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BOARD OF DIRECTORS

Mr. Muneer Nawaz
Mr. M. Naeem
Mr. Mahmood Nawaz
Mr. Saleem Zamindar (NIT)
Mr. Sohail Habib
Mr. Toqueer Nawaz
Mrs. Sadia Mohammad
Mr. Muhammad Usman Khalid
Lt. Col. (Retd.) R.D. Shams

Chairman
Chief Executive

COMPANY SECRETARY

Mr. Jamil Ahmad Butt, FCMA

AUDIT COMMITTEE OF THE BOARD

Mr. Sohail Habib
Mr. Muneer Nawaz
Mr. Toqueer Nawaz
Mr. Muhammad Usman Khalid
Mr. Jamil Ahmad Butt, FCMA

Chairman
Member
Member
Member
Secretary

**HUMAN RESOURCE AND
REMUNERATION COMMITTEE OF THE BOARD**

Mr. Saleem Zamindar
Mr. Muneer Nawaz
Mr. M. Naeem
Mr. Muhammad Usman Khalid
Mr. Jamil Ahmad Butt, FCMA

Chairman
Member
Member
Member
Secretary

AUDITORS

Deloitte Yousuf Adil.
Chartered Accountants.
Cavish Court, A-35, Block 7 & 8 KCHS,
Shahrah-e-Faisal, Karachi 75350.

BANKS

Bank Alfalah Limited
United Bank Limited
Meezan Bank Ltd.
The Bank of Punjab
MCB Bank Limited
Faysal Bank Limited
National Bank of Pakistan

LEGAL ADVISOR

Mr. Ras Tariq Chaudhary
30-Mall Mansion
The Mall
Lahore.

HEAD OFFICE

Shahnawaz Building, 19-Dockyard Road,
West Wharf, Karachi-74000
Ph: 32313934-8, 32312834, 32310973
Fax: 32205723, 32310623
Website: www.shahtaj.com

REGISTERED OFFICE

27-C Abdalian Co-oporetive
Hosing Society, Lahore,
Ph: (042) 35313891-92, 35301596-99
Fax: (042) 35301594

MARKETING OFFICE

27-C Abdalian Co-oporetive
Hosing Society, Lahore,
Ph: (042) 35313891-92, 35301596-99
Fax: (042) 35301594

FACTORY

46 K.M. Lahore/Multan Road
Chunian Industrial Estate
Bhai Pheru, Distt. Kasur, Punjab.
Ph: (049) 4540430-32, 4540133, 4540234
Fax: (049) 4540031

SHARE REGISTRAR

Jwaffs Registrar Services (Pvt.) Ltd.
Suite # 407,408, 4th Floor, Al-Ameera Centre,
Shahrah-e-Iraq, Near Passport Office,
Saddar Karachi.
Tel: 35662023-24 Fax: 35221192

To,

All the Shareholders,

Notice is hereby given to all the shareholders of SHAHTAJ TEXTILE LIMITED that the 30th Annual General Meeting of the Company will be held on Friday, the 25th October, 2019, at 10:30 AM at PC Hotel, Shahrah-e-Quaid-e-Azam, Lahore to transact the following ordinary business:

1. To confirm the minutes of Annual General Meeting held on 26th October, 2018.
2. To consider and adopt audited Financial Statements of the Company for the year ended June 30, 2019 together with Auditors' and Directors' Reports thereon.
3. To approve a cash Dividend @ 100% i.e. Rs.10/- per share for the year ended June 30, 2019 as recommended by the Directors.
4. To appoint Auditors of the Company for the year 2019-2020 and to fix their remuneration. The present Auditors M/s. Deloitte Yousuf Adil, Chartered Accountants, being eligible, have offered themselves for reappointment.
5. To transact any other ordinary business with the permission of the Chair.

By Order of the Board



(JAMIL AHMAD BUTT)
Company Secretary

Karachi: September 27, 2019

Notes:

1. The share transfer books of the Company will remain closed from 18th October, 2019 to 28th October, 2019, (both days inclusive).
2. Members holding shares physically and Holders of Accounts and Sub-accounts for Company's shares in Central Depository Company of Pakistan Limited, who wish to attend this Annual General Meeting may do so by identifying themselves through their original CNIC/Passport and providing a copy thereof.
3. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote. Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the meeting and must be duly stamped, signed and witnessed.
4. In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

5. DEDUCTION OF INCOME TAX

As per the provisions of Section 150 of the Income Tax Ordinance, 2001 ("Ordinance") different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. The Current withholding tax rates are as under:

- | | | |
|-----|--|-----|
| (a) | For the person whose names are appearing on ATL: | 15% |
| (b) | For the person whose names are not appearing on ATL: | 30% |

All the shareholders whose names are not entered into the Active Tax-payers list (ATL) provided on the website of the Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of payment of dividend, otherwise tax on their Dividend will be deducted @ 30% instead of @ 15%.

The Corporate Shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective Participants, whereas corporate physical shareholders should send a copy of their NTN certificates to the Company or Company's Share Registrar and Share Transfer Agent, M/s. JWAFFS REGISTRAR SERVICES (PVT) LIMITED.

The shareholders while sending NTN or NTN certificates, as the case may be, must quote Company name and their respective Folio Numbers.

As per FBR's clarification, the valid Exemption Certificate under Section 159 of the Ordinance is mandatory to claim exemption of withholding tax under Clause 47B of Part-IV of Second Schedule to the Ordinance. Those who fall in the category mentioned in above Clause must provide valid Tax Exemption Certificate to our Shares Registrar; otherwise tax will be deducted on dividend amount as per rates prescribed in Section 150 of the Ordinance.

For shareholders holding their shares jointly, as per the clarification issued by the FBR, withholding tax will be determined separately on 'Filer / Non-Filer' status of Principal shareholder as well as Joint-holder(s) based on their shareholding proportions. All shareholders who hold shares jointly are therefore requested to provide shareholding proportions of Principal Shareholder and Joint-holder(s) in respect of shares held by them to the Registrar and Shares Transfer Agent in writing as follows:

Folio / CDC Account No.	Total Shares	Principal Shareholder		Joint Shareholder(s)	
		Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

6. ELECTRONIC DIVIDEND MANDATE

Under the provisions of Section 242 of the Companies Act, 2017 it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic made directly in to bank account designated by the entitled shareholders.

In order to receive dividends directly into their bank account, shareholders are requested to provide details of the bank mandate specifying:

- ▶ Title of Account:
- ▶ Account Number:
- ▶ Bank Name
- ▶ Branch Name and Code:
- ▶ IBAN Number:

Please send it duly signed along with a copy of CNIC to the registrar of the Company M/s. JWAFFS Registrar Services (PVT) Limited, in case of physical shares.

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

In case of non-receipt of the information the company will be constrained to withhold payment of dividend to such shareholders.

7. CONSENT FOR VIDEO CONFERENCE FACILITY

Members can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company 7 days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 7 days prior to the date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

I/We, _____ of _____, being a member of Shahtaj Textile Limited, holder(s) of _____ ordinary share(s) as per Registered Folio/CDC account No. _____ hereby opt for video conference facility at _____.

OUR VISION:

To attain leadership position in the textile sector in Pakistan.

OUR MISSION:

To make the name of Shahtaj synonymous with Quality by striving for the highest level of efficiency, productivity, profitability, customers satisfaction, congenial employees relations and profit sharing with shareholders.

OVERALL CORPORATE STRATEGY:

To develop and market products in the high-end of the textile sector through effective utilization of men, material and machines by encouraging, supporting and rewarding the employees, eliminating any waste, reducing costs aiming at establishing SHAHTAJ TEXTILE LIMITED as the most trusted, efficient and successful name among all stakeholders.


1. The directors will ensure implementation of Company's corporate strategy, keeping in view Company's vision and mission and complying with its Memorandum and Articles of Association.
2. They will provide due guidance and discharge their duties to the best of their ability.
3. They will attend meetings of Board of Directors, Audit Committee of the Board, any other Committee and General Meeting of Company.
4. They will disclose their interest in any contract and appointments of the company officers and ownership of company shares and any changes therein.
5. They will not engage in any business competing with the company's business.
6. They will not allow contribution by the company to any political party or for any political purpose to any individual or body.
7. They will ensure maintenance and upkeep of company property, other assets and its record.
8. They will strictly observe all laws of land in running of the company affairs.
9. All company employees will perform their duties faithfully, truly and to the best of their judgment, skill and ability according to company rules and policies.
10. Company employees will not divulge any information about the company or otherwise which comes to their knowledge during the course of employment to any person not connected therein either within the company or outside.
11. Company employees will not involve in any indiscipline, misbehavior or misconduct, dishonesty, theft or fraud.
12. They will refrain from making commitments on behalf of the company beyond their delegated authority or detrimental to the interest of the company.
13. They will not engage directly or indirectly without the permission of the company in any other business or paid occupation while in the service of the company.
14. They will not give or take bribes or any illegal gratifications.
15. They will be punctual in attendance.

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of Shahtaj Textile Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended June 30, 2019, the Board's overall performance and effectiveness has been assessed as satisfactory. Improvement is an ongoing process leading to action plans. The overall assessment as satisfactory is based on an evaluation of integral components, including vision, mission and values, engagement in strategic planning, formulation of policies, monitoring the organization's business activities, monitoring financial resource management, effective fiscal oversight, equitable treatment of all employees and efficiency in carrying out the Board's business.

The Board of Directors of your Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities. The non executive and independent directors are equally involved in important decisions.

Karachi: September 27, 2019


(Muneer Nawaz)
Chairman

شاہ تاج ٹیکسٹائل لمیٹڈ کے بورڈ آف ڈائریکٹرز کا کوڈ آف کارپوریٹ گورننس کے تحت درکار سالانہ جائزہ لیا گیا۔ اس جائزہ کا مقصد اس امر کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور افادیت کو کمپنی کے مختص کردہ مقاصد کے تناظر میں پرکھا جاسکے۔

مالی سال 30 جون 2019 کے لئے بورڈ کی مجموعی کارکردگی اور افادیت اطمینان بخش قرار پائی گئی۔ بہتری ایک مستقل جاری رہنے والا عمل ہے جس کی مدد سے عملی منصوبہ بندیوں کو ممکن بنایا جاتا ہے۔ مجموعی جائزے کے اطمینان بخش قرار پانے کی بنیاد ضروری اجزاء کے انفرادی جائزے پر ہے جن میں دوراندیشی، نصب العین اور اقدار، حکمت عملی کے بنانے میں کردار، پالیسیز کی تشکیل، کمپنی میں جاری کاروباری سرگرمیوں کی نگرانی، مالیاتی وسائل کے انتظام کی نگرانی، موثر مالی نگرانی، بورڈ کے کاروبار کو پورا کرنے میں ملازمین کے ساتھ منصفانہ سلوک اور سرگرمیوں کو موثر انداز سے پورا کرنا شامل ہیں۔

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کو اپنی اور کمیٹیوں کے اجلاسات کے لئے ایجنڈا مع ضروری دستاویزات بروقت موصول ہوتے رہے اسی طرح کارروائی رپورٹس بھی۔ بورڈ اپنی ذمہ داریوں کی موثر طریقے سے انجام دہی کے لئے باقاعدگی سے اجلاس کرتا رہا۔ نان ایگزیکٹو اور آزاد ڈائریکٹرز بھی اہم فیصلوں میں برابر شامل ہوتے رہے۔

Muneer Nawaz

منیر شاہنواز

چئیرمین

کراچی مورخہ 27 ستمبر، 2019

Directors are pleased to present the 30th Annual Report of the Company for the Financial Year ended June 30, 2019.

Principal Activity

The principal business of the Company is to manufacture and sale of textile goods.

Financial Results and Prospects

By the grace of Allah operating results of the Company have been positive and Company has earned an after tax profit of Rs. 188.05 million with an EPS of Rs 19.47 in comparison to Rs 7.05 reported during last year. The main reasons for increase in profitability are increase in Net sales by almost 22% on account of favorable rate variances both in export and local sales and significant increase in other income owing to exchange gain due to rapid currency devaluation. During the year, the Government reduced the RLNG price at USD 6.50 per MMBTU as well as power tariff equal to US cents 7.5 for each unit of electricity for the export sector. This measure, taken by the Government, helped to contain energy cost. Resultantly, gross profit rate during year increased to 9.37% from 7.54% as compared to last year.

The company has not discounted the foreign bills in order to avail the exchange gain due to which the export debtors have increased as compared to previous year.

Company in its endeavors for technological upgradation is in the process of replacement of its 2 gas generators of 1750 KW with brand new 2000 KW generators to achieve better energy efficiency. These machines are expected to be operational by the end of current financial year.

The federal government has withdrawn the zero-rated facility to five major export sectors from July 1, 2019 and restored sales tax at the standard 17% for goods supplied within the country. The exporters are already facing liquidity problems due to stuck up sales tax and other refunds. The discontinuation of zero rating regime will further jam exporters' liquidity. Although, the FBR has ensured to develop a speedy mechanism for payment of refunds to mitigate the resulting liquidity problems, its implementation is still a concern. It is also hoped that the government will maintain the concessional rates of gas and electricity notified for the export oriented industries which are essential to promote exports and maintain profitability

Efforts will be continuing as always for more improvement.

Dividend

To share the profits with the shareholder, Directors are pleased to recommend a 100 % cash dividend for this year. This payment is 51.4 % of after tax profit of the Company for the year 2018-19. A sum of Rs. 80 million is proposed to be transferred to general reserve.

Principal Risks and Uncertainties

The Company is exposed to the following risks and uncertainties: -

- Increase in prices of raw materials
- Fluctuating demand of local and international market
- Increase in interest rates on financial borrowings
- Fluctuation in exchange rates
- Energy availability and cost
- Market disruption due to changes in tax laws and regulations to widen the tax net

Company takes these risks as a challenge and seeks to minimize potential adverse effects of these risks on the financial performance.

Internal Financial Controls

A system of sound internal control is established and prevailing in the Company. The system of internal control is designed in a manner to ensure achievement of Company's business objectives and operational efficiency, reliable financial reporting and compliance with various statutory laws.

Material Changes and Commitments

No material changes and commitments affecting the financial position of the Company were observed between the end of the financial year of the Company to which the financial statements relate and the date of the report.

Outstanding Statutory Payments

All outstanding payments are normal and of routine nature.

Code of Corporate Governance

Company is cognizant of all requirements of Code of Corporate Governance and is complying with the same. A Review Report by external auditors on Statement of Compliance is annexed.

Corporate and Financial Reporting Statements

- a. The financial statements, prepared by the management present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b. Proper books of accounts have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.

