reclassification                   | <b>(200,380.04)</b>  | -      |
| closing balance                                       | <b>801,520</b>       | -      |
| <b>27.7 Vehicles</b>                                  |                      |        |
| opening balance                                       | -                    | -      |
| Carrying value transfer property, plant and equipment | <b>1,299,615</b>     | -      |
| Impairment loss on reclassification                   | -                    | -      |
| closing balance                                       | <b>1,299,615</b>     | -      |
| <b>27.8 Electric installation</b>                     |                      |        |
| opening balance                                       | -                    | -      |
| Carrying value transfer property, plant and equipment | <b>11,312,002</b>    | -      |
| Impairment loss on reclassification                   | <b>(7,472,002)</b>   | -      |
| closing balance                                       | <b>3,840,000</b>     | -      |
| <b>27.9 Tube well</b>                                 |                      |        |
| opening balance                                       | -                    | -      |
| Carrying value transfer property, plant and equipment | <b>1,083,899</b>     | -      |
| Impairment loss on reclassification                   | -                    | -      |
| closing balance                                       | <b>1,083,899</b>     | -      |

# Notes to the Financial Statements

for the year ended June 30, 2018

|                                                       | Note | 2018<br>Rupees | 2017<br>Rupees |
|-------------------------------------------------------|------|----------------|----------------|
| <b>27.10 Arms and ammunition</b>                      |      |                |                |
| opening balance                                       |      | -              | -              |
| Carrying value transfer property, plant and equipment |      | 416            | -              |
| Impairment loss on reclassification                   |      | -              | -              |
| closing balance                                       |      | 416            | -              |
| <b>27.11 Long term deposit</b>                        |      |                |                |
| opening balance                                       |      | -              | -              |
| Transferred in                                        |      | 14,420,790     | -              |
| closing balance                                       |      | 14,420,790     | -              |
| <b>28 SALES - NET</b>                                 |      |                |                |
| <b>Export</b>                                         |      |                |                |
| Cloth                                                 |      | -              | 76,554,047     |
| <b>Sub-total</b>                                      |      | -              | 76,554,047     |
| <b>Local</b>                                          |      |                |                |
| Cloth                                                 | 28.2 | 368,000,033    | 888,375,976    |
| Waste                                                 |      | 28,593,241     | 17,456,999     |
| <b>Sub-total</b>                                      |      | 396,593,274    | 905,832,975    |
| <b>Less: Sales tax</b>                                |      | -              | -              |
| <b>Sub-total</b>                                      | 28.3 | -              | -              |
| <b>Total Sales</b>                                    |      | 396,593,274    | 982,387,022    |
| Less: Commission                                      |      | (926,149)      | (8,733,104)    |
| <b>Total</b>                                          |      | 395,667,125    | 973,653,918    |

## 28.1 Particulars of export sales in respect of outstanding debts:

| Region        | Category         |   |           |
|---------------|------------------|---|-----------|
| South America | Letter of Credit | - | 477,383   |
| Asia          | Letter of Credit | - | 1,624,507 |
| <b>Total</b>  |                  | - | 2,101,890 |

28.2 This include conversion revenue amounting to Rs. 224 million (2017: Rs. 235 million).

28.3 As per FBR's SRO 1125 read with amendment by SRO 491(I)/2016 dated June 30, 2016, Company's sales are subject to sales tax @ 0% (2017: 0%).

# Notes to the Financial Statements

for the year ended June 30, 2018

|                                              | Note | 2018<br>Rupees     | 2017<br>Rupees |
|----------------------------------------------|------|--------------------|----------------|
| <b>29 COST OF SALES</b>                      |      |                    |                |
| Raw material consumed                        | 29.1 | 68,318,207         | 454,295,500    |
| Fuel and power                               |      | 182,968,399        | 190,426,773    |
| Stores, spare parts and loose tools consumed |      | 53,480,005         | 95,064,116     |
| Salaries, wages and other benefits           | 29.2 | 136,754,227        | 151,469,761    |
| Processing charges                           |      | 32,900             | 243,200        |
| Repairs and maintenance                      |      | 3,683,687          | 6,078,659      |
| Communication                                |      | 642,634            | 668,854        |
| Insurance                                    |      | 4,040,986          | 6,990,648      |
| Depreciation                                 | 17.4 | 62,616,630         | 68,647,012     |
| Impairment                                   |      | -                  | -              |
| Traveling and conveyance                     |      | 2,058,629          | 3,293,194      |
| Other expenses                               |      | 9,112,950          | 10,470,284     |
|                                              |      | <b>523,709,254</b> | 987,648,001    |
| <b>Adjustment of work in process</b>         |      |                    |                |
| Opening work in process                      |      | 1,329,570          | 2,850,745      |
| Closing work in process                      | 21   | (1,620,514)        | (1,329,570)    |
|                                              |      | <b>(290,944)</b>   | 1,521,175      |
|                                              |      | <b>523,418,310</b> | 989,169,176    |
| <b>Adjustment of finished goods</b>          |      |                    |                |
| Opening stock                                |      | 249,908,464        | 364,733,755    |
| Closing stock                                | 21   | (14,923,102)       | (249,908,464)  |
|                                              |      | <b>234,985,362</b> | 114,825,291    |
| Less: Export rebate                          |      | -                  | (71,924)       |
| <b>Total</b>                                 |      | <b>758,403,672</b> | 1,103,922,543  |
| <b>29.1 Raw material consumed</b>            |      |                    |                |
| Opening stock                                |      | 21,732,124         | 46,148,633     |
| Purchases                                    |      | 50,677,112         | 429,878,991    |
|                                              |      | <b>72,409,236</b>  | 476,027,624    |
| Closing stock                                | 21   | (4,091,029)        | (21,732,124)   |
| <b>Total</b>                                 |      | <b>68,318,207</b>  | 454,295,500    |