Six Years Review

Key operating and financial data and ratios of the company for the last six years are annexed.

Board and its Committees

The total number and composition of the board along with names of members of board committees is disclosed in annexed statement of compliance.

Directors' Remuneration Policy

The Company does not pay remuneration to non-executive directors except fee for attending the meetings. However, the Company may repay to any director all such reasonable expenses as he/she may incur in attending meetings of the Board or of its committees or the General meeting or which he may otherwise incur in or about the business of the Company.

The remuneration of Chief executive, full time working directors or any other director for performing extra services is determined by the Board in accordance with the provision in the Company's Articles.

The information on remuneration of Directors and CEO during 2018-19 is disclosed in notes to the Financial Statements.

Pattern of Shareholding

The pattern of shareholding as on 30th June, 2019 listing the required details, is annexed.

Auditors

The Audit Committee of the Board has recommended the appointment of present Auditors, M/s. Deloitte Yousuf Adil., Chartered Accountants, as Auditors of the Company for the year 2019-2020. Board agrees to this recommendation.

Corporate Social Responsibility

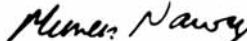
The detailed report on Corporate Social Responsibility is annexed and form integral part of this report.

Appreciation

Directors acknowledge with thanks the hard work put in by all the employees of the Company.

for and on behalf of the Board of Directors


(M. NAEEM)
Chief Executive


(MUNEEB NAWAZ)
Chairman

Karachi: September 27, 2019

ڈائریکٹر مسرت کے ساتھ جون 2019 کو ختم ہونے والے مالی سال پر کمپنی کی تیسواں سالانہ رپورٹ پیش کرتے ہیں۔

بنیادی کاروبار:-

کمپنی کا بنیادی کاروبار ٹیکسٹائل مصنوعات کی پیداوار اور فروخت ہے۔

مالی حبابات اور امکانات:-

الحمد للہ دوران سال کمپنی کے مالیاتی نتائج مثبت رہے اور بعد از ٹیکس منافع 188.05 ملین روپے رہا یعنی گزشتہ سال کے دوران 7.05 روپے کے مقابلے میں 19.47 روپے فی حصہ۔ منافع میں اضافے کی بنیادی وجوہات خالص فروخت میں تقریباً 22 فیصد کا اضافہ، برآمدی اور مقامی فروخت میں سازگار شرح سے قیمت کا حصول اور کرنسی تبادلہ میں تیزی سے آنے والی کمی کی وجہ سے دیگر آمدن میں نمایاں اضافہ ہیں۔ دوران سال برآمدی شعبہ کے لئے حکومت کی طرف سے آر ٹیل این جی کی قیمت میں 6.50 ڈالر فی ایم ایم بی ٹی یو کے ساتھ بجلی کی قیمت 7.5 سینٹ فی یونٹ کے برابر کم کیں، حکومت کی طرف سے ان اقدامات کی بدولت توانائی کی لاگت پر قابو پانے میں مدد ملی۔ نتیجتاً سال کے دوران مجموعی منافع کی شرح گزشتہ سال کے مقابلے میں 7.54 فیصد سے بڑھ کر 9.37 فیصد ہو گئی۔

ایکسیجین فائبر حاصل کرنے کے لئے کمپنی نے غیر ملکی بلوں کو ڈسکاؤنٹ نہیں کرایا ہے جس کی وجہ سے برآمدی قرضوں میں پچھلے سال کے مقابلے میں اضافہ ہوا۔

تکنیکی طور پر بہتر ٹیکنالوجی کے حصول کے لئے کمپنی مزید 2 عدد گیس جزیئرز 1750 کلو واٹ کی جگہ 2000 کلو واٹ کے تبدیل کرنے کے مراحل میں ہے جس سے بہتر طور پر توانائی حاصل ہوگی۔ توقع کی جارہی ہے کہ یہ مشینیں رواں مالی سال کے اختتام تک کارآمد ہو جائیں گی۔

وفاقی حکومت نے یکم جولائی 2019 سے پانچ بڑے برآمدی شعبوں کو سیلز ٹیکس میں دی گئی صفر درجہ بندی کی سہولت واپس لے لی ہے اور ملک میں فراہم کی جانے والی اشیاء کے لئے یکساں طور پر 17 سیلز ٹیکس بحال کیا ہے۔ سیلز ٹیکس اور دیگر قابل واپسی رقوم کی عدم وصولی کی وجہ سے برآمد کنندگان کو پہلے ہی لیکویڈیٹی کی پریشانی کا سامنا ہے۔ صفر درجہ بندی کے نظام کو ختم کرنے سے برآمد کنندگان کی لیکویڈیٹی مزید متاثر ہوگی۔ اگرچہ، ایف بی آر نے لیکویڈیٹی دشواریوں کو کم کرنے کے لئے رقم کی واپسی کی ادائیگی کے لئے ایک تیز طریقہ کار تیار کرنے کی یقین دہانی کروائی ہے، لیکن اس پر عمل درآمد ابھی غیر واضح ہے۔ ہم امید کرتے ہیں کہ حکومت نے ایکسپورٹ سیکٹر کے لئے گیس اور بجلی کی قیمتوں پر جس رعایت کا اعلان کیا ہے اور جو ایکسپورٹ کی حوصلہ افزائی اور منافع کے لئے ضروری ہے اسے برقرار رکھا جائے گا۔

کمپنی ہمیشہ کی طرح تمام مشکلات کے باوجود مزید بہتری کے لئے کوشاں رہے گی۔

ڈیویڈنڈ:-

منافع میں حصص داران کو شریک کرنے کی غرض سے، ڈائریکٹرز نے اس سال سو فیصد نقد ڈیویڈنڈ کی سفارش کی ہے۔ یہ ادائیگی سال 2018-19 کے منافع بعد از ٹیکس کا 51.4 فیصد ہے 80 ملین کی رقم جنرل ریزرو میں منتقل کرنے کی تجویز ہے۔

بنیادی خطرات اور غیر یقینی صورتحال:-

- خام مال کی قیمتوں میں اضافہ
- مقامی اور بین الاقوامی بازار میں قیمتوں میں اتار چڑھاؤ
- مالی قرضوں پر سود کی شرح میں اضافہ
- زر مبادلہ کی شرح میں اتار چڑھاؤ
- توانائی کی دستیابی اور لاگت
- ٹیکس قوانین اور ضوابط میں تبدیلی کے باعث بازار کا متاثر ہونا

کمپنی ان خطرات کو ایک چیلنج کے طور پر لیتی ہے اور مالی کارکردگی پر ان خطرات کے ممکنہ منفی اثرات کو کم کرنے کی کوشش کرتی ہے۔

آڈٹ کا اندرونی انتظام:-

کمپنی میں اندرونی کنٹرول کا ایک مضبوط نظام قائم اور رائج ہے۔ داخلی کنٹرول کا یہ نظام کمپنی کے کاروباری مقاصد اور آپریشنل کارکردگی، قابل اعتماد مالی رپورٹنگ اور متعدد قانونی قوانین کی تعمیل کو یقینی بنانے کے لئے تیار کیا گیا ہے۔

مادی تبدیلیاں اور وعدے:-

کمپنی کے مالی سال کے اختتام کے دوران اس رپورٹ کی تاریخ تک کمپنی کی مالی حیثیت کو متاثر کرنے والی کسی مادی تبدیلیوں اور وعدوں کا مشاہدہ نہیں کیا گیا جس سے مالی بیانات وابستہ ہیں۔

بقایا قانونی ادائیگی:-

تمام بقایا جات معمول کے مطابق اور عام نوعیت کے ہیں۔

کمپنیوں کو چلانے کا طریقہ کار (کوڈ آف کارپوریٹ گورننس):-

کمپنی ان تمام ضروریات سے آگاہ ہے جو کمپنیوں کو چلانے کے طریقہ کار (کوڈ آف کارپوریٹ گورننس) میں مذکور ہیں اور ان کی پابندی کر رہی ہے۔ تعمیل کے تصدیقی بیان پر مشتمل بیرونی آڈیٹرز کی طرف سے جاری کی گئی ایک جائزہ رپورٹ لف ہذا ہے۔

کارپوریٹ اور مالیاتی رپورٹس پر مشتمل بیانات:-

ا۔ انتظامیہ کی تیار کردہ یہ مالیاتی رپورٹس، آپریشنز کے نتائج، حصول زر اور استعمال نیز لیکویٹی میں ہونے والی تبدیلیوں کی درست عکاسی کرتی ہیں۔

ب۔ حسابی کتب مناسب طور پر رکھی گئی ہیں۔

پ۔ مالیاتی گوشواروں کی تیاری میں حسب سابق اکاؤنٹس کے درست اصولوں کو اختیار کیا گیا ہے اور حسابی اندازوں کی بنیاد معقول اور محتاط ہے۔

ت۔ ابات کی تیاری میں ان بین الاقوامی معیاروں کی، جن کا نفاذ پاکستان میں ہو چکا ہے، پیروی کی گئی ہے اور کسی بھی انحراف کو واضح طور پر ظاہر کیا گیا ہے۔

ث۔ اندرونی کنٹرول کا نظام بلحاظ ساخت مکمل ہے اور اس پر عملدرآمد اور نگرانی موثر ہے۔

ث۔ کمپنی کے چلتے رہنے کی صلاحیت ہر قسم کے شک و شبہ سے بالا ہے۔

ج۔ لسٹنگ ریگولیشنز میں کارپوریٹ کوڈ آف گورننس کے بہترین طریقوں، پر عملدرآمد میں کوئی قابل ذکر انحراف نہیں ہو ا ہے۔

چھ سالہ جائزہ:-

گزشتہ چھ سال کے کلیدی آپرینٹنگ اور مالی اعداد و شمار اور تناسب کی تفصیل منسلک ہے۔

بورڈ آف ڈائریکٹر اور اس کی کمیٹیاں:-

بورڈ اور اس کی کمیٹیوں کے اراکین کی تعداد اور ان کی ساخت کے بارے میں تفصیلات الگ سے منسلک ہیں۔

ڈائریکٹران کے معاوضہ کی پالیسی:-

کمپنی انتظامی معاملات میں شامل نہ ہونے والے ڈائریکٹرز (نان ایگزیکٹو ڈائریکٹر) کو مینٹنگ میں شمولیت کی فیس کے علاوہ کسی قسم کی ادائیگی نہیں کرتی۔ البتہ کسی بھی ڈائریکٹر کو بورڈ یا اس کی کمیٹیوں یا عام اجلاس میں شرکت پر ہونے والے اخراجات کی ادائیگی کرتی ہے یا کسی ایسے خرچ کی جو وہ کمپنی کے کاروبار یا اس سے متعلق کریں۔

چیف ایگزیکٹو، کل وقتی ورکنگ ڈائریکٹر یا کسی بھی ڈائریکٹر کی اضافی خدمات، بجالاتے کے معاوضے کا تعین بورڈ کمپنی کے آرٹیکل کے مطابق کرتی ہے۔

ڈائریکٹرز اور چیف ایگزیکٹو کو دوران سال 2018-2019 دیئے جانے والے معاوضہ کے بارے میں تمام معلومات سالانہ رپورٹ کے نوٹس میں دے دی گئی ہیں۔

حصہ داروں کی تفصیل (ہیڈن آف شیئرز ہولڈرز)

مالی سال 30 جون 2019 کے اختتام پر قواعد کے مطابق درکار حصہ داران کی تفصیل منسلک ہے۔

آڈیٹر

بورڈ کی آڈٹ کمیٹی نے موجودہ آڈیٹر میسرز ڈیلانٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹ کی مالی سال 2019-2020 میں بطور آڈیٹر تقرری کی سفارش کی ہے۔ بورڈ اس سفارش سے متفق ہے۔

معاشرتی و سماجی ذمہ داریوں

معاشرتی و سماجی ذمہ داری سے متعلق مفصل رپورٹ منسلک ہے اور اس رپورٹ کا لازمی جزو ہے۔

حوصلہ افزائی

برائے اور از طرف بورڈ آف ڈائریکٹرز

ڈائریکٹرز کمپنی کے تمام ملازمین کی انتھک محنت کا شکر گزاری کے ساتھ اعتراف کرتے ہیں۔

Munir Nawaz

/ Nam

(منیر شاہنواز)

(ایم۔ نعیم)

چیئر مین

چیف ایگزیکٹو آفیسر

کراچی 27 ستمبر 2019

In recognition of its social responsibility, Company is regularly contributing reasonably in the interests of its clients, suppliers, employees and environment.

Clients

At STL, we are committed to quality, excellence and customer satisfaction. In order to improve the quality of service, we ensure to meet the expectations of our customers and their complete satisfaction. The STL Quality Management Program includes surveys and audit process conducted regularly both internally and through external companies.

Suppliers

We work and collaborate with leading industry suppliers that meet a code of ethics and respect for the environment. We strive to provide equal opportunities and encourage the purchase of local and national products, always under strict environmental control of raw materials. For each one of them and for the most important products, we ask for the appropriate technical specification.

The products we use are mostly of recognized brands, companies committed to the environment and immersed in Quality Policy and recognized Certifications like ISO, etc.

Environment & Society

At STL, we work to contribute to sustainable development and protect the natural resources of our environment. We promote awareness, training and dissemination of good environmental practices among our customers, suppliers and employees. The goal is to instill a sense of energy and water savings. We have been successful in a way that this activity is also carried into the homes of our employees.

Saving natural resources, water and energy.

- Monitoring of waste control and efficient use of water and energy.
- Turning off lights, fans, closing refrigerators, air conditioners or other electronic equipments when not in use.
- Use of energy saving lamps, lighting using white light energy-saving bulbs and energy-saving LED systems.

Severe energy crisis in our country is not only adversely impacting the national economy but also is a matter of depression for general public as long hours of load shedding of electricity has disturbed peaceful lives of the citizens. STL has shared national burden by investing millions of Rupees in the power generation facilities through gas generators.

At STL, we always ensure to be a responsible corporate citizen and assist government through timely deposit of taxes and other duties in government treasury.

Employees

At STL, we value people. We believe and work for them. We know that the foundation of our company is its human capital. This is why measures are taken to ensure the motivation and involvement of our employees.

Our system of recruitment, hiring, compensation, professional development, participation ensures equal opportunities and non-discrimination. We ensure the basic measures of health, safety and risk prevention, in addition to implementing the measures necessary to ensure good working atmosphere. We provide tools that foster transparent and bidirectional communication. Few of the initiatives that have been undertaken in this regard are as follow:

- To offer market-based remuneration packages and bonuses to employees to motivate and acknowledge their valuable services.
- Provision of family and single accommodation to most of the employees in the colony of the Company.
- Provision of food on subsidized rates to all regular employees of the Company.
- Training of employees for firefighting equipment, first aid procedures and evacuation drills.