**29.2** This includes an amount of Rs. 4,625,836 (2017: Rs. 4,559,819) on account of provident fund.

# Notes to the Financial Statements

for the year ended June 30, 2018

|                                                       | Note | 2018<br>Rupees    | 2017<br>Rupees    |
|-------------------------------------------------------|------|-------------------|-------------------|
| <b>30 OTHER INCOME</b>                                |      |                   |                   |
| <b>Income from financial assets</b>                   |      |                   |                   |
| Profit on deposit accounts                            |      | 32,468            | 177,905           |
| Interest income                                       |      | -                 | 146,050           |
| Liabilities written back                              | 11.1 | -                 | 1,891,540         |
| <b>Income from assets other than financial assets</b> |      |                   |                   |
| Gain on disposal of property, plant and equipment     |      | 2,266,806         | 18,110            |
| Foreign currency translation differences-net          |      | 622               | 304,469           |
| Miscellaneous income                                  |      | 31,704,916        | 21,600            |
| <b>Total</b>                                          |      | <b>34,004,812</b> | <b>2,559,674</b>  |
| <b>31 DISTRIBUTION COST</b>                           |      |                   |                   |
| Salaries and other benefits                           | 31.1 | 9,380,194         | 10,098,769        |
| Outward freight                                       |      | -                 | 2,771,453         |
| Cloth export expenses                                 |      | 195,672           | 364,667           |
| Traveling and conveyance                              |      | 1,831,217         | 1,938,293         |
| Communication                                         |      | 273,608           | 271,707           |
| Vehicle running and maintenance                       |      | 865,184           | 355,379           |
| Insurance                                             |      | 875,580           | 1,062,870         |
| Other selling expenses                                |      | 857,318           | 724,065           |
| <b>Total</b>                                          |      | <b>14,278,773</b> | <b>17,587,203</b> |

**31.1** This includes an amount of Rs. 492,144 (2017: Rs. 516,831) on account of provident fund.

# Notes to the Financial Statements

for the year ended June 30, 2018

|                                    | Note | 2018<br>Rupees    | 2017<br>Rupees    |
|------------------------------------|------|-------------------|-------------------|
| <b>32 ADMINISTRATIVE EXPENSES</b>  |      |                   |                   |
| Salaries, wages and other benefits | 32.1 | 30,679,765        | 32,221,659        |
| Rent, rates and taxes              |      | 1,200,000         | 1,200,000         |
| Repairs and maintenance            |      | 739,162           | 1,022,847         |
| Insurance                          |      | 882,393           | 888,611           |
| Printing and stationery            |      | 522,496           | 501,845           |
| Communication                      |      | 1,151,200         | 1,296,317         |
| Electricity, gas and water         |      | 4,215,257         | 3,344,785         |
| Traveling and conveyance           |      | 4,010,209         | 3,812,433         |
| Entertainment                      |      | 567,749           | 503,223           |
| Fee and subscription               |      | 1,894,648         | 2,116,460         |
| Legal and professional             |      | 912,000           | 362,000           |
| Vehicle running and maintenance    |      | 2,547,883         | 2,390,318         |
| Auditors' remuneration             | 32.2 | 1,230,670         | 1,175,670         |
| Depreciation                       | 17.4 | 3,071,496         | 3,711,804         |
| Amortization                       |      | -                 | 469,280           |
| Bad debts written off              |      | 2,101,890         | -                 |
| Miscellaneous                      |      | 897,659           | 1,275,950         |
| <b>Total</b>                       |      | <b>56,624,477</b> | <b>56,293,202</b> |

**32.1** This includes an amount of Rs. 1,385,651 (2017: Rs. 1,481,491) on account of provident fund.

|                                                     | 2018<br>Rupees   | 2017<br>Rupees   |
|-----------------------------------------------------|------------------|------------------|
| <b>32.2 Auditors' remuneration:</b>                 |                  |                  |
| Audit fee                                           | 605,000          | 550,000          |
| Fee for half yearly review and other certifications | 150,000          | 150,000          |
| Taxation services                                   | 475,670          | 475,670          |
| <b>Total</b>                                        | <b>1,230,670</b> | <b>1,175,670</b> |

## 33 OTHER EXPENSES

|                                                                 |      |                    |                  |
|-----------------------------------------------------------------|------|--------------------|------------------|
| Donations                                                       | 33.1 | -                  | 15,500           |
| Impairment of loan receivable from Onetel (Private) Limited     | 23   | -                  | 1,150,000        |
| Impairment of interest receivable from Onetel (Private) Limited |      | -                  | 803,419          |
| Impairment on non current assets classified as held for sale    |      | 419,705,566        | 1,000,000        |
| Impairment on investment in associate                           | 18.1 | -                  | 1,000,000        |
| <b>Total</b>                                                    |      | <b>419,705,566</b> | <b>2,968,919</b> |

**33.1** None of directors of the Company or their spouses had any interest in the donee.

# Notes to the Financial Statements

for the year ended June 30, 2018

|                                    | Note | 2018<br>Rupees    | 2017<br>Rupees    |
|------------------------------------|------|-------------------|-------------------|
| <b>34 FINANCE COST</b>             |      |                   |                   |
| Mark up on:                        |      |                   |                   |
| - Long term financing              |      | 7,439,524         | 15,436,012        |
| - Short term borrowings            |      | 53,657,325        | 47,912,181        |
| Bank charges and others            |      | 942,187           | 3,654,885         |
| Interest on sponsor's loan         |      | 8,659,391         | 947,935           |
| Interest on provident fund payable |      | 1,154,218         | 568,691           |
| <b>Total</b>                       |      | <b>71,852,645</b> | <b>68,519,704</b> |

## 35 PROVISION FOR TAXATION

|             |              |                  |                   |
|-------------|--------------|------------------|-------------------|
| <b>35.1</b> | Current      | 4,957,416        | 10,027,194        |
|             | Prior period | 1,967,328        | -                 |
|             | <b>Total</b> | <b>6,924,744</b> | <b>10,027,194</b> |

### 35.1.1 Tax reconciliation

|                                  |                    |                     |
|----------------------------------|--------------------|---------------------|
| Opening balance of the provision | -                  | -                   |
| Provision the year               | 6,924,744          | 10,027,194          |
|                                  | <b>6,924,744</b>   | <b>10,027,194</b>   |
| Adjusted against advance tax     | <b>(6,924,744)</b> | <b>(10,027,194)</b> |
| <b>Total</b>                     | <b>-</b>           | <b>-</b>            |

**35.1.2** The comparison of tax provision as per the financial statements viz-a-viz tax assessment for last three years is as follows:

| Year | Provision as per<br>financial statements | Tax assessment |
|------|------------------------------------------|----------------|
|      | Rupees                                   | Rupees         |
| 2015 | 8,429,616                                | 8,491,886      |
| 2016 | 12,828,269                               | 12,706,691     |
| 2017 | 10,027,194                               | 10,027,194     |

**35.2** The Company is under the ambit of final tax up to the extent of export sales under section 169 and dividend income under section 150 of Income Tax Ordinance, 2001 respectively. Provision for income tax is made accordingly. Income tax provision for income which is not subject to final tax under section 169 of Income Tax Ordinance, 2001 has been calculated in accordance with section 113 and 113 C of the Income Tax Ordinance, 2001 as the Company has assessed tax losses. The relationship between tax expense and accounting profit has not been presented in these financial statements as the total income falls under final tax regime and section 113 and 113 C of Income Tax Ordinance, 2001.

## 36 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Chief Executive, directors and executives of the Company are as follows:

# Notes to the Financial Statements

for the year ended June 30, 2018

|                             |            | 2018             |                     |                         |                   |
|-----------------------------|------------|------------------|---------------------|-------------------------|-------------------|
| Particulars                 | Note       | Chief Executive  | Executive Directors | Non Executive Directors | Executives        |
|                             |            | Rupees           | Rupees              | Rupees                  | Rupees            |
| Remuneration                |            | 1,920,000        | 2,753,416           | 1,920,000               | 19,048,240        |
| Utilities                   | 36.1, 36.3 | 217,800          | 275,342             | 217,800                 | 1,904,824         |
| House rent                  | 36.3       | 1,162,200        | 1,101,366           | 1,162,200               | 7,619,296         |
| Provident fund contribution | 36.2       | 159,936          | 229,360             | 159,936                 | 1,586,718         |
| Reimbursable expenses       | 36.3       | 4,757,890        | -                   | -                       | -                 |
| <b>Total</b>                |            | <b>8,217,826</b> | <b>4,359,484</b>    | <b>3,459,936</b>        | <b>30,159,078</b> |
| <b>Number of person(s)</b>  |            | <b>1</b>         | <b>2</b>            | <b>4</b>                | <b>26</b>         |

|                             |            | 2017             |                     |                         |                   |
|-----------------------------|------------|------------------|---------------------|-------------------------|-------------------|
| Particulars                 | Note       | Chief Executive  | Executive Directors | Non Executive Directors | Executives        |
|                             |            | Rupees           | Rupees              | Rupees                  | Rupees            |
| Remuneration                |            | 1,920,000        | 2,753,416           | 1,920,000               | 19,477,801        |
| Utilities                   | 36.1, 36.3 | 217,800          | 275,342             | 217,800                 | 1,947,780         |
| House rent                  | 36.3       | 1,162,200        | 1,101,366           | 1,162,200               | 7,791,121         |
| Provident fund contribution | 36.2       | 159,936          | 229,360             | 159,936                 | 1,464,455         |
| Reimbursable expenses       | 36.3       | -                | -                   | -                       | -                 |
| <b>Total</b>                |            | <b>3,459,936</b> | <b>4,359,484</b>    | <b>3,459,936</b>        | <b>30,681,157</b> |
| <b>Number of person(s)</b>  |            | <b>1</b>         | <b>2</b>            | <b>4</b>                | <b>26</b>         |

**36.1** Chief executive, executive directors and some executives are provided with free use of Company owned and maintained cars.

**36.2** Provident fund contributions are made by the Company @ 8.33% (2017: 8.33%) of the basic salaries of executive directors, chief executive and executives.

**36.3** Chief executive is also provided with mobile phone, private security guard at residence, reimbursement of utility bills and medical facilities.

## 37 (LOSS) PER SHARE - BASIC AND DILUTED

(Loss) per share is calculated by dividing loss after tax for the year by weighted average number of shares outstanding during the year as follows:

|                                                      | 2018                 | 2017          |
|------------------------------------------------------|----------------------|---------------|
| (Loss) after tax (Rupees)                            | <b>(898,117,941)</b> | (283,105,173) |
| Weighted average number of ordinary shares           | <b>26,728,000</b>    | 26,728,000    |
| <b>(Loss) per share - basic and diluted (Rupees)</b> | <b>(33.60)</b>       | (10.59)       |

No figure for diluted earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

# Notes to the Financial Statements

for the year ended June 30, 2018

## 38 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company has exposures to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market Risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

### 38.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted.

Credit risk arises principally from loans and advances, trade debts, trade deposits, other receivables, interest accrued and bank balances. Out of total financial assets of Rs. 20,203 million (2017: Rs. 28,279 million), the financial assets that are subject to credit risk amounted to Rs. 18,538 million (2017: Rs. 27,774 million).