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

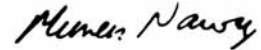
1. The total number of directors are nine as per the following:
 - a) Male: 8
 - b) Female: 1
2. The composition of the board is as follows:

Category	Names
Independent Directors	Mr. Saleem Zamindar (NIT)
	Mr. Sohail Habib
Other Non-Executive Directors	Mr. Muneer Nawaz
	Mr. Mahmood Nawaz
Executive Directors	Mr. Toqueer Nawaz
	Mrs. Sadia Muhammad
	Mr. Muhammad Usman Khalid
	Mr. Muhammad Naeem
	Lt. Col(Retd.) Rashiduddin Shams

3. The directors confirmed that none of them is serving as a director on 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 or 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 have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board remained fully compliant with the provision with regard to their directors' training program. Out of total nine directors, four directors of the Company have minimum of 14 years of education and 15 years of experience on the board of a listed company and therefore are exempt from director's training program. Four other directors have completed the Director's Training Program from Pakistan Institute of Corporate Governance (PICG). The remaining one director will undertake the Director's Training Program within the stipulated time. Further, the Company is in process to arrange the orientation course in due course.
10. There was no appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
 - a) Audit Committee
 - Mr. Sohail Habib (Chairman)
 - Mr. Muneer Nawaz
 - Mr. Toqueer Nawaz
 - Mr. Muhammad Usman Khalid
 - b) HR and Remuneration Committee
 - Mr. Saleem Zamindar (Chairman)
 - Mr. Muneer Nawaz
 - Mr. Muhammad Naeem
 - Mr. Muhammad Usman Khalid
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committee were as per following:
Audit Committee: Four quarterly meetings during the financial year ended June 30, 2019;
HR and Remuneration Committee: One meeting during the financial year ended June 30, 2019.
15. The board has outsourced the internal audit function to a firm of Chartered Accountants who 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 Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

for and on behalf of the Board of Directors


(M. NAEEM)
Chief Executive


(MUNEER NAWAZ)
Chairman

Karachi: September 27, 2019

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 Shahtaj Textile Limited (the Company) for the year ended June 30, 2019 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, 2019.

Chartered Accountants

Shahid Yousuf Adil

Karachi: October 02, 2019

2018-2019 2017-2018 2016-2017 2015-2016 2014-2015 2013-2014

All figures are in Million Rupees other than where percentages and ratio sign appear.

PROFIT & LOSS ACCOUNT

Net turnover	4787.646	3925.325	3498.781	3155.887	3291.892	4036.097
Gross Profit	448.758	295.817	328.36	325.129	309.329	292.339
Operating Profit	338.732	141.135	156.556	159.625	130.673	129.669
Profit before tax	251.391	84.598	117.967	116.513	74.289	73.010
Profit after tax	188.048	68.100	105.979	98.858	58.244	71.177
Earning per share (Rs.)	19.47	7.05	10.97	10.23	6.03	7.37
Cash dividend	100%	27.50%	50%	45%	25%	25%
Dividend payment ratio	51.4%	39%	45.6%	44%	41.5%	34%
Cash distribution per share in Rupees	10.00	2.75	5.00	4.50	2.50	2.50

BALANCE SHEET

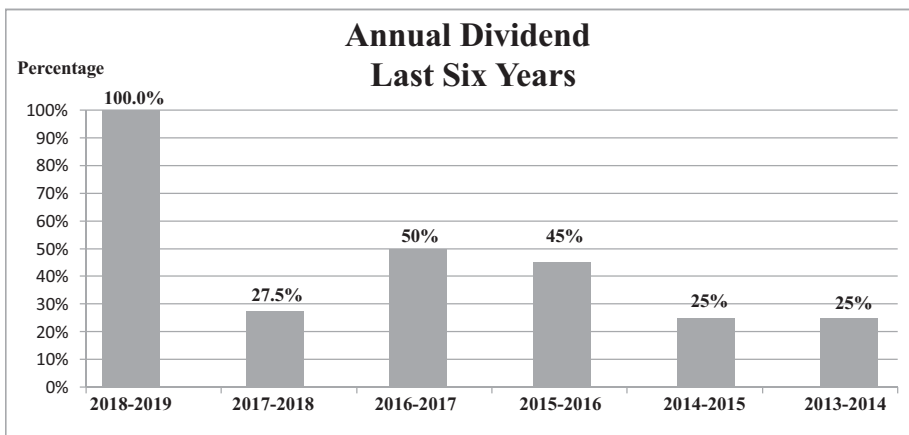
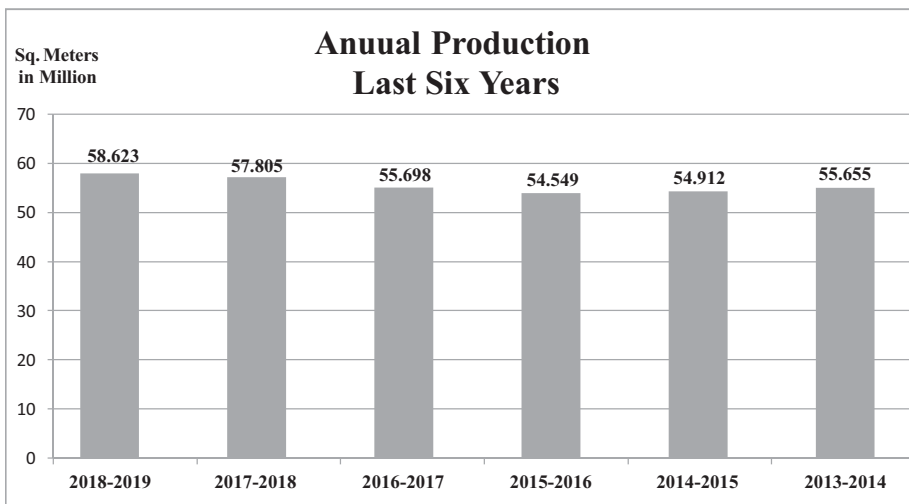
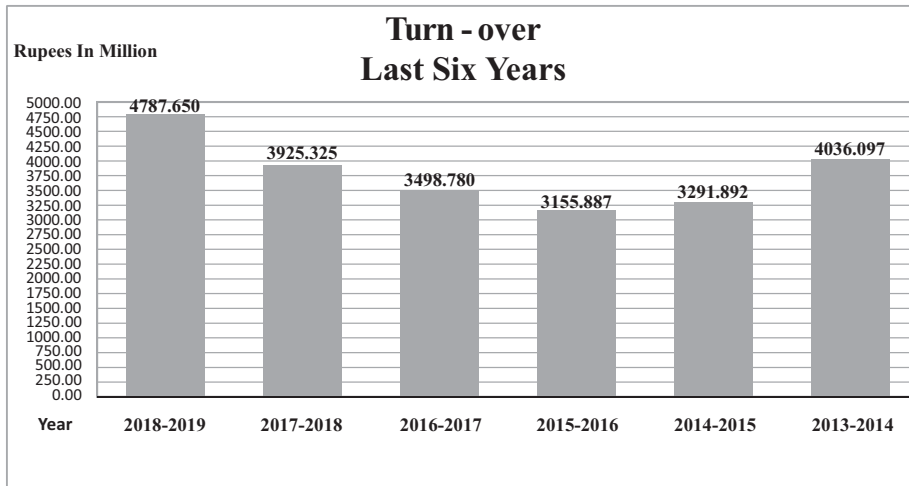
Shareholder funds	96.600	96.600	96.600	96.600	96.600	96.600
Reserves	1045.151	875.592	853.589	793.853	722.403	676.173
Surplus on revaluation of plant & machinery	75.983	86.947	4.651	5.361	5.946	184.573
Property plant and equipment	1080.826	1160.648	1014.729	799.161	858.610	987.473
Long term finance	338.888	287.398	298.279	82.276	171.029	159.893
Net current assets / liabilities	541.391	252.585	320.111	243.724	198.150	210.529

INVESTORS INFORMATION

Gross profit ratio	9.37%	7.54%	9.38%	10.30%	9.40%	7.24%
Profit before tax ratio	5.25%	2.16%	3.37%	3.69%	2.26%	1.81%
Inventory turnover ratio	9.04	7.73	8.33	8.86	11.12	13.15
Fixed asset turnover ratio	4.43	3.38	3.45	3.95	3.83	4.09
Return on equity	15.44%	6.42%	11.10%	11.03%	7.06%	7.43%
Debt equity ratio	22:78	21:79	24:76	8:92	14:86	18:82
Current ratio	1.44:1	1.20:1	1.45:1	8:92	1.35:1	1.36:1
Interest cover ratio	3.88	2.50	4.06	3.70	2.32	2.29

STATEMENT OF VALUE ADDITION

Employees remuneration	309.365	276.102	266.452	246.061	237.970	211.584
Government as taxes	63.342	16.497	11.988	72.302	82.847	84.761
Shareholders as dividend	96.60	26.565	48.300	43.470	24.150	24.150
Retained with in business	91.448	41.535	57.679	55.388	34.094	47.027
Financial charges to providers of finance	87.341	56.537	38.589	43.112	56.384	56.659



Pattern Of shares held by shareholders as at June 30, 2019 is as under:

Serial Number	NUMBER OF SHARE HOLDERS	FROM	SHARE HOLDING	TO	TOTAL SHARES HELD
1	279	1	-	100	10,835
2	147	101	-	500	54,085
3	537	501	-	1000	313,357
4	77	1001	-	5000	154,708
5	18	5001	-	10000	120,110
6	8	10001	-	15000	94,955
7	6	15001	-	20000	110,075
8	2	20001	-	25000	47,500
9	2	25001	-	30000	52,412
10	2	30001	-	35000	61,100
11	1	35001	-	40000	38,075
12	1	40001	-	45000	43,493
13	4	45001	-	50000	199,585
14	1	50001	-	55000	54,000
15	1	85001	-	90000	87,900
16	1	90001	-	95000	93,500
17	1	100001	-	105000	103,068
18	2	110001	-	115000	227,500
19	1	115001	-	120000	118,000
20	1	135001	-	140000	135,200
21	1	175001	-	180000	177,872
22	1	195001	-	200000	200,000
23	1	270001	-	275000	271,584
24	1	285001	-	290000	289,655
25	1	290001	-	295000	294,821
26	1	295001	-	300000	300,000
27	1	305001	-	310000	306,000
28	1	310001	-	315000	311,904
29	1	315001	-	320000	318,464
30	1	350001	-	355000	352,243
31	1	395001	-	400000	396,750
32	1	475001	-	480000	475,726
33	1	525001	-	530000	529,670
34	1	550001	-	555000	552,782
35	1	780001	-	785000	780,500
36	1	830001	-	835000	832,571
37	1	1145001	-	1150000	1,150,000
	1,109				9,660,000

The slabs with nil holding have been omitted.

SHARE HOLDER'S CATEGORY

	Number of Share Held	Percentage of shareholding
(i) Directors, Chief Executive Officer, and their spouse(s) and minor children (name wise details);		
1 Mr. Mahmood Nawaz	412,821	
Mrs. Bushra Mahmood Nawaz	132,825	
2 Mr. Muneer Nawaz (Chairman)	832,571	
Mrs. Abida Muneer Nawaz (Wife)	396,750	
3 Mr. M. Naeem (CEO)	103,068	
Mrs. Amtul Bari Naeem	835,670	
4 Lt. Col. (Retd.) Rashiduddin Shams	3,450	
5 Mrs. Sadia Muhammad	302,500	
6 Mr. Toqueer Nawaz	372,464	
7 Mr. Muhammad Usman Khalid	300,005	
8 Mr. Sohail Habib	1,000	
	3,693,124	38.23%
(ii) Associated Companies, undertaking & related parties (name wise details);		
Shahtaj Sugar Mills Limited	1,150,000	11.90%
(iii) NIT and ICP		
CDC-Trustee National Investment (Unit) Trust (Represented on Board of Directors)	475,726	
	475,726	4.92%
(iv) Banks, Development Finance Institutions, Non Banking Financial Institution	15,342	0.16%
(v) Insurance Companies	-	-
(vii) Modarabas and Mutual Funds (name wise details);		
CDC - Trustee AKD Index Tracker Fund	426	0.004%
(vii) General Public		
Local	3,201,457	
Foreign	-	
	3,201,457	33.14%
(viii) Others		
Joint Stock Companies	874,406	
Provident / Pension Funds and Miscellaneous	249,519	
	1,123,925	11.63%
	9,660,000	100.00%
Shareholder holding 10% or more voting rights in the listed company (name wise details);		
Shahtaj Sugar Mills Limited	1,150,000	11.90%
	1,150,000	11.90%

Opinion

We have audited the annexed financial statements of Shahtaj Textile Limited (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss, statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the 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, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit, comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
1. First time application of IFRS 15 - Revenue from Contracts with Customers	
<p>Opinion</p> <p>Effective July 1, 2018, the Company changed its accounting policy due to the mandatory application IFRS 15 which supersedes the requirements of IAS 18 "Revenue".</p> <p>IFRS 15 introduces a new five step model for recognition of revenue which is primarily based on the transfer of control to the customers, which was analysed by Management to identify the changes required to be made to existing accounting policies and to determine if any changes are required particularly in connection with the separation of different performance obligations that may exist.</p> <p>Management also assessed the additional disclosures required to be made by the new accounting standards in the financial statements.</p> <p>Due to the adoption of policies of revenue recognition as a result of the new accounting standard and revenue being one of the key performance indicators of the Company we have identified this as a key audit matter.</p> <p>Refer notes 3.1.1, 3.14 and note 23 to the financial statements.</p>	<p>Our audit procedures to assess the recognition of revenue, included the following:</p> <ul style="list-style-type: none"> • Considered the appropriateness of revenue recognition policy and compared it with the applicable accounting standards. • Obtaining an understanding of and assessing the design, implementation and operating effectiveness of controls around recognition of revenue; • Checked on sample basis relevant underlying supporting documents for ensuring that management has complied with the revenue recognition criteria as introduced by IFRS 15; • Testing timeliness of revenue recognition by comparing individual sales transactions before and after the year end to underlying documents and by checking significant credit notes issued after year-end; and • Evaluated the adequacy and appropriateness of disclosures made in the financial statements in relation to adoption of the new accounting standard.