The Company monitors the credit quality of the financial assets with reference to the historical performance of such assets and available external credit ratings.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate. The table below shows the bank balances and investment held with some major counterparties at the statement of financial position date.

| Banks                                      | Rating     |           | Agency  | June 2018        | June 2017        |
|--------------------------------------------|------------|-----------|---------|------------------|------------------|
|                                            | Short term | Long term |         | Rupees           | Rupees           |
| Allied Bank Limited                        | A 1+       | AA+       | PACRA   | 2                | 2                |
| MCB Bank Limited                           | A 1+       | AAA       | PACRA   | 72,752           | 159,372          |
| Standard Chartered Bank (Pakistan) Limited | A 1+       | AAA       | PACRA   | 41,797           | 197,459          |
| Habib Metropolitan Bank Limited            | A 1+       | AA+       | PACRA   | (103,888)        | (31,225)         |
| National Bank of Pakistan                  | A 1+       | AAA       | JCR-VIS | 525,608          | 3,279,860        |
| NIB Bank Limited                           | A 1+       | AA-       | PACRA   | -                | 16,517           |
| Habib Bank Limited                         | A - 1+     | AAA       | JCR-VIS | 18,342           | 128,287          |
| Askari Bank Limited                        | A - 1+     | AA        | JCR-VIS | 57,767           | 6,083            |
| Soneri Bank Limited                        | A 1+       | AA-       | PACRA   | 24,065           | 21,360           |
| Summit Bank Limited                        | A - 1      | A -       | JCR-VIS | 327,478          | 385,943          |
| Faysal Bank Limited                        | A 1+       | AA        | PACRA   | 181,024          | 209,021          |
| JS Bank Limited                            | A 1+       | AA-       | PACRA   | 14,436           | 18,690           |
| Sindh Bank Limited                         | A - 1+     | AA        | JCR-VIS | 28,655           | 24,770           |
| Bank Al Falah Limited                      | A 1+       | AA+       | PACRA   | 12,580           | 18,584           |
| Bank Al Habib Limited                      | A 1+       | AA+       | PACRA   | 425,410          | 7,839            |
| Mib Bank Ltd                               | A1+        | AAA       | PACRA   | 16,707           | -                |
| Mezan Bank Ltd                             | A-1+       | AA+       | PACRA   | 40,959           | -                |
| <b>Total</b>                               |            |           |         | <b>1,683,694</b> | <b>4,442,562</b> |

# Notes to the Financial Statements

for the year ended June 30, 2018

|                                                          | 2018<br>Rupees    | 2017<br>Rupees |
|----------------------------------------------------------|-------------------|----------------|
| The aging of trade receivables at the reporting date is: |                   |                |
| <b>Past due but not impaired</b>                         |                   |                |
| 1 to 120 days                                            | <b>4,790,751</b>  | 11,939,120     |
| 121 to 240 days                                          | <b>2,002,890</b>  | 1,101,498      |
| 240 to 365 days                                          | <b>4,453,798</b>  | 2,491,258      |
| past due 365 days                                        | <b>2,092,186</b>  | 3,882,543      |
|                                                          | <b>13,339,625</b> | 19,414,419     |
| Not yet due                                              | -                 | -              |
| <b>Total</b>                                             | <b>13,339,625</b> | 19,414,419     |

## 38.2 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 to always have sufficient liquidity to meet its liabilities when 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 obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation.

### The following are contractual maturities of financial liabilities as at 30 June 2018:

|                                                          | Carrying<br>amount<br>Rupees | Less than one<br>year<br>Rupees | One to five<br>years<br>Rupees | More than five<br>years<br>Rupees |
|----------------------------------------------------------|------------------------------|---------------------------------|--------------------------------|-----------------------------------|
| Sub-ordinated loan - related party                       | 10,411,566                   | -                               | -                              | 10,411,566                        |
| Loan from Sponsor                                        | 160,000,000                  | -                               | -                              | 160,000,000                       |
| Long term financing - banks and financial institutions   | 180,328,119                  | 180,328,119                     | -                              | -                                 |
| Liabilities against assets subject to finance lease      | 1,381,365                    | 1,381,365                       | -                              | -                                 |
| Short term borrowings - banks and financial institutions | 441,869,259                  | 441,869,259                     | -                              | -                                 |
| Trade and other payables                                 | 165,278,430                  | 165,278,430                     | -                              | -                                 |
| Interest / markup accrued on borrowings                  | 56,442,394                   | 56,442,394                      | -                              | -                                 |
| <b>Total</b>                                             | <b>1,015,711,133</b>         | <b>845,299,567</b>              | -                              | <b>170,411,566</b>                |

### The following are contractual maturities of financial liabilities as at 30 June 2017:

|                                                          | Carrying<br>amount<br>Rupees | Less than one<br>year<br>Rupees | One to five<br>years<br>Rupees | More than five<br>years<br>Rupees |
|----------------------------------------------------------|------------------------------|---------------------------------|--------------------------------|-----------------------------------|
| Sub-ordinated loan - related party                       | 10,411,566                   | -                               | -                              | 10,411,566                        |
| Long term financing - banks and financial institutions   | 160,561,169                  | 49,981,567                      | 110,579,602                    | -                                 |
| Liabilities against assets subject to finance lease      | 1,381,365                    | 1,381,365                       | -                              | -                                 |
| Short term borrowings - banks and financial institutions | 525,607,481                  | 525,607,481                     | -                              | -                                 |
| Trade and other payables                                 | 218,071,698                  | 218,071,698                     | -                              | -                                 |
| Interest / markup accrued on borrowings                  | 36,436,697                   | 36,436,697                      | -                              | -                                 |
| <b>Total</b>                                             | <b>952,469,976</b>           | <b>831,478,808</b>              | <b>110,579,602</b>             | <b>10,411,566</b>                 |