Key audit matter	How our audit addressed the key audit matter
2. Valuation of stock in trade	
<p>Stock-in-trade has been valued following an accounting policy as stated in note 3.9 and the related value of stock-in-trade are disclosed in note 17 to the financial statements. Stock-in-trade forms material part of the Company's assets comprising of 18% of total assets.</p> <p>The valuation of finished goods within stock-in-trade at cost has different components, which includes judgment in relation to the allocation of overheads costs, which are incurred in bringing the finished goods to its present location and condition. Judgments are also involved in determining the net realizable value (estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale) of stock-in-trade items in line with accounting policy.</p> <p>Due to the above factors, we have considered the valuation of stock in trade as key audit matter.</p>	<p>Our audit procedures to address the valuation of stock-in-trade, included the following:</p> <ul style="list-style-type: none"> • obtained an understanding of mechanism of recording purchases and valuation of stock-in-trade; • tested on a sample basis purchases with underlying supporting documents; • verified the calculations of the actual overhead costs and checked allocation of labor and overhead costs to the finished goods; • obtained an understanding of management's process for determining the net realizable value and checked: • future selling prices by performing a review of sales close to and subsequent to the year-end; and • determination of cost necessary to make the sales • checked the calculations of net realizable value of itemized list of stock-in-trade, on a sample basis and compared the net realizable value with the cost to ensure that valuation of stock-in-trade is in line with the accounting policy.

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

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

The annual report is expected to be made available to us after the date of this auditor's report.

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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. 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, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance

The engagement partner on the audit resulting in this independent auditor's report is Nadeem Yousuf Adil.

Chartered Accountants

Nadeem Yousuf Adil


Karachi: October 02, 2019

	Note	2019 Rupees	2018 Rupees		Note	2019 Rupees	2018 Rupees
EQUITY AND LIABILITIES				ASSETS			
Share capital and reserves				Non-current assets			
Authorized share capital 10,000,000 ordinary shares of Rs. 10 each		100,000,000	100,000,000	Property, plant and equipment	12	1,080,825,651	1,160,647,826
Issued, subscribed and paid-up capital	4	96,600,000	96,600,000	Long-term loans	13	884,873	932,566
Revenue reserves	5	1,045,151,008	875,592,815	Long-term deposits	14	33,108,482	30,069,081
Surplus on revaluation of plant and machinery		75,983,470	86,946,656	Sales tax refund bond	15	16,513,562	-
		1,217,734,478	1,059,139,471			1,131,332,568	1,191,649,473
LIABILITIES				Current assets			
Non-current liabilities				Stores, spares and loose tools	16	41,335,837	49,228,768
Long-term finance	6	338,888,385	287,397,722	Stock-in-trade	17	529,343,085	507,909,366
Deferred liabilities	7	116,100,678	97,697,523	Trade debts	18	948,906,688	619,238,897
		454,989,063	385,095,245	Loans and advance	19	1,819,870	10,692,345
Current liabilities				Trade deposits and prepayments	20	2,420,728	815,875
Trade and other payables	8	353,820,015	393,511,945	Other receivables	21	6,839,924	47,226,294
Unclaimed dividend		10,186,077	9,458,388	Taxation - net		70,681,383	90,634,755
Interest accrued	9	23,623,781	15,392,909	Sales tax refundable		134,183,809	140,738,856
Short-term borrowings	10	791,167,872	776,296,294	Cash and bank balances	22	32,169,330	24,995,101
Current portion of long-term finance	6	47,511,936	44,235,478			1,767,700,654	1,491,480,257
		1,226,309,681	1,238,895,014				
Total equity and liabilities		2,899,033,222	2,683,129,730	Total assets		2,899,033,222	2,683,129,730
CONTINGENCIES AND COMMITMENTS							
	11						

The annexed notes from 1 to 45 form an integral part of these financial statements.



(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer



(Muneer Nawaz)
Chairman

	Note	2019 Rupees	2018 Rupees
Sales - net	23	4,787,645,681	3,925,325,212
Cost of goods sold	24	(4,338,887,736)	(3,629,507,471)
Gross profit		448,757,945	295,817,741
Distribution expenses	25	(77,125,378)	(72,781,958)
Administrative expenses	26	(98,281,389)	(93,789,120)
Other operating expenses	27	(21,797,123)	(8,152,533)
Finance cost	28	(87,341,289)	(56,537,548)
		(284,545,179)	(231,261,159)
		164,212,766	64,556,582
Other income	29	87,178,042	20,041,518
Profit before taxation		251,390,808	84,598,100
Taxation	30	(63,341,942)	(16,497,443)
Profit after taxation		188,048,866	68,100,657
Earnings per share - basic and diluted	31	19.47	7.05

The annexed notes from 1 to 45 form an integral part of these financial statements.



(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer



(Muneer Nawaz)
Chairman

	2019 Rupees	2018 Rupees
Profit after taxation	188,048,866	68,100,657
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Loss on remeasurement of defined benefit obligation	(572,799)	(1,259,314)
Less: Impact of deferred tax thereon	66,511	130,121
	(506,288)	(1,129,193)
Gain on revaluation of plant and machinery	-	94,135,461
Less: Impact of deferred tax thereon	-	(8,586,359)
	-	85,549,102
Other comprehensive income for the year	(506,288)	84,419,909
Total comprehensive income for the year	187,542,578	152,520,566

The annexed notes from 1 to 45 form an integral part of these financial statements.



(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer



(Muneer Nawaz)
Chairman

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2019 Rupees	2018 Rupees
Profit before taxation		251,390,808	84,598,100
Adjustments for:			
Depreciation	12.2	112,056,916	102,252,572
Finance cost	28	87,341,289	56,537,548
Gain on disposal of property, plant and equipment	29	(1,012,868)	(81,094)
Exchange gain	29	(85,452,612)	(15,692,626)
Provision for gratuity and leave encashment	6.1.3 & 6.3	22,364,955	21,556,051
Provision for doubtful debts	18.5	-	1,980,572
Property and equipment written off	27	642,588	170,334
Stores and spares written off	27	2,522,993	1,712,307
Interest income	29	-	(173,813)
	17	263,840	59,848
Interest on sales tax refund bonds	29	(13,562)	-
Operating cash flows before movements in working capital		390,104,347	168,321,699
(Increase) / decrease in current assets			
Stores, spares and loose tools		5,369,938	(3,486,696)
Stock-in-trade		(21,697,559)	(87,767,858)
Trade debts		(244,215,179)	(345,099,643)
		8,872,475	(3,226,743)
Trade deposits and prepayments		(1,604,853)	218,688
Other receivables		40,386,370	(22,526,311)
Sales tax refundable		6,555,047	8,874,840
(Decrease) / increase in current liabilities			
Trade and other payables		(37,965,438)	157,139,400
Cash generated from / (used in) operations		145,805,148	(127,552,624)
Gratuity and leave encashment paid	7.3 & 7.1.1	(20,866,361)	(23,858,351)
Finance cost paid		(79,110,417)	(47,895,309)
Income taxes paid		(31,099,360)	(22,429,064)
Net cash generated from / (used in) operating activities		14,729,010	(221,735,348)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(35,504,549)	(154,412,767)
Proceeds from disposal of property, plant and equipment		3,640,088	288,240
(Investment in) Sales tax refund bond		(16,500,000)	-
Long-term loans		47,693	(25,818)
Increase in long-term deposits		(3,039,401)	-
Interest received		-	173,813
Net cash used in investing activities		(51,356,169)	(153,976,532)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long-term finance		(44,235,439)	(29,580,000)
Long term finance obtained		99,002,560	33,354,200
Dividend paid		(25,837,311)	(47,615,258)
Short term borrowings- FE-25 loan		-	(155,634,157)
Net cash generated from / (used in) financing activities		28,929,810	(199,475,215)
Net decrease in cash and cash equivalents		(7,697,349)	(490,588,995)
Cash and cash equivalents at beginning of the year		(751,301,193)	(260,712,198)
Cash and cash equivalents at end of the year	33	(758,998,542)	(751,301,193)

The annexed notes from 1 to 45 form an integral part of these financial statements.



(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer



(Muneer Nawaz)
Chairman

		Revenue reserve		Capital reserve	
	Issued, Subscribed and Paid up Capital	General	Unappropriated profit	Surplus on revaluation of plant and machinery	Total
	Rupees				
Balance as at June 30, 2017	96,600,000	665,000,000	188,588,900	4,651,532	954,840,432
Total comprehensive income for the year ended June 30, 2018					
Profit after taxation	-	-	68,100,657	-	68,100,657
Other comprehensive income for the year net of tax	-	-	(1,129,193)	85,549,102	84,419,909
	-	-	66,971,464	85,549,102	152,520,566
Transferred from surplus on revaluation of plant and machinery on account of:					
- incremental depreciation net of deferred tax	-	-	3,332,451	(3,332,451)	-
- Change in rate of tax	-	-	-	78,473	78,473
Transferred to general reserve	-	45,000,000	(45,000,000)	-	-
Transactions with owners					
Final dividend for the year ended June 30, 2017 @ Rs. 5 per share	-	-	(48,300,000)		(48,300,000)
Balance as at June 30, 2018	96,600,000	710,000,000	165,592,815	86,946,656	1,059,139,471
Total comprehensive income for the year ended June 30, 2019					
Profit after taxation	-	-	188,048,866	-	188,048,866
Other comprehensive income for the year net of tax	-	-	(506,288)	-	(506,288)
	-	-	187,542,578	-	187,542,578
Transferred from surplus on revaluation of plant and machinery on account of:					
- incremental depreciation net of deferred tax	-	-	8,444,952	(8,444,952)	-
- disposal net of deferred tax	-	-	135,663	(135,663)	-
- Change in rate of tax			-	(2,382,571)	(2,382,571)
Transferred to general reserve	-	35,000,000	(35,000,000)	-	-
Transactions with owners					
Final dividend for the year ended June 30, 2018 @ Rs. 2.75 per share	-	-	(26,565,000)	-	(26,565,000)
Balance as at June 30, 2019	96,600,000	745,000,000	300,151,008	75,983,470	1,217,734,478

The annexed notes from 1 to 45 form an integral part of these financial statements.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer


(Muneer Nawaz)
Chairman

1. STATUS AND NATURE OF BUSINESS

Shahtaj Textile Limited (the Company) is limited by shares, incorporated in Pakistan on January 24, 1990 under the Companies Ordinance, 1984 (now Companies Act, 2017) as a public limited Company. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The principal business of the Company is to manufacture and sale of textile goods.

Following are the geographical location and addresses of the Company:

Head Office

Shahnawaz Building, 19 - Dockyard Road, West Wharf, Karachi, Sindh, Pakistan.

Manufacturing Facility/Plant

46 KM, Lahore/Multan Road, Chunian Industrial Estate, Bhai Pheru, Distt. Kasur, Punjab, Pakistan.

Registered Office

27-C, Abdalian Cooperative Housing Society Limited, Opposite Expo Center, Lahore, Pakistan.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

"– International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and "

– Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost basis modified by:

- revaluation of certain plant and machinery and
- obligation under defined benefit plan at net present value.

2.3 Presentation and functional currency

These financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency.

2.4 Changes in accounting standards and interpretations

2.4.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2019

The following standards, amendments and interpretations are effective for the year ended June 30, 2019. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures, except for as disclosed in note 3.1 to these financial statements.

	Effective from accounting period beginning on or after:
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 4 'Insurance Contracts' - Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 01, 2018
IFRS 9 'Financial Instruments' - This standard has superseded IAS 39 Financial Instruments:	July 01, 2018
IFRS 9 'Financial Instruments' - This standard has superseded IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01, 2018

**Effective from accounting period
beginning on or after:**

'IFRS 15 'Revenue' - This standard has superseded IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
Amendments to IAS 40 'Investment Property' - Clarification on transfers of property to or from investment property	January 01, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration' - Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018
Certain annual improvements have also been made to a number of IFRSs.	

2.4.2 New accounting standards and amendments that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

**Effective from accounting period
beginning on or after:**

Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 01, 2019
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture.	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
IFRS 16 'Leases' - This standard will supersede IAS 17 'Leases' upon its effective date.	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments' - Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material.	January 01, 2020
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

The above standards and amendments are not expected to have any material impact on the company financial statements in the period of initial application of except for IFRS 16 - Leases. The Company is currently evaluating the impact of the said standard.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as mentioned in note 3.1 below, the significant accounting policies applied in the preparation of these financial statement have been consistently applied to all the years presented.

3.1 Changes in significant accounting policies

The Company has adopted IFRS 15 'Revenue from Contract with Customers' and IFRS 9 'Financial Instruments' from July 01, 2018 which are effective from annual periods beginning on or after July 01, 2018 and for reporting period / year ending on or after June 30, 2019 respectively.

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

3.1.1 IFRS 15 'Revenue from Contract with Customers'

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five-step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 Revenue, IAS 11 "Construction Contracts" and the number of revenue related interpretations. The changes laid down by this standard do not have any significant impact on these financial statements of the Company.

The Company manufactures and contracts with customers for the sale of greige fabric which generally include single performance obligation. The management has concluded that revenue from sale of goods be recognised at the point in time when control of the asset is transferred to the customer, which is when the goods are dispatched to the customer. Invoices are generated and revenue is recognised at that point in time, as the control has been transferred to the customers. Invoices are usually payable within 30 to 120 days. The above is generally consistent with the timing and amounts of revenue the Company recognised in accordance with the previous standard, IAS 18. Therefore, adoption of IFRS 15 at 01 July 2018, did not have an effect on the financial statements of the Company.

3.1.2 IFRS 9 'Financial Instruments'

IFRS 9 - Financial Instruments (IFRS 9) replaced the majority of IAS 39 - Financial Instruments: Recognition and Measurement (IAS 39) and covers the classification, measurement and de-recognition of financial assets and financial liabilities and requires all fair value movements on equity investments to be recognised either in the profit or loss or in statement of comprehensive income, on a case-by-case basis, and also introduced a new impairment model for financial assets based on expected losses rather than incurred losses and provides a new hedge accounting model.

The Company has adopted IFRS 9 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results. There is no impact of adoption of IFRS 9 on opening equity of the Company.

The impact of the adoption of IFRS 9 has been in the following areas:

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

There is no significant impact of IFRS 9 on the classification and measurement of financial assets for the year ended June 30, 2019 other than as follows:

- loans and receivables are classified under the category of amortised cost. Under IFRS 9, the classification of financial assets is based on the objective of the entity's business model.

Financial liabilities are not recognised unless one party has performed its part of the contract. A significant change introduced by IFRS 9 in classification and measurement of financial liabilities relates to accounting for changes in the fair value of financial liabilities designated at FVTPL attributable to credit risk of issue.