# Notes to the Financial Statements

for the year ended June 30, 2018

## 38.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

### a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates.

The Company is exposed to currency risk on import of raw materials and stores and spares and export of goods mainly denominated in US Dollars. The Company's exposure to foreign currency risk for US Dollars (USD) is as follows:

|                     | 2018     | 2017             |
|---------------------|----------|------------------|
|                     | Rupees   | Rupees           |
| Foreign debtors-USD | -        | 2,101,890        |
| <b>Total</b>        | <b>-</b> | <b>2,101,890</b> |

The following significant exchange rates have been applied:

#### Rupees per USD

|                     |               |        |
|---------------------|---------------|--------|
| Average rate        | <b>114.93</b> | 104.83 |
| Reporting date rate | <b>132.20</b> | 105.00 |

As at year end, had the exchange of USD depreciated or appreciated against the currency with all other variables held constant, the change in post tax profit/(loss), mainly as a result of foreign exchange gain/loss on translation of foreign currency denominated payables, would have been as follows:

| Currency | % change | 2018   | 2017    |
|----------|----------|--------|---------|
|          |          | Rupees | Rupees  |
| US \$    | 100      | -      | 210,189 |

### b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates.

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

|                                                     | Effective rate of interest |                  | Carrying value in Rupees |                    |
|-----------------------------------------------------|----------------------------|------------------|--------------------------|--------------------|
|                                                     | 2018                       | 2017             | June 2018                | June 2017          |
|                                                     |                            |                  | Rupees                   | Rupees             |
| <b>Variable rate instruments</b>                    |                            |                  |                          |                    |
| <b>Financial liabilities</b>                        |                            |                  |                          |                    |
| Long term financing                                 | 7.5% to 9.5%               | 6.79 % to 12.60% | 180,328,119              | 160,561,169        |
| Liabilities against assets subject to finance lease | 15.7%                      | 15.7%            | 1,381,365                | 1,381,365          |
| Sponsor's loan                                      | 6.9%                       |                  | 160,000,000              | 41,000,000         |
| Short term borrowings                               | 7.43% to 9.93%             | 8.54% to 10.15%  | 441,869,259              | 525,607,481        |
| <b>Total</b>                                        |                            |                  | <b>783,578,743</b>       | <b>728,550,015</b> |
| <b>Financial assets</b>                             |                            |                  |                          |                    |
| Cash at bank - deposit accounts                     | 3.75%                      | 3.75%            | 100,987                  | 171,829            |
| <b>Total</b>                                        |                            |                  | <b>100,987</b>           | <b>171,829</b>     |

# Notes to the Financial Statements

for the year ended June 30, 2018

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

|                              | Effective rate of interest |       | Carrying value in Rupees |                     |
|------------------------------|----------------------------|-------|--------------------------|---------------------|
|                              | 2018                       | 2017  | June 2018<br>Rupees      | June 2017<br>Rupees |
| <b>Fixed rate instrument</b> |                            |       |                          |                     |
| <b>Financial liabilities</b> |                            |       |                          |                     |
| Subordinated loan            | 9.15%                      | 9.15% | 10,411,566               | 10,411,566          |
| <b>Total</b>                 |                            |       | <b>10,411,566</b>        | 10,411,566          |

## Cash flow sensitivity analysis for variable rate instruments

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

| Currency                                                   | Profit / (loss) 100 bp |           |
|------------------------------------------------------------|------------------------|-----------|
|                                                            | Decrease               | Increase  |
| <b>As at June 30, 2018</b>                                 |                        |           |
| Cash flow sensitivity -variable rate financial liabilities | (7,835,787)            | 7,835,787 |
| <b>As at June 30, 2017</b>                                 |                        |           |
| Cash flow sensitivity -variable rate financial liabilities | (6,861,687)            | 6,861,687 |

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / (loss) for the year and assets / liabilities of the Company.

### c) Equity price risk

Other price risk represents 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), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to material equity price risk.

### 38.4 Financial instruments by categories

|                         |                     |                     | Others              |                     | Total               |                     |
|-------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                         | June 2018<br>Rupees | June 2017<br>Rupees | June 2018<br>Rupees | June 2017<br>Rupees | June 2018<br>Rupees | June 2017<br>Rupees |
| <b>Financial assets</b> |                     |                     |                     |                     |                     |                     |
| Trade debts             | 13,339,625          | 19,414,419          | -                   | -                   | 13,339,625          | 19,414,419          |
| Loans and advances      | 720,635             | 1,008,841           | -                   | -                   | 720,635             | 1,008,841           |
| Trade deposits          | 2,793,663           | 2,793,663           | -                   | -                   | 2,793,663           | 2,793,663           |
| Interest accrued        | -                   | -                   | -                   | -                   | -                   | -                   |
| Cash and bank balances  | 3,349,231           | 5,058,157           | -                   | -                   | 3,349,231           | 5,058,157           |
| <b>Total</b>            | <b>20,203,154</b>   | 28,275,080          | -                   | -                   | <b>20,203,154</b>   | 28,275,080          |

# Notes to the Financial Statements

for the year ended June 30, 2018

|                                                     | <b>Financial liabilities<br/>at amortized cost</b> |             |
|-----------------------------------------------------|----------------------------------------------------|-------------|
|                                                     | <b>June 2018</b>                                   | June 2017   |
|                                                     | <b>Rupees</b>                                      | Rupees      |
| <b>Financial liabilities</b>                        |                                                    |             |
| Sub-ordinated loan                                  | <b>10,411,566</b>                                  | 10,411,566  |
| Loan from Sponsor                                   | <b>160,000,000</b>                                 | -           |
| Long term financing                                 | <b>180,328,119</b>                                 | 160,561,169 |
| Liabilities against assets subject to finance lease | <b>1,381,365</b>                                   | 1,381,365   |
| Short term borrowings                               | <b>441,869,259</b>                                 | 525,607,481 |
| Trade and other payables                            | <b>165,278,430</b>                                 | 218,071,698 |
| Interest accrued on loans                           | <b>56,442,394</b>                                  | 36,436,697  |
| <b>Total</b>                                        | <b>1,015,711,133</b>                               | 952,469,976 |

### 38.5 Fair values of financial assets and liabilities

Fair value of available for sale unquoted investment is determined by using appropriate valuation techniques as permissible under IAS 39 (Financial Instruments: Recognition and Measurement).

The carrying values of other financial assets and financial liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

### 38.6 Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of non financial assets by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

**As at 30 June 2018, the Company held following fair value measurement of non-financial assets:**

|                                      | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> |
|--------------------------------------|----------------|----------------|----------------|
|                                      | <b>Rupees</b>  | <b>Rupees</b>  | <b>Rupees</b>  |
| <b>Property, plant and equipment</b> |                |                |                |
| Freehold land                        | -              | -              | -              |
| Buildings on freehold land           | -              | -              | -              |

**As at 30 June 2017, the Company held following fair value measurement of non-financial assets:**

|                                      | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> |
|--------------------------------------|----------------|----------------|----------------|
|                                      | <b>Rupees</b>  | <b>Rupees</b>  | <b>Rupees</b>  |
| <b>Property, plant and equipment</b> |                |                |                |
| Freehold land                        | -              | -              | 239,159,375    |
| Buildings on freehold land           | -              | -              | 213,593,299    |

# Notes to the Financial Statements

for the year ended June 30, 2018

The reconciliation of the carrying amounts of non-financial assets classified within Level 2 is as follows:

|                                                               | Note | Freehold land<br>Rupees | Buildings on<br>freehold land<br>Rupees |
|---------------------------------------------------------------|------|-------------------------|-----------------------------------------|
| Balance as at June 30, 2017                                   | 17   | 239,159,375             | 213,593,299                             |
| Depreciation charged during the year                          | 17   | -                       | (21,359,328)                            |
| Revaluation surplus recognized in reserves during the year    |      | 65,712,225              | 74,546,594                              |
| Transferred to non-current assets classified as held for sale |      | (304,871,600)           | (311,872,485)                           |
| Depreciation reversed                                         |      | -                       | 45,091,920                              |
| <b>Balance as at June 30, 2018</b>                            |      | -                       | -                                       |

### 38.7 Capital risk management

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, appropriation of amounts to capital reserves and/or issue new shares.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total borrowings ("long term financing - secured" and "short term borrowings" as shown in the balance sheet). Total capital comprises shareholders' equity as shown in the balance sheet under "share capital and reserves" and "net debt".

|                                                                          | Note | 2018<br>Rupees | 2017<br>Rupees |
|--------------------------------------------------------------------------|------|----------------|----------------|
| <b>39 CASH GENERATED FROM OPERATIONS</b>                                 |      |                |                |
| (Loss) / Profit before taxation                                          |      | (891,193,197)  | (273,077,979)  |
|                                                                          |      | (891,193,197)  | (273,077,979)  |
| <b>Adjustments for non-cash charges and other items:</b>                 |      |                |                |
| Depreciation on property, plant and equipment                            | 17.4 | 65,688,126     | 72,358,816     |
| Amortization                                                             | 32   | -              | 469,280        |
| Impairment loss on investment in associate                               | 33   | -              | 1,000,000      |
| Impairment loss on property, plant and equipment                         |      | 419,705,566    | -              |
| Loss on recoverability of interest from loan to Onetel (Private) Limited | 33   | -              | 803,419        |
| (Gain) / loss on disposal of property, plant and equipment               | 30   | (2,266,806)    | (18,110)       |
| Finance cost                                                             |      | 71,852,645     | 68,519,704     |
| Liabilities written back                                                 |      | -              | (1,891,540)    |
| Working capital changes                                                  | 39.1 | 240,586,038    | 182,103,954    |
| Interest income                                                          | 30   | -              | (146,050)      |
|                                                                          |      | 795,565,569    | 323,199,473    |
| <b>Total</b>                                                             |      | (95,627,628)   | 50,121,494     |

# Notes to the Financial Statements

for the year ended June 30, 2018

|                                                                     | Note | 2018<br>Rupees     | 2017<br>Rupees |
|---------------------------------------------------------------------|------|--------------------|----------------|
| <b>39.1 Working capital changes</b>                                 |      |                    |                |
| <b>(Increase) / decrease in current assets</b>                      |      |                    |                |
| Stores, spare parts and loose tools                                 |      | 7,610,892          | 1,434,518      |
| Stock in trade                                                      |      | 252,335,513        | 140,762,975    |
| Trade debts                                                         |      | 6,074,794          | 37,084,719     |
| Loans and advances                                                  |      | (787,399)          | 9,603,349      |
| Trade deposits, prepayments and balances with statutory authorities |      | (7,254,021)        | (12,301,970)   |
|                                                                     |      | <b>257,979,779</b> | 176,583,591    |
| <b>(Decrease) / increase in current liabilities</b>                 |      |                    |                |
| Trade and other payables                                            |      | (33,593,311)       | 5,520,363      |
| Provident fund payable                                              |      | 16,199,570         | -              |
| <b>Total</b>                                                        |      | <b>240,586,038</b> | 182,103,954    |