On the date of initial application, the financial instruments of the Company were as follows:

Disclosures in relation to the initial application of IFRS 9

Financial assets and financial liabilities	Original classification as per IAS 39	New classification as per IFRS 9	Carrying amount as per IAS 39 as on June 30, 2018	Carrying amount on initial adoption of IFRS 9 on July 01, 2018	Effect on July 01, 2018 on Retained Earnings
Financial assets			----- Rupees -----		
Long-term loans	LR	AC	932,566	932,566	-
Long-term deposits	LR	AC	30,069,081	30,069,081	-
Trade debts	LR	AC	619,238,897	619,238,897	-
Loans and advance	LR	AC	10,692,345	10,692,345	-
Other receivables	LR	AC	47,226,294	47,226,294	-
Cash and bank balances	LR	AC	24,995,101	24,995,101	-
Financial liabilities					
Long-term finance	HTM	AC	287,397,722	287,397,722	-
Short-term borrowings	OFL	AC	776,296,294	776,296,294	-
Trade and other payables	OFL	AC	393,511,945	393,511,945	-
Unclaimed dividend	OFL	AC	9,458,388	9,458,388	-
Interest accrued	OFL	AC	15,392,909	15,392,909	-

- "LR" is loans and receivables
- "AC" is amortised cost
- "HTM" is held to maturity
- "OFL" is other financial liabilities

(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The company has trade debts, loans and advances, other receivables, sales tax refundable, sales tax refund bonds, bank balances on which the Company had to revise its impairment methodology.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables. Impairment losses related to trade receivables, are presented separately in the statement of profit or loss. Trade receivables are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL on adoption of IFRS 9. Given the Company's experience of collection history and historical loss rates and normal receivable aging, the move from an incurred loss model to an expected loss model has not had a material impact on the financial position and / or financial performance of the Company.

(iii) Accounting policies applied until June 30, 2018

The Company has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

Investments

Regular way purchase or sale of investments

All purchases and sales of investments are recognized using settlement date accounting. Settlement date is the date that the investments are delivered to or by the Company.

Held-to-maturity

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold till maturity. Held-to-maturity investments are initially recognized at fair value plus transaction cost and are subsequently carried at amortized cost using effective interest rate method.

Derecognition

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

3.1.3 Change in policy in relation to preparation of statement of profit or loss and statement of comprehensive income

International Accounting Standard (IAS) - 1 'Presentation of Financial Statements' allows an entity to prepare either two performance statements i.e. statement of profit or loss and statement of comprehensive income, or one performance statement only i.e. statement of profit or loss and other comprehensive income (showing both items of income or loss for the period and items of other comprehensive income). The Company, with effect from July 01, 2018, has changed its policy with regard to preparation of statement of profit or loss and other comprehensive income and opted to prepare two separate performance statements i.e. "statement of profit or loss" and "statement of comprehensive income" showing separately both profit or loss for the year and items of comprehensive income in separate statements. This change has no impact on the items of profit or loss or comprehensive income recognized in prior year except that items of comprehensive income previously presented under 'statement of profit or loss and other comprehensive income' in single statement are now presented within 'statement of profit or loss' and 'statement of comprehensive income' separately.

3.2 Defined benefit plan - staff gratuity

The Company operates an unfunded gratuity scheme for all its employees who have completed the minimum qualifying period of service as defined under the scheme. Provisions are made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to statement of profit or loss & statement of comprehensive income. All actuarial gains and losses are recognized in 'other comprehensive income'. The valuation is carried out using the "Project Unit Credit Method" at each reporting period.

3.3 Compensated absences

The Company provides for compensated absences of its employees on unavailed balance of leave in the period in which the leave is earned.

3.4 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation, after taking into account tax rebates and tax credits available, if any, or turnover at the specified rate or Alternate Corporate Tax as defined in section 113C of the Income Tax Ordinance, 2001, whichever is higher. Charge for current tax also includes adjustments, where necessary, relating to prior years which arise from assessment framed / finalized during the year. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred tax is provided using the balance sheet liability method for temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 (Income taxes) issued by the Institute of Chartered Accountants of Pakistan.

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

3.5 Trade and other payables

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

3.6 Provisions

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.7 Property, plant and equipment

Property, plant and equipment, except plant and machinery, are stated at cost less accumulated depreciation and impairment loss, if any.

Freehold land is stated at cost. Plant and machinery are stated at revalued amount being the fair value at the date of revaluation, less subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity so that the fair value and carrying value do not differ materially at the reporting date. Any revaluation increase arising on the revaluation of such assets is credited in 'Surplus on revaluation of plant and machinery' shown as part of equity. The Company has adopted the following accounting treatment of depreciation on revalued assets.

a) depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the statement of profit or loss; and

b) an amount equal to incremental depreciation for the year net of deferred tax is transferred from "Surplus on revaluation of plant and machinery" to unappropriated profits through Statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation charge for the year. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to unappropriated profit.

Depreciation is charged to statement of profit or loss applying the reducing balance method at the rate specified in note 11.1, whereby the cost of the asset is written over its useful life. Depreciation on all additions in property, plant and equipment is charged from the month in which the asset is available for use and on disposals up to the month preceding the month of disposal.

Assets' residual values, if significant, and their useful lives are reviewed and adjusted, if appropriate, at each reporting date.

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

An item of operating fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses arising on derecognition of the assets (calculated as difference between the net disposal proceeds and the carrying amount of the assets) is included in the statement of profit or loss.

Capital work-in-progress

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.

3.8 Stores, spares and loose tools

These are valued at lower of cost and net realizable value, determined on moving average basis. The carrying value is adjusted for allowance for obsolete and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon upto reporting date.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost to be incurred for its sale.

The Company writes off stores and spares which at the end of the financial year have remained in stocks from the date of purchase for a period as prescribed under:

Stores general held over 5 years

Spares held over 10 years

The above write off is charged to statement of profit or loss in the period such items are written off.

3.9 Stock-in-trade

These are valued at lower of cost and net realizable value. Methods used for determining costs are as follows:

Raw and packing materials	Moving average cost
Work-in-process	Average manufacturing cost
Finished goods	Average manufacturing cost

Raw material-in-transit and finished goods-in-transit are valued at cost comprising of cost and freight value plus other charges incurred thereon up to the reporting date.

Average cost in relation to work-in-process and finished goods signifies average manufacturing cost including a portion of related direct overheads.

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

Where NRV charge subsequently reverses, the carrying value of the inventory is also increased to the extent that the revised carrying value does not exceed the amount that would have been determined had no NRV charge been recognized. A reversal of NRV is recognized in statement of profit or loss.

The Company writes off raw material which at close of the financial year have remained in stocks for more than 3 years from the date of purchase. The write off is charged to statement of profit or loss in the period such stocks are held for more than 3 years.

3.10 Trade debts, loans, deposits and other receivables

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss. (Refer note 3.11.1)

3.11 Financial instruments

3.11.1 Financial Assets

Classification

From July 1, 2018 the Company classifies its financial assets in to following three categories:

- Financial assets measured at amortized cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in statement of profit or loss.

Recognition and Derecognition

All purchases and sales of securities that require delivery within the time frame established by regulation or market conventions are recognised at trade debts, which is the date, company counts the purchase or sell..

Financial assets are derognised when rights to receive contractual cashflows have expired or have been transferred and company has transferred substantially all risks and rewards of ownership.

Measurement

At initial recognition, the company measures a financial asset at its fair value plus in case of an asset not at FVTPL, transaction costs that are directly attributable to the acquisition of a financial asset. Transaction cost on FVTPL financial asset are expensed in profit or loss.

Subsequent measurement

Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Other Financial assets measured at amortised cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit ans loss.

Impairment of financial assets

The company assesses on a forward looking basis the expected credit losses associated with a financial asset measured at amortised cost. The impairment methodology applied depends on whether there has been significant increase in credit risk. For trade debts, the company applies simplified approach which requires expected lifetime losses to be recognised from initial recognition of trade debts. The company recognises in profit or loss the amount of expected losses (or reversed) that is required to adjust the loss allowances at the reporting date.

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Impairment of non-financial assets

The carrying amount of the Company's non-financial assets are reviewed at each reporting date to determine whether there is an objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset's or group of assets'

recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment losses are recognized in the statement of profit or loss.

3.11.2 Financial liabilities

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

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

Financial liabilities are derecognised when obligation under the liability is discharged, cancelled or expired.

3.12 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid short-term investments, short-term running finance under mark-up arrangements and musharika finance.

3.13 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position, if the Company has a legal 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.

3.14 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognized when the goods are provided, and thereby the performance obligations are satisfied. Revenue consists of sale of greige fabric. The Company's contracted performance obligations are fulfilled at the point in time when the goods are dispatched to the customer. Invoices are generated and revenue is recognised at that point in time, as the control has been transferred to the customers. No discounts are provided for any product. The Company assesses its revenue arrangements against specific criteria that must be met before revenue is recognised:

Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the applicable effective interest rate.

Export rebate is recognized on accrual basis at the time of recognizing export sale.

(i) Accounting policies applied until June 30, 2018

Revenue is measured at the fair value of the consideration received or receivable, and represents amount receivable for goods supplied, stated net of returns. Revenue from sale of goods is recognized on dispatch of goods to customers i.e. when the significant risks and rewards of ownership have been transferred to the customer.

Interest / mark-up income is accounted on a time proportionate basis using effective interest rate.

Export rebate is recognized on accrual basis at the time of recognizing export sale.

3.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of the respective assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in statement of profit or loss in the period in which they are incurred.

3.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added in the carrying amount of the borrowing.

3.17 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the appropriate authority.

3.18 Foreign currency transactions and translation

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated into reporting currency equivalents using foreign currency rates ruling on the reporting date. Exchange differences on foreign currency transactions and translation are included in the income currently.

3.19 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Company considers the Board of Directors as the CODM, who is responsible for allocating resources and assessing performance of the operating segments. 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 because of the similarity in nature of the products, nature of the production processes, type or class of customers for the products and the methods used to distribute the products.

3.20 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.21 Accounting estimates and judgements

The preparation of financial statements in conformity with approved accounting standards 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 expectations 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 judgment was exercised in application of accounting policies are as follows:

- Provision for gratuity (notes 3.2 and 7.1)
- Provision for taxation and deferred tax (notes 3.4, 7.2 and 30)
- Contingencies and commitments (note 11)
- Useful lives and residual values of property, plant and equipment (notes 3.7 and 12)
- Net realizable value of stock in trade (notes 3.9 and 17) and stores, spares and loose tools (notes 3.8 and 16)
- Provision for doubtful debts (note 3.10 and 17)

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2019	2018		2019	2018
Number of shares			Rupees	Rupees
		Ordinary shares of Rs.10 each		
		fully paid		
8,400,000	8,400,000	In cash	84,000,000	84,000,000
1,260,000	1,260,000	As bonus shares	12,600,000	12,600,000
9,660,000	9,660,000		96,600,000	96,600,000

4.1 Shahtaj Sugar Mills Limited (an associated company) held 1,150,000 (2018: 1,150,000) fully paid ordinary shares of Rs. 10 each at year end.

4.2 The Company has one class of ordinary shares which carry no right to fixed income. The shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

5. RESERVES	Note	2019 Rupees	2018 Rupees
REVENUE RESERVES			
General reserve		745,000,000	710,000,000
Unappropriated profit		300,151,008	165,592,815
		1,045,151,008	875,592,815
CAPITAL RESERVES			
Surplus on revaluation of plant and machinery	5.1	75,983,470	86,946,656
		1,121,134,478	962,539,471
5.1 Surplus on revaluation of plant and machinery		2019 Rupees	2018 Rupees
Surplus on revaluation of plant and machinery as at July		95,673,285	5,204,755
Upward revaluation during the year		-	94,135,461
		95,673,285	99,340,216
Transfer to unappropriated profit on account of:			
- incremental depreciation (net of deferred taxation)		(8,444,952)	(3,332,451)
- disposal of property, plant and equipment (net of deferred taxation)		(135,663)	-
Related deferred tax liability		(1,127,237)	(334,480)
		(9,707,852)	(3,666,931)
Surplus on revaluation of property, plant and equipment as at June 30		85,965,433	95,673,285
Related deferred tax liability on:			
Revaluation as at July 01		(8,726,629)	(553,223)
(Increase)/decrease in deferred tax for change in rate of deferred tax		(2,382,571)	78,473
surplus on revaluation of plant and machinery realized during the year		-	(8,586,359)
- incremental depreciation (net of deferred taxation)		1,109,415	334,480
- disposal of property, plant and equipment (net of deferred taxation)		17,822	-
		(1,255,334)	(8,173,406)
		(9,981,963)	(8,726,629)
		75,983,470	86,946,656
6. LONG-TERM FINANCE		2019 Rupees	2018 Rupees
Secured			
From banking companies		386,400,321	331,633,200
Less: Current portion shown under current liabilities		(47,511,936)	(44,235,478)
	6.1	338,888,385	287,397,722

6.1 Details and movement are as follows:

	The Bank of Punjab Term Finance	Bank Alfalah Limited Term Finance	United Bank Limited Term Finance	2019 Total	2018 Total
	Rupees				
Balance at July 01	44,369,000	253,910,000	33,354,200	331,633,200	327,859,000
Obtained during the year	-	-	99,002,560	99,002,560	33,354,200
	44,369,000	253,910,000	132,356,760	430,635,760	361,213,200
Repaid during the year	(29,580,000)	(14,655,439)	-	(44,235,439)	(29,580,000)
	14,789,000	239,254,561	132,356,760	386,400,321	331,633,200
Payable within one year	(14,789,000)	(31,738,752)	(984,184)	(47,511,936)	(44,235,478)
Balance at June 30	-	207,515,809	131,372,576	338,888,385	287,397,722
Mark up rate (per annum)	SBP rate +120 bps (2018: SBP rate +120 bps)	SBP rate + 75 bps (2018: SBP rate + 75 bps)	SBP rate + 50 bps (2018: SBP rate + 50 bps)		
Installment Repayable	Bi-annually	Bi-annually	Quarterly		
Mark up payable	Quarterly	Quarterly	Quarterly		
Loan period	5 years	10 years	10 years		
Grace period	1 year from last drawn date	2 year from last drawn date	2 year from last drawn date		
Facility limit (Rs.)	118.32 million	400 million	400 million		
Outstanding facility (Rs.)	103.53 million	160.75 million	267.64 million		
Sub-note	6.2	6.3	6.4		

- 6.2** The loan is secured by way of first pari passu hypothecation charge over present and future fixed assets of the Company (including land, building, plant and machinery) for Rs. 157.759 million with 25% margin.
- 6.3** The loan is secured by way of first hypothecation charge over present and future fixed assets (including land, building, plant and machinery) of the Company.
- 6.4** The loan is secured by way of first pari passu charge over plant and machinery of the Company for an amount of Rs. 533.33 million inclusive of 25% margin.

	Note	2019 Rupees	2018 Rupees
7. DEFERRED LIABILITIES			
Staff gratuity	7.1	72,484,092	70,205,466
Deferred taxation	7.2	38,473,671	22,141,909
Leave encashment	7.3	5,142,915	5,350,148
		116,100,678	97,697,523

7.1	Staff gratuity	Note	2019 Rupees	2018 Rupees
	Liability recognized in the statement of financial position		72,484,092	70,205,466
7.1.1	Movement in liability during the year			
	Balance as at July 01		70,205,466	71,876,476
	Charge for the year	7.1.3	17,718,511	16,513,726
	Remeasurement loss recognized in statement of Comprehensive income	7.1.4	572,799	1,259,314
	Payments made during the year		(16,012,684)	(19,444,050)
	Balance as at June 30		72,484,092	70,205,466
7.1.2	Changes in present value of defined benefit obligation			
	Present value of defined benefit obligation on July 1		70,205,466	71,876,476
	Current service cost for the year	7.1.3	12,120,590	11,696,756
	Interest cost for the year	7.1.3	5,597,921	4,816,970
	Benefits paid during the year		(16,012,684)	(19,444,050)
	Actuarial losses arised during the year	7.1.4	572,799	1,259,314
	Present value of defined benefit obligation on June 30		72,484,092	70,205,466
7.1.3	Expense recognized in statement of profit or loss			
	Current service cost		12,120,590	11,696,756
	Interest cost		5,597,921	4,816,970
			17,718,511	16,513,726
7.1.4	Remeasurement losses recognized in statement of Comprehensive income			
	Actuarial losses arised during the year			
	Changes in financial assumptions		1,097,955	271,788
	Experience adjustments		(525,156)	987,526
			572,799	1,259,314
7.1.5	The principal assumptions used in the actuarial valuations carried out as of June 30, 2019 using the 'Projected Unit Credit' method, are as follows:			
			2019	2018
	Discount rate per annum %		14.25	9
	Expected annum rate of increase in future salaries %		13.25	8
	Expected average remaining working lives		7 years	7 years
	Expected mortality rate		SLIC (2001-2005)	SLIC (2001-2005)
			Setback 1 year	Setback 1 year
	Expected withdrawal rate		Age based	Age based

7.1.6 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption	2019	
		Increase / (decrease) in defined benefit obligation	
		Increase in assumption	Decrease in assumption
		Rupees	Rupees
Discount rate	1%	(4,507,928)	5,074,891
Salary increase rate	1%	5,244,617	(4,741,127)

	Change in assumption	2018	
		Increase / (decrease) in defined benefit obligation	
		Increase in assumption	Decrease in assumption
		Rupees	Rupees
Discount rate	1%	(5,022,565)	4,426,816
Salary increase rate	1%	5,202,382	(2,387,717)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability for gratuity recognized within the statement of financial position.

7.1.7 The Scheme exposes the Company to the actuarial risks such as:
Salary risk

The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Mortality / withdrawal risk

The risk that the actual mortality / withdrawal experience is different. The effect depends upon the beneficiaries' service / age distribution and the benefit.

Longevity risk

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

7.1.8 Expected gratuity expense for the year ending June 30, 2020 is Rs. 22,498,761.
7.1.9 The weighted average duration of the defined benefit obligation for the year ended June 30, 2019 is 7 years (2018: 7 years).
7.1.10 "The expected maturity analysis of undiscounted benefit obligation is:

	2019	2018
	Rupees	Rupees
Less than a year	10,081,575	12,969,909
Between 1 to 2 years	10,509,039	9,398,210
Between 2 to 3 years	9,550,140	9,497,008
Between 3 to 4 years	9,412,772	7,962,485
Between 4 to 5 years	11,787,190	7,895,785
Between 6 to 10 years	90,943,462	55,881,070
11 years and above	871,155,350	335,309,974

7.2 Deferred taxation

	Opening balance	Recognized in statement of profit or loss	Recognized in statement of comprehensive income	Recognized in surplus on revaluation of assets	Closing balance
	----- Rupees -----				
Movement for the year ended June 30, 2019					
Deferred tax liabilities on taxable temporary differences arising in respect of:					
- property, plant and equipment	44,743,643	12,490,585	-	-	57,234,228
- surplus on revaluation of plant and machinery	8,726,629	(1,127,237)	-	2,382,571	9,981,963
	53,470,272	11,363,348	-	2,382,571	67,216,191
Deferred tax assets on deductible temporary differences arising in respect of:					
- staff gratuity	(7,806,935)	(1,140,292)	(66,511)	-	(9,013,738)
- provision for doubtful debts	(8,847,543)	(1,095,079)	-	-	(9,942,622)
- unadjusted minimum tax u/s 113 (note 6.2.1)	(14,673,885)	4,887,725	-	-	(9,786,160)
	(31,328,363)	2,652,354	(66,511)	-	(28,742,520)
	22,141,909	14,015,702	(66,511)	2,382,571	38,473,671
Movement for the year ended June 30, 2018					
Deferred tax liabilities on taxable temporary differences arising in respect of:					
- property, plant and equipment	52,558,196	(7,814,553)	-	-	44,743,643
- surplus on revaluation of plant and machinery	553,223	(334,480)	8,586,359	(78,473)	8,726,629
	53,111,419	(8,149,033)	8,586,359	(78,473)	53,470,272
Deferred tax assets on deductible temporary differences arising in respect of:					
- staff gratuity	(8,141,664)	464,850	(130,121)	-	(7,806,935)
- provision for doubtful debts	(8,890,740)	43,197	-	-	(8,847,543)
- unadjusted minimum tax u/s 113 (note 6.2.1)	-	(14,673,885)	-	-	(14,673,885)
	(17,032,404)	(14,165,838)	(130,121)	-	(31,328,363)
	36,079,015	(22,314,871)	8,456,238	(78,473)	22,141,909

- 7.2.1 The deferred tax asset recognised in the financial statements represents the management's best estimate of the potential benefit which is expected to be realized in the future years in the form of reduced tax liability as the Company would be able to set off the tax liability in those years against minimum tax against the taxable profits of future years.

	Note	2019 Rupees	2018 Rupees
7.3 Leave encashment			
Balance as at July 01		5,350,148	4,722,124
Provision during the year		4,646,444	5,042,325
Paid during the year		(4,853,677)	(4,414,301)
Balance as at June 30		5,142,915	5,350,148

	Note	2019 Rupees	2018 Rupees
8. TRADE AND OTHER PAYABLES			
Creditors		197,917,053	269,779,118
Accrued liabilities		130,907,257	110,150,935
Advance from customers		1,824,808	547,128
Due to an associated undertaking	8.1	350,000	1,249,451
Workers' Profit Participation Fund	8.2	13,501,117	4,543,400
Workers' Welfare Fund		5,130,425	1,726,492
Retention payable		2,107,242	2,452,037
Withheld sales tax		39,681	15,731
Others		2,042,432	3,047,653
		353,820,015	393,511,945

- 8.1 This represents payable to Shahnawaz (Private) Limited, a related party, on account of software maintenance charges, computer supplied and office facility charges.

8.2 Workers' Profit Participation Fund

Balance as at July 01		4,543,400	6,335,495
Interest on funds utilized in the Company's business @ 20.625% (2018: 37.5%)	28	148,905	253,854
		4,692,305	6,589,349
Payments made during the year		(4,692,305)	(6,589,349)
Allocation for the year	27	13,501,117	4,543,400
Balance as at June 30		13,501,117	4,543,400

9. INTEREST ACCRUED

Interest accrued on:

- Long-term finance	3,023,531	3,021,393
- Running finance	14,976,977	10,725,973
- Musharaka finance	5,623,273	1,645,543
	23,623,781	15,392,909

10. SHORT-TERM BORROWINGS
Banking companies- secured

Running finances under markup arrangement	10.1	604,474,418	578,886,487
Musharaka finance	10.2	186,693,454	197,409,807
		791,167,872	776,296,294

10.1 The Company can avail finance facilities from various banks aggregating to Rs. 1,050 million (2018: Rs. 1,060 million). The unavailed facilities as at year end were Rs. 446 million (2018: Rs. 482 million). The facilities are secured by hypothecation of stocks and book debts. These are subject to mark-up ranging from 1 to 3 month KIBOR plus 0.3% to 1.25% per annum (2018: KIBOR plus 0.25% to 1.5% per annum).

10.2 The Company can avail finance facility under musharakah of Rs. 200 million (2018: Rs 200 million). The unavailed facility as at year end were Rs. 13.31 million (2018: Rs. 2.59 million). This finance facility is secured by hypothecation of stocks and book debts and carries markup rate of 1 month KIBOR plus 0.5% per annum (2018: 3 month KIBOR plus 0.35% per annum).

11. CONTINGENCIES AND COMMITMENTS
Contingencies

Guarantees issued by banks on behalf of the Company in favor of Sui Northern Gas Pipelines Limited (SNGPL)

2019
Rupees

2018
Rupees

36,843,000

36,843,000

Tax contingency has been disclosed in note 29.3 to the financial statements.

11.1 Gas Infrastructure Development (GID) Cess was levied with effect from December 15, 2011 and was chargeable on industrial gas customers at different rates as prescribed by the Federal Government through OGRA notification. On August 22, 2014, the Supreme Court of Pakistan declared that the levy of GIDC as a tax was not levied in accordance with the Constitution and hence not valid.

On September 25, 2014, the President of Pakistan promulgated GID Cess Ordinance 2014, which was applicable to whole of Pakistan and has to be complied by all parties. On September 29, 2014, the Honorable Sindh High Court gave a stay order to various parties against the promulgation of Presidential order dated September 25, 2014.

On May 22, 2015, the GID Cess Act, 2015 was passed by Parliament applicable on all consumers. Following the imposition of the said Act, many consumers filed a petition in Honorable Sindh High Court and obtained stay order against Act passed by the Parliament.

On October 26, 2016, the High Court of Sindh held that enactment of GIDC Act 2015 is ultra-vires to the Constitution of Pakistan. Sui Gas Company Limited has filed an intra-court appeal before the Divisional Bench of High Court of Sindh which is pending adjudication."

In June 2017, OGRA revised the RLNG tariff retrospectively. On the basis of retrospective tariff determination, the Company received demand in respect of RLNG tariff arrears.

In view of the above aforementioned developments, the Company has filed various law suits in Sindh and Lahore High Courts against charge of Gas Infrastructure Development Cess and RLNG tariff arrears. The Company expects the final outcome to be in its favour. The management on prudent basis has recognized provision of Rs. 22.915 million (2018: Rs. 20 million) and Rs. 27.026 million (2018: Rs. 23.587 million) in respect of GIDC and RLNG tariff arrears upto October, 2018 as Sui Northern Gas Pipelines Limited (SNGPL) has stopped charging GID cess (due to consumption of RLNG) and decision of RLNG tariff by Economic Coordination Committee.

Capital expenditure
Sales contracts to be executed

2019
Rupees

2018
Rupees

82,446,000

891,855,934

-

761,162,526



12. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
Capital work in progress

	Note	2019 Rupees	2018 Rupees
12.1		1,077,895,013	1,078,609,571
12.6		2,930,638	82,038,255
		<u>1,080,825,651</u>	<u>1,160,647,826</u>

12.1 Operating fixed assets

	Freehold land	Buildings on freehold land				Plant and machinery *	Furniture and fixtures	Equipment and installations	Computer equipment	Vehicles	Others - arms	Total
		Mills building	Labour colony	Marketing office and others								
Year ended June 30, 2019												
As at July 01, 2018												
Cost / revalued amount	31,121,190	205,881,958	33,786,869	20,617,154	1,868,827,257	10,997,010	6,862,275	5,564,150	31,585,173	80,470		2,215,323,506
Accumulated depreciation	-	(115,812,813)	(25,953,409)	(8,934,447)	(952,176,503)	(5,254,131)	(3,095,076)	(4,093,204)	(21,320,478)	(73,874)		(1,136,713,935)
Net book value	31,121,190	90,069,145	7,833,460	11,682,707	916,650,754	5,742,879	3,767,199	1,470,946	10,264,695	6,596		1,078,609,571
Additions	-	-	-	-	463,252	26,750	180,115	1,931,191	-	-		2,601,308
Transfers from CWIP	-	1,410,240	-	-	101,246,157	-	1,467,221	-	7,887,240	-		112,010,888
Disposals	-	-	-	-	(20,863,874)	-	-	-	(5,486,126)	-		(26,350,000)
Write off	-	-	-	-	-	(1,008,400)	(95,600)	(272,204)	-	-		(1,376,204)
Transfers (from) / to **	-	-	-	-	-	(15,700)	(392,620)	408,320	-	-		-
- Depreciation charge for the year	-	(9,095,148)	(783,346)	(584,135)	(97,184,862)	(569,608)	(390,728)	(999,515)	(2,448,914)	(660)		(112,056,916)
Adjustments **	-	-	-	-	-	(4,540)	(14,794)	19,334	-	-		-
Accumulated depreciation on disposals / write off	-	-	-	-	-	456,664	38,475	238,477	4,251,406	-		24,456,396
Closing net book value	31,121,190	82,384,237	7,050,114	11,098,572	919,782,801	4,628,045	4,559,268	2,796,549	14,468,301	5,936		1,077,895,013
As at June 30, 2019												
Cost / revalued amount	31,121,190	207,292,198	33,786,869	20,617,154	1,949,672,792	9,999,660	8,021,391	7,631,457	33,986,287	80,470		2,302,209,468
Accumulated depreciation	-	(124,907,961)	(26,736,755)	(9,518,582)	(1,029,889,991)	(5,371,615)	(3,462,123)	(4,834,908)	(19,517,986)	(74,534)		(1,224,314,455)
Net book value	31,121,190	82,384,237	7,050,114	11,098,572	919,782,801	4,628,045	4,559,268	2,796,549	14,468,301	5,936		1,077,895,013
Depreciation rate	-	10%	10%	5%	10%	10%	10%	30%	20%	10%		

* Carried at revalued amount.

** Mobile phones which were previously classified in Furniture and Fixture & Equipment and Installations are now classified to Computer Equipment due to life of the asset.