## 40 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise subsidiary, associated company, associate, companies where directors also held directorship, directors, provident fund and key management personnel. Transactions and balances with related parties, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

| Name                                       | Relationship with the Company | Nature of transaction       | Note       | 2018<br>Rupees | 2017<br>Rupees |
|--------------------------------------------|-------------------------------|-----------------------------|------------|----------------|----------------|
| <b>Payable to related parties</b>          |                               |                             |            |                |                |
| Security General Insurance Company limited | Ex-Associated undertaking     | Insurance Premium           |            | 2,984,271      | 2,984,271      |
| Sarmad Amin                                | Sponsor                       | Loan                        | Note 5, 14 | 253,246,647    | 41,000,000     |
| Mahvish Amin                               | Director                      | Loan                        | Note 7, 12 | 23,495,592     | 22,594,476     |
| Employees provident Fund                   | Associated undertaking        | Provident fund contribution |            | 31,933,363     | 15,733,793     |

| Name                                     | Relationship with the Company | Nature of transaction                               | 2018<br>Rupees | 2017<br>Rupees |
|------------------------------------------|-------------------------------|-----------------------------------------------------|----------------|----------------|
| <b>Transactions with related parties</b> |                               |                                                     |                |                |
| Onetel Pakistan (Private) Limited        | Associated undertaking        | Income                                              | -              | 146,050        |
| Sarmad Amin                              | Sponsor                       | Expense                                             | 7,758,274      | 2,147,935      |
| Mahvish Amin                             | Loan                          | Expense                                             | 2,101,117      | -              |
| Employees provident fund                 | Provident fund                | Expense (including interest)                        | 6,503,631      | 6,558,141      |
| Onetel Pakistan (private) Limited        | Associated undertaking        | Impairment of investment, loan and accrued interest | -              | 2,953,419      |

# Notes to the Financial Statements

for the year ended June 30, 2018

**40.1** Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place.

| Name of Company          | Basis of relationship | Aggregate % of Shareholding in the Company |
|--------------------------|-----------------------|--------------------------------------------|
| Elan Facon (SMS-PVT) Ltd | Common Director       | 100%                                       |

| 2018 | 2017 |
|------|------|
|------|------|

## 41 CAPACITY INSTALLED AND ACTUAL PRODUCTION

|                                               |            |            |
|-----------------------------------------------|------------|------------|
| Number of looms installed                     | 214        | 214        |
| Number of looms worked                        | 154        | 214        |
| Shifts per day                                | 3          | 3          |
| No. of days actually worked                   | 365        | 365        |
| Rated capacity (running meters) per annum     | 18,276,685 | 20,792,382 |
| Actual commercial production (running meters) |            |            |
| - Production - own                            | 521,114    | 3,136,452  |
| - Production - conversion basis               | 10,295,703 | 10,725,171 |
| - Total Production                            | 10,816,817 | 13,861,623 |

It is difficult to determine precisely the production / rated capacity in the textile industry since it fluctuates widely depending on various factors such as speed, width and construction of the cloth, etc. The reasons for decrease in actual commercial production include factors like manufacturing different qualities, speed, width and construction of the cloth and market forces etc.

| 2018   | 2017   |
|--------|--------|
| Rupees | Rupees |

## 42 PROVIDENT FUND RELATED DISCLOSURES

The following information is based on latest audited financial statements of the Fund:

|                                 |            |            |
|---------------------------------|------------|------------|
| Size of the fund - Total assets | 60,106,593 | 53,512,131 |
| Cost of investments made        | 221,974    | 3,255,943  |
| Percentage of investments made  | 0.4%       | 6.1%       |
| Fair value of investment made   | 230,338    | 3,622,643  |

### The break-up of fair value of investments is:

|                                       | 2018           |             | 2017             |             |
|---------------------------------------|----------------|-------------|------------------|-------------|
|                                       | Rupees         | --- % ---   | Rupees           | --- % ---   |
| <b>Mutual funds</b>                   |                |             |                  |             |
| MCB-Asset Management Company Limited  | 192,165        | 83%         | 183,714          | 5%          |
| NBP Fullerton Asset Management (NAFA) | 4,673          | 2%          | 3,404,764        | 94%         |
| <b>Balance with brokerage house:</b>  |                |             |                  |             |
| Money Line Securities (Pvt.) Ltd.     | 33,500         | 15%         | 34,165           | 1%          |
|                                       | <b>230,338</b> | <b>100%</b> | <b>3,622,643</b> | <b>100%</b> |

# Notes to the Financial Statements

for the year ended June 30, 2018

During the year, provident fund trust has been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the Rules formulated for the purpose.

|                                                                                                                                                                                                                                                                                                                                                                                                                                            | 2018   | 2017          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|---------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                            | Rupees | Rupees        |
| <b>43 NUMBER OF EMPLOYEES</b>                                                                                                                                                                                                                                                                                                                                                                                                              |        |               |
| Number of employees at year end - Head office                                                                                                                                                                                                                                                                                                                                                                                              | 42     | 44            |
| Average number of employees during the year - Head office                                                                                                                                                                                                                                                                                                                                                                                  | 43     | 45            |
| Number of employees at year end - Factory                                                                                                                                                                                                                                                                                                                                                                                                  | 401    | 475           |
| Average number of employees during the year - Factory                                                                                                                                                                                                                                                                                                                                                                                      | 459    | 524           |
| <b>44 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS</b>                                                                                                                                                                                                                                                                                                                                                                                   |        | <b>Note</b>   |
| <b>44.1</b> The Company has classified significant portion of property, plant and equipment to non-current assets held for sale.                                                                                                                                                                                                                                                                                                           |        | <b>17, 27</b> |
| <b>44.2</b> The Company has disposed off assets having cost amounting to Rs. 5,068,914.                                                                                                                                                                                                                                                                                                                                                    |        | <b>17.7</b>   |
| <b>44.3</b> The Company has made additions amounting to Rs. 9,652,350 in plant & machinery.                                                                                                                                                                                                                                                                                                                                                |        | <b>17</b>     |
| <b>44.4</b> Loan has been obtained from sponsors amounting to Rs. 204,488,373.                                                                                                                                                                                                                                                                                                                                                             |        | <b>5, 14</b>  |
| <b>44.5</b> Companies Act, 2017 has been enacted which requires certain additional disclosures.                                                                                                                                                                                                                                                                                                                                            |        | <b>2.1</b>    |
| <b>45 GENERAL</b>                                                                                                                                                                                                                                                                                                                                                                                                                          |        |               |
| <b>45.1</b> Figures in these financial statements have been rounded off to the nearest rupee.                                                                                                                                                                                                                                                                                                                                              |        |               |
| <b>45.2</b> Corresponding figures have been re-arranged and/ or reclassified, where ever considered necessary, for the purpose of better presentation of the financial statements. However, except for combination of profit and loss account and statement of comprehensive income into statement of profit or loss account and other comprehensive income, no significant presentation changes and/ or reclassifications have been made. |        |               |
| <b>46 DATE OF AUTHORIZATION FOR ISSUE</b>                                                                                                                                                                                                                                                                                                                                                                                                  |        |               |
| These financial statements have been approved by the Board of Directors of the Company and authorized for issue on November 07, 2018.                                                                                                                                                                                                                                                                                                      |        |               |