	Buildings on freehold land							Rupees				Total
	Freehold land	Mills building	Labour colony	Marketing office and others	Plant and machinery *	Furniture and fixtures	Equipment and installations	Computer equipment	Vehicles	Others - arms		
Year ended June 30, 2018												
As at July 01, 2017												
Cost / revalued amount	31,121,190	175,337,419	33,383,890	20,617,154	1,628,802,343	10,978,161	6,351,371	4,971,788	32,253,473	80,470	1,943,897,259	
Accumulated depreciation	-	(108,920,022)	(25,124,120)	(8,319,568)	(766,058,906)	(4,617,267)	(2,924,140)	(3,645,718)	(19,379,993)	(73,141)	(939,062,875)	
Net book value	31,121,190	66,417,397	8,259,770	12,297,586	862,743,437	6,360,894	3,427,231	1,326,070	12,873,480	7,329	1,004,834,384	
Additions	-	-	-	-	687,903	18,849	898,800	592,362	120,400	-	2,318,314	
Transfers from CWIP	-	30,544,539	402,979	-	49,003,945	-	-	-	-	-	79,951,463	
Disposals	-	-	-	-	-	-	(108,696)	-	(788,700)	-	(897,396)	
Write off	-	-	-	-	-	-	(279,200)	-	-	-	(279,200)	
Revaluation during the year												
- revalued amount	-	-	-	-	190,333,066	-	-	-	-	-	190,333,066	
- accumulated depreciation	-	-	-	-	(96,197,604)	-	-	-	-	-	(96,197,604)	
- Depreciation charge for the year	-	(6,892,791)	(829,289)	(614,879)	(89,919,993)	(636,864)	(360,578)	(447,486)	(2,549,959)	(733)	(102,252,572)	
Accumulated depreciation on disposals / write off	-	-	-	-	-	-	189,642	-	609,474	-	799,116	
Closing net book value	31,121,190	90,069,145	7,833,460	11,682,707	916,650,754	5,742,879	3,767,199	1,470,946	10,264,695	6,596	1,078,609,571	
As at June 30, 2018												
Cost / revalued amount	31,121,190	205,881,958	33,786,869	20,617,154	1,868,827,257	10,997,010	6,862,275	5,564,150	31,585,173	80,470	2,215,323,506	
Accumulated depreciation	-	(115,812,813)	(25,953,409)	(8,934,447)	(952,176,503)	(5,254,131)	(3,095,076)	(4,093,204)	(21,320,478)	(73,874)	(1,136,713,935)	
Net book value	31,121,190	90,069,145	7,833,460	11,682,707	916,650,754	5,742,879	3,767,199	1,470,946	10,264,695	6,596	1,078,609,571	

* Carried at revalued amount.

	Note	2019 Rupees	2018 Rupees
12.2 The depreciation charge for the year has been allocated as follows:			
Cost of goods sold	24	107,159,932	97,743,729
Distribution expenses	25	487,559	513,224
Administrative expenses	26	4,409,425	3,995,619
		112,056,916	102,252,572

12.3 The Company had its plant and machinery revalued by independent valuer M/s Asif Associates (Private) Limited in March 2018 on the basis of depreciated replacement value. The revaluation surplus, net of deferred tax, is recognized in statement of comprehensive income and accumulated in equity under the heading of 'Surplus on revaluation of plant and machinery'. The forced sale value of plant and machinery based on valuation conducted in March 2018 was Rs. 720 million.

An amount equal to incremental depreciation net of deferred tax for the year is transferred from "Surplus on revaluation of plant and machinery" to "Unappropriated profit" for recording realization of surplus to the extent of incremental depreciation net of deferred tax charged during the year.

12.4 Had there been no revaluation, the carrying amount of the plant and machinery would have been as follows:

	Note	2019 Rupees	2018 Rupees
Cost		1,743,962,620	1,662,780,821
Accumulated depreciation		(910,145,262)	(841,803,429)
Written down value		833,817,358	820,977,392

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

Location	Total Area (in Kanals)	Usage of immovable property
46 KM. Lahore/Multan Road, Chunian Industrial Estate, Bhai Pheru, Distt. Kasur, Punjab	189.45	Manufacturing facility and Labour Colony
27-C, Abdalian Cooperative Housing Society Limited, Opposite Expo Center, Lahore, Punjab.	1.5	Marketing Office

12.6 Capital work in progress

	Equipment	Vehicles	Civil work Rupees	Plant and machinery	Total
As at July 1, 2017	-	-	5,211,716	4,683,550	9,895,266
Additions	-	-	25,860,156	126,234,296	152,094,452
Transferred to operating fixed assets	-	-	(30,947,518)	(49,003,945)	(79,951,463)
As at June 30, 2018	-	-	124,354	81,913,901	82,038,255
Additions	1,467,221	7,887,240	1,285,886	24,359,929	35,000,276
Transferred to operating fixed assets	(1,467,221)	(7,887,240)	(1,410,240)	(101,246,157)	(112,010,858)
Adjustment *	-	-	-	(2,097,035)	(2,097,035)
As at June 30, 2019	-	-	-	2,930,638	2,930,638

* This adjustment is refund of advance payment given to WAPDA for extension of power load.

13. LONG-TERM LOANS	Note	2019 Rupees	2018 Rupees
Considered good - secured			
Loan to employees		1,212,443	1,489,815
Less: Recoverable within one year shown under current assets	19	(327,570)	(557,249)
	13.1	884,873	932,566

	Note	2019 Rupees	2018 Rupees
13.1	Reconciliation of carrying amount of long term loans given is as follows:		
Balance at July 1,		1,489,815	1,464,532
Disbursements during the year		650,000	900,000
		2,139,815	2,364,532
Received during the year		(927,372)	(874,717)
Balance at June 30,		1,212,443	1,489,815
Current portion of long term loans		(327,570)	(557,249)
		884,873	932,566
13.2	These are non-interest bearing loans given for miscellaneous purposes and are recoverable in 60 equal monthly installments. These loans are secured against gratuity.		
14.	LONG-TERM DEPOSITS		
Security deposits against:			
Utilities	14.1	33,083,481	29,984,081
Others		25,000	85,000
		33,108,481	30,069,081
14.1	These include deposits to utility companies mainly to Sui Northern Gas Pipelines Limited amounting to Rs. 27.297 million.		
15.	SALES TAX REFUND BOND		
	Sales tax refund bonds are issued by the Federal Board of Revenue (FBR) against sales tax refundable of Rs. 16.5 million. The bonds so issued bear profit @ 10% per annum and maturing on June 27, 2022. Profit is accrued in the statement of profit or loss on sales tax refund bonds for the period amounting to Rs. 0.014 million.		
16.	STORES, SPARES AND LOOSE TOOLS		
	Note	2019 Rupees	2018 Rupees
Stores		23,695,512	28,830,974
Spares		14,129,171	16,931,525
Loose tools		3,511,154	3,466,269
		41,335,837	49,228,768
Provision made during the year		2,522,993	1,712,307
Written off during the year	27	(2,522,993)	(1,712,307)
		-	-
Balance as at June 30		41,335,837	49,228,768
17.	STOCK-IN-TRADE		
Raw and packing materials in hand	24	207,659,437	165,653,646
Work-in-process	24	66,828,806	57,242,430
Finished goods, including goods-in-transit	17.1 , 17.2 & 24	254,854,842	285,013,290
		529,343,085	507,909,366
Provision for obsolete raw material			
Provision made during the year	24	263,840	59,848
Written off during the year		(263,840)	(59,848)
Balance as at June 30		-	-
		529,343,085	507,909,366

- 17.1 This includes finished goods in transit amounting to Rs.11.30 million (2018: Rs. 19.04 million).
- 17.2 This includes items costing Rs. 23.98 million (2018: Rs. 7.5 million) valued at net realizable value of Rs. 7.13 million (2018: Rs. 2.1 million).

18. TRADE DEBTS	Note	2019 Rupees	2018 Rupees
Secured - considered good Export	18.1 & 18.2	543,831,774	387,837,676
Unsecured - considered good Local	18.4	405,074,914	231,401,221
Unsecured - considered doubtful Doubtful debts		85,626,631	85,626,631
Provision for doubtful debts	18.5	(85,626,631)	(85,626,631)
		-	-
		948,906,688	619,238,897

- 18.1 These are secured against letters of credit in favor of the Company.
- 18.2 It includes receivable from FGE LLC (a related party) amounting to Rs. Nil (2018: Rs. 7,216,842). The maximum amount due from related party at the end of any month during the year was Rs. 7,057,162 (2018: Rs. 15,289,820).
- 18.3 The trade debts due from related party amounting to Rs. Nil (2018: Rs. 7,216,842) as at June 30, 2019 are neither past due nor impaired.
- 18.4 The aging of unimpaired trade debts is disclosed in note 36.4.

18.5 Movement of provision for doubtful debts	Note	2019 Rupees	2018 Rupees
Balance as at July 01		85,626,631	83,646,059
Provision made during the year	26	-	5,495,887
Reversal of provision against doubtful debts	29	-	(3,515,315)
		-	1,980,572
Balance as at June 30		85,626,631	85,626,631

19. LOANS AND ADVANCES

Advances - considered good Employees		161,776	188,365
Suppliers and contractors		1,330,524	9,946,731
		1,492,300	10,135,096
Current portion of long-term loans	13	327,570	557,249
		1,819,870	10,692,345

20. TRADE DEPOSITS AND PREPAYMENTS

Trade deposits against container		1,020,000	50,000
Prepayments			
Subscription		686,486	621,119
Insurance		714,242	144,756
		1,400,728	765,875
		2,420,728	815,875

	Note	2019 Rupees	2018 Rupees
21. OTHER RECEIVABLES			
Considered good			
Export rebate		6,839,924	47,226,294
22. CASH AND BANK BALANCES			
Cash at bank - current accounts		31,738,223	24,896,289
Cash in hand		431,107	98,812
		32,169,330	24,995,101
23. SALES - NET			
Export	23.1	1,794,915,753	1,654,319,073
Indirect export		1,036,760,380	629,047,103
Local		1,994,937,884	1,637,353,979
		4,826,614,017	3,920,720,155
Export rebate		697,848	35,626,863
Waste sales		11,800,388	11,395,194
		4,839,112,253	3,967,742,212
Commission			
- Local		(11,971,727)	(7,408,255)
- Export		(39,494,845)	(35,008,745)
		4,787,645,681	3,925,325,212

23.1 It includes sales made to a related party FGE LLC amounting to Rs. 14.59 million (2018: Rs. 47.85 million).

	Note	2019 Rupees	2018 Rupees
24. COST OF GOODS SOLD			
Raw and packing materials	24.1	3,610,197,408	2,982,131,850
Stores and spares	24.2	44,339,358	43,455,828
Manufacturing expenses			
Salaries, wages and benefits	24.3	202,975,086	184,684,259
Directors' remuneration	35	6,297,640	5,333,580
Fuel and power		334,771,131	337,061,233
Repairs and maintenance		5,568,328	3,729,869
Insurance		7,380,557	6,648,896
Depreciation	12.2	107,159,932	97,743,729
Raw material written off	17	263,840	59,848
Others		748,264	435,560
		4,319,701,544	3,661,284,652
Work-in-process			
Opening stock		57,242,430	60,632,196
Closing stock	17	(66,828,806)	(57,242,430)
		(9,586,376)	3,389,766
		4,310,115,168	3,664,674,418
Cost of goods manufactured			
Finished goods			
Opening stock		285,013,290	233,765,946
Purchase of finished goods		-	12,627,418
Sale of purchased finished goods		(7,487,628)	(12,998,812)
Closing stock	17	(254,854,842)	(285,013,290)
		22,670,820	(51,618,738)
		4,332,785,988	3,613,055,680
Outside processing charges		6,101,748	16,451,791
		4,338,887,736	3,629,507,471

	Note	2019 Rupees	2018 Rupees
24.1 Raw and packing materials consumed			
Opening stock		165,653,646	110,335,884
Purchases		3,652,203,199	3,037,449,612
		3,817,856,845	3,147,785,496
Closing stock	17	(207,659,437)	(165,653,646)
		3,610,197,408	2,982,131,850
24.2 Stores and spares consumed			
Opening stock		49,228,768	47,454,379
Purchases and related expenses		36,446,427	45,230,217
		85,675,195	92,684,596
Closing stock	16	(41,335,837)	(49,228,768)
		44,339,358	43,455,828
24.3 Salaries, wages and benefits include Rs. 10,567,781 (2018: Rs. 8,584,780) in respect of staff retirement gratuity.			
25. DISTRIBUTION EXPENSES	Note	2019 Rupees	2018 Rupees
Export related			
Ocean freight		29,934,296	36,104,905
Insurance		577,798	1,200,695
Forwarding		154,200	177,000
Export duty		4,347,172	3,412,113
Entertainment		23,288	9,803
Postage and courier		226,151	221,943
Fees and subscription		1,236,400	589,020
Travelling and conveyance		3,166,404	2,654,307
Claim from buyers		2,546,672	-
Other		1,159,027	1,153,825
		43,371,408	45,523,611
Local			
Salaries and benefits	25.1	25,761,459	21,379,380
Local freight		3,274,436	2,505,315
Travelling and conveyance		440,972	302,464
Sales promotion		464,376	528,028
Marketing office		1,879,398	1,919,693
Depreciation	12.2	487,559	513,224
Insurance		46,659	39,218
Claim from buyers		1,305,217	-
Other		93,894	71,025
		33,753,970	27,258,347
		77,125,378	72,781,958

25.1 Salaries and benefits include Rs. 3,179,741 (2018: Rs. 2,574,945) in respect of staff retirement gratuity.

	Note	2019 Rupees	2018 Rupees
26. ADMINISTRATIVE EXPENSES			
Salaries and benefits	26.1	60,430,701	54,964,974
Director's remuneration		13,900,000	9,740,000
Provision for doubtful debts	18.5	-	5,495,887
Travelling and conveyance		972,466	1,291,191
Vehicles running and maintenance		4,738,383	3,792,540
Telephone and fax		681,818	931,895
Postage and courier		254,088	322,043
Printing and stationery		1,401,690	1,351,840
Computer expenses		642,929	922,469
Rent, rates and taxes		901,420	723,567
Repairs and maintenance		708,654	714,423
Insurance		785,025	898,079
Auditors' remuneration	26.3	1,041,500	853,200
Legal and professional		933,620	1,539,923
Advertising		115,415	147,385
Entertainment		234,906	435,762
Fees and subscription		3,668,161	3,376,279
Donations	26.2	-	100,000
Depreciation	12.2	4,409,425	3,995,619
Share registrar services		220,760	204,310
Other		2,240,428	1,987,734
		98,281,389	93,789,120