Lahore

  
**JEHANZEB AMIN**  
 Chief Executive

  
**SHEHRYAR AMIN**  
 Director

  
**SAFDER HUSSAIN TARIQ**  
 Director

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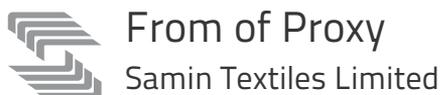
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From of Proxy  
Samin Textiles Limited

I/We \_\_\_\_\_  
of \_\_\_\_\_ being member(s) of SAMIN TEXTILES LIMITED under  
Member Register Folio No. \_\_\_\_\_ and/or CDC Participant ID No./Sub-Account No./Investor  
Account No. \_\_\_\_\_ and holder of \_\_\_\_\_ ordinary shares hereby appoint  
Mr./Mrs./Miss \_\_\_\_\_ who is also a member of the  
Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 29<sup>th</sup> Annual General  
Meeting of the Company to be held at the Registered Office of the Company, 50-C, Main Gulberg, Lahore on Tuesday, November  
27, 2018 at 11:30 a.m. or at any adjournment thereof.

As witness my/our hand(s) this \_\_\_\_\_ day of 2018  
signed by the said \_\_\_\_\_ in the presence of

**1. Witness:**

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_

Affix Revenue  
Stamps of Rs. 5/-

Signature of Member

**2. Witness:**

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_

Shareholder's Folio No. \_\_\_\_\_  
CDC Participant I.D/Sub A/c # \_\_\_\_\_  
CNIC No. \_\_\_\_\_

**NOTES:**

1. Proxies, in order to be effective, must be received at the Company's Registered Office 50-C Main, Gulberg, Lahore, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
2. Signature must agree with the specimen signature registered with the Company.
3. An individual beneficial owner of CDC, entitled to attend any vote at this meeting, must bring his/her NIC/Passport to prove his/her identity, and in case of proxy must enclose an attested copy of his/her NIC/Passport. Representative of corporate members should bring the original usual documents required of such purpose.
4. No person shall act as proxy unless he is member of the Company.



پراکسی فارم (مختار نامہ)

## ٹمین ٹیکسٹائل لمیٹڈ

میں اہم

ساکن

بحیثیت رکن ٹمین ٹیکسٹائل لمیٹڈ بمطابق ممبر رجسٹرڈ فولیو نمبر \_\_\_\_\_ اور ایسی ڈی سی پارٹیسپنٹ آئی ڈی نمبر اسب اکاؤنٹ نمبر انویسٹرا کاؤنٹ نمبر \_\_\_\_\_  
 اور مالک \_\_\_\_\_ عام حصص بذریعہ بذمتم/محترمہ \_\_\_\_\_  
 جو کمپنی کا رکن بھی ہے،

کو اپنے/ہمارے ایما پر کمپنی کے رجسٹرڈ دفتر C-50، مین گلبرگ، لاہور میں بروز منگل 27 نومبر 2018 کو صبح 11:30 بجے منعقد ہونے والے کمپنی کے 29 ویں سالانہ اجلاس عام میں حق شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔  
 آج بروز ..... تاریخ ..... 2018ء کو میرے/ہمارے دستخط اور گواہوں کی تصدیق سے جاری ہوا۔  
 گواہان

-5/ روپے کارسیدی ٹکٹ

یہاں چسپاں کریں

-1

دستخط:

نام:

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:

پتہ:

دستخط رکن: -----

-2

دستخط:

نام:

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:

پتہ:

نوٹ:

1- پر آکسیاں تاکہ مؤثر ہو سکیں، کمپنی کے رجسٹرڈ دفتر، C-50، مین گلبرگ، لاہور میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل لازماً وصول ہو جانی چاہئیں اور باقاعدہ مہر، دستخط اور

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

3- سی ڈی سی کا ایک انفرادی پینفلڈ اور، اجلاس ہذا میں شرکت اور حق رائے دہی استعمال کرنے کا اہل، اپنی شناخت ثابت کرنے کے لئے اپنا کمپیوٹرائزڈ قومی شناختی کارڈ پاسپورٹ لا

صورت میں اپنے کمپیوٹرائزڈ قومی شناختی کارڈ پاسپورٹ کی مصدقہ نقل لازماً منسلک کریں۔ کارپوریٹ ممبران کے نمائندہ کو ایسے مقصد کے لئے ضروری معمول کی اصل دستاویزات ہر

4 کوئی شخص بطور پراکسی کام نہیں کر سکتا جب تک وہ کمپنی کا ممبر نہ ہو۔



[samintextile.com](http://samintextile.com)

**SAMIN TEXTILES LIMITED**

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