26.1 Salaries and benefits include Rs. 3,970,989 (2018: Rs. 5,354,001) in respect of staff retirement gratuity .

26.2 None of the directors and their spouses had any interest in the donee's fund.

	Note	2019 Rupees	2018 Rupees
26.3 Auditors' remuneration			
Audit fee		650,000	575,000
Half yearly review fee		125,000	75,000
Review of statement of compliance and other certifications		105,000	75,000
Out of pocket expenses		161,500	128,200
		1,041,500	853,200

	Note	2019 Rupees	2018 Rupees
27. OTHER OPERATING EXPENSES			
Workers' Profit Participation Fund	8.2	13,501,117	4,543,400
Workers Welfare Fund		5,130,425	1,726,492
Property and equipment written off		642,588	170,334
Stores and spares written off	16	2,522,993	1,712,307
		21,797,123	8,152,533

	Note	2019 Rupees	2018 Rupees
28. FINANCE COST			
Mark-up on:			
Long-term finance		12,667,840	12,209,987
Short-term borrowings under markup arrangement		49,840,566	33,386,256
Short-term borrowings under musharakah finance		19,392,529	5,634,943
Discounting charges		1,239,595	1,843,236
Interest on Workers' Profit Participation Fund	8.2	148,905	253,854
Bank charges and commission		4,051,854	3,209,272
		87,341,289	56,537,548
29. OTHER INCOME	Note	2019 Rupees	2018 Rupees
Income from financial assets			
Recovery of doubtful debts	18.5	-	3,515,315
Interest on treasury bills		-	173,813
Interest on sales tax refund bond		13,562	-
Income from other than financial assets			
Net income from trading	29.1	699,000	578,670
Exchange gain		85,452,612	15,692,626
Gain on disposal of property, plant and equipment		1,012,868	81,094
		87,178,042	20,041,518
29.1 Net income from trading			
Sales - Local		8,562,833	13,588,584
Cost - Purchases and related expenses		(7,863,833)	(13,009,914)
		699,000	578,670
30. TAXATION			
Current		49,326,240	38,812,315
Deferred		14,015,702	(22,314,872)
	30.1	63,341,942	16,497,443
30.1 Relationship between income tax expense and accounting profit:	Note	2019 Rupees	2018 Rupees
Profit before taxation		251,390,808	84,598,100
Tax rate %		29%	30%
Tax on accounting profit		72,903,334	25,379,430
Effect of income subject to final tax regime		(14,640,743)	6,708,509
Effect of income subject to minimum tax		(4,905,027)	11,412,521
Effect of tax credits		(5,085,470)	(4,969,185)
Effect on deferred tax balances due to change in rate		7,938,132	(7,765,899)
Effect of deferred tax asset on minimum tax		4,887,725	(14,673,885)
Others		2,243,991	405,950
Tax charge for the year		63,341,942	16,497,443

30.2 The return of income for the tax year 2018, has been filed as per the provision of section 120 of the Income Tax Ordinance, 2001. Under this section when a complete return of income is filed with the Commissioner, it results in deemed assessment of taxable income / loss and tax payable / refundable on the date return is filed.

30.3 The Commissioner Inland Revenue, Zone-III, RTO, Lahore passed amended assessment orders under Section 122(5A) of the Income Tax Ordinance, 2001 pertaining to the tax years 2010, 2011 and 2013 raising additional demands of Rs. 65.22 million in aggregate. The Company filed appeals against the orders, the Commissioner Inland Revenue (Appeals-III), Lahore has confirmed the orders passed by the Commissioner Inland Revenue. The Company filed rectification applications under Section 221 of the Income Ordinance, 2001 and after allowing certain rectifications the remaining outstanding demand of Rs 46.55 million has been adjusted by tax department against refund available to the company. The Company has filed appeals for all three years before the Appellate Tribunal Inland Revenue, Lahore which are pending for hearing. No provision has been made in these financial statements as the management, based on the opinion of tax advisor, is confident that the ultimate outcome of these cases will be in favour of the Company.

31. EARNINGS PER SHARE - BASIC AND DILUTED

		2019	2018
Profit after taxation for the year	Rupees	188,048,866	68,100,657
Weighted average number of ordinary shares in issue	Number	9,660,000	9,660,000
Earnings per share - basic and diluted	Rupees	19.47	7.05

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

32. CHANGES ARISING FROM FINANCING ACTIVITIES

The table below states changes in the Company's liabilities arising from financing activities, including cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

	June 30, 2018	Financing cash inflows	Financing cash outflows	Non cash changes - Transfer current portion	June 30, 2019
	Rupees				
Long-term finances	287,397,761	99,002,560	-	(47,511,936)	338,888,385
Current portion of long term finances	44,235,439	-	(44,235,439)	47,511,936	47,511,936
Unclaimed dividend	9,458,388	-	(25,837,310)	26,565,000	10,186,078

	June 30, 2017				June 30, 2018
Long-term finances	298,279,000	33,354,200	-	(44,235,439)	287,397,761
Current portion of long term finances	29,580,000	-	(29,580,000)	44,235,439	44,235,439
Unclaimed dividend	8,773,646	-	(47,615,258)	48,300,000	9,458,388
Short term borrowing (FE-25)	155,634,157	-	(155,634,157)	-	-

	Note	2019 Rupees	2018 Rupees
33. CASH AND CASH EQUIVALENTS			
Short-term borrowings - Running finances under markup arrangement	10	(791,167,872)	(776,296,294)
Cash and bank balances	22	32,169,330	24,995,101
		(758,998,542)	(751,301,193)

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2019			2018		
	Chief Executive	Executive Director	Executives	Chief Executive	Executive Director	Executives
	Rupees			Rupees		
Remuneration	5,040,000	3,048,960	16,487,040	3,840,000	2,808,960	14,847,120
Bonus	650,000	351,100	1,860,800	650,000	321,100	1,620,800
Retirement benefits	930,000	381,100	2,060,800	650,000	351,100	1,855,800
House rent	2,520,000	914,448	4,945,152	1,800,000	842,448	4,453,056
Ex-gratia	1,160,000	742,240	3,988,420	640,000	448,180	2,317,844
Medical	1,800,000	304,896	1,648,704	1,080,000	280,896	1,484,712
Utilities	1,800,000	304,896	1,648,704	1,080,000	280,896	1,484,712
Performance reward	-	250,000	1,400,000	-	-	-
Leave encashment	-	-	656,267	-	-	634,038
	13,900,000	6,297,640	34,695,887	9,740,000	5,333,580	28,698,082
Number of persons	1	1	8	1	1	8

34.1 In addition, the Chief Executive is provided with Company's owned and maintained car for personal and official use.

34.2 In addition, the Executive Director and Executives are provided with Company's owned and maintained cars for official use.

34.3 Fee paid to other non-executive directors during the year amounted to Rs. 1,480,000 (2018: Rs. 1,640,000) on account of meeting fee.

35. TRANSACTIONS WITH RELATED PARTIES

"The related parties comprise of associated undertakings, directors and key management personnel. The transactions between the Company and the related parties are carried out as per agreed terms. Amounts due from and to related parties have been disclosed in the notes to the financial statement as follows:"

- Due to associated undertakings under payables in note 8;
- Remuneration of key management personnel is disclosed in note 34;
- Due from other related party under trade debts in note 18.

Other significant transactions with related parties are as follows:

Relationship with the Company Associated undertakings	% of Shareholding / Other basis of Relationship	Name	Nature of transactions	2019 Rupees	2018 Rupees
Associated undertakings	Nil / Common Directorship	Shahnawaz (Private) Limited	Computers, computer supplies and others purchases	1,637,848	539,713
			Services received for office facility	923,196	678,032
			Software development charges	120,000	232,500
			Services received for vehicle repair and other computer related	59,624	-
Other related parties	11.9% / Common Directorship	Shahtaj Sugar Mills Limited	Dividend paid	3,162,500	5,750,000
	Nil / Common Directorship	Shezan International Limited	Purchase of goods	170,928	157,317
	Nil / Common Directorship	Information Systems Associates Limited	Website maintenance	43,650	39,600
	Nil / Close family member	FGE LLC	Sale of fabric	14,592,068	47,850,836
Directors			Commission on sales	-	3,231,767
			Dividend paid	6,394,427	11,518,675

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
36.1 Financial instruments by category
Financial assets as per statement of financial position
Loans and receivables measured at amortized cost

	2019 Rupees	2018 Rupees
Long-term loans	884,873	932,566
Long-term deposits	33,108,482	30,069,081
Trade debts	948,906,688	619,238,897
Loans and advances	489,346	745,614
Sales tax refund bond	16,513,562	-
Trade deposits	1,020,000	50,000
Cash and bank balances	32,169,330	24,995,101
	1,033,092,281	676,031,259

Financial liabilities as per statement of financial position
Financial liabilities measured at amortized cost

Long-term financing	386,400,321	331,633,200
Trade and other payables	333,323,984	386,679,194
Interest accrued	23,623,781	15,392,909
Short-term borrowings	791,167,872	776,296,294
Unclaimed dividend	10,186,077	9,458,388
	1,544,702,035	1,519,459,985

36.2 Financial risk factors
Introduction and overview

The Company has exposure to the following risks from financial instruments:

- market risk
- credit risk
- liquidity risk
- operational risk

This note presents information about the Company's exposure to each of the above risks, Company's objectives, policies and processes for measuring and managing risk, fair value of financial instruments and the Company's management of capital.

The Company's overall risk management programme focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

The Company's objective in managing risk is the creation and protection of shareholders' value. Risk is inherent in Company's activities but it is managed through monitoring and controlling activities which are based on internal controls set on different activities of the Company by the Board of Directors. These controls reflect the business strategy and market environment of the Company as well as the level of the risk that the Company is willing to accept.

The Board along with the Company's finance department oversees the management of the financial risks reflecting changes in the market conditions and also the Company's risk taking activities providing assurance that these activities are governed by appropriate procedures and that the financial risk are identified, measured and managed in accordance with the Company risk appetite.

- 36.3** The Company's principal financial liabilities comprise long-term finances, short-term borrowings, accrued markup/interest and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company's financial assets comprise of trade debts, loans and advances, trade deposits, other receivables, other financial assets and cash and bank balances that arise directly from its operations.

36.3.1 Market risk

Market risk is the risk that the value of cashflows of the financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Under market risk the Company is exposed to currency risk, interest rate risk and other price risk (equity price risk).

(a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and bank balances in foreign currency. The Company's exposure to foreign currency risk is as follows:

	June 30, 2019		
	USD	EURO	Total
	Rupees		
Trade and other receivables	228,439,253	315,392,522	543,831,775
Trade and other payables	(8,781,592)	(11,023,349)	(19,804,941)
Net exposure	219,657,661	304,369,173	524,026,834
June 30, 2018			
Trade and other receivables	212,457,588	175,380,089	387,837,677
Trade and other payables	(76,145,659)	(9,231,697)	(85,377,356)
Net exposure	136,311,929	166,148,392	302,460,321

	Average rate		Reporting date rate	
	2019	2018	2019	2018
	Rupees			
USD	137.82	110.67	158.17 / 158.55	121.40 / 121.60
Euro	155.95	131.86	178.56 / 178.99	141.33 / 141.57

At June 30, 2019, if the Pakistani Rupee had weakened / strengthened by 10% against the US Dollar and Euro with all other variables held constant, profit for the year would have been lower / higher by Rs. 52.4 million (2018: Rs. 14.13 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar and Euro - denominated trade debts and trade payables.

(b) Interest rate risk management

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

The Company's interest rate risk arises from other financial assets, long term loans, long term finance and short term borrowings amounting to Rs. 1,177.6 million (financial liabilities on a net basis) (2018: Rs. 1,107.9 million). These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

Variable rate instruments	Carrying amount	
	2019	2018
Financial liabilities		
- Short term borrowings	791,167,872	776,296,294
Net financial liabilities at variable interest rates	791,167,872	(776,296,294)

Cash flow sensitivity analysis for variable rate instrument

A change of 100 basis points in interest rates at the year end would have increased or decreased the profit for the year and shareholder's equity by Rs. 11.775 million (2018: Rs. 11.079 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2018.

<i>Fixed rate instruments</i>	Interest rate		Carrying amount	
	2019	2018	2019	2018
	-----%		Rupees	
Financial liabilities - long term finances	7.70%	7.70%	14,789,000	44,369,000
	2.75%	2.75%	239,254,561	253,910,000
	2.50%	2.50%	132,356,760	33,354,200
Net financial liabilities at fixed interest rates			386,400,321	331,633,200

Cash flow sensitivity analysis for fixed rate instrument

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

(c) Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate 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. As at year end, there are no financial instruments of the Company which are subject to equity price risk.

36.4 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Out of the total financial assets of Rs. 1,033.09 million (2018: Rs. 676.03 million), the financial assets which are subject to credit risk amounted to Rs. 1,032.66 million (2018: Rs. 675.93 million).

The Company is exposed to credit risk from its operating activities (primarily for trade debts and loans and advances) and from its investing activities, including deposits with banks and financial institutions and other financial instruments. The credit risk on liquid funds (cash and bank balances) is limited because the counter parties are banks with a reasonably high credit rating.

Credit risk related to receivables

The Company's main credit exposure is with trade receivables. The Company has adopted a policy of only dealing with creditworthy counterparties and majority of the transactions are made through post dated cheques. Further, the Company's credit exposure is continuously monitored and the aggregate value of transactions are spread amongst approved counterparties, and overdue counterparties are pursued efficiently by the management for recovery. 53% (2018: 55%) of the credit exposure of the Company at year end is secured against letters of credit or other form of security.

Trade debts consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate. The major credit exposure of the Company from its top 10 customers is 91% (2018:78%) of the total trade receivables as at year end.

The total exposure of the Company in trade debts is Rs. 1034.533 million (2018: Rs. 704.865 million), which has been discussed as follows:

The Company has the policy to grant credit of 7 days to 150 days to their customers. The exposure of the Company in trade receivables, which are neither overdue nor impaired, is Rs. 832.602 million (2018: Rs. 538.198 million)

Trade debtors, which have crossed their credit days limits, amounting to Rs. 201.931 million (2018: Rs. 166.667 million) for which the company has provided Rs. 85.627 million (2018: 85.627 million) and the remaining amounts are still considered recoverable.

The aging of such overdue but not impaired trade receivables is as follows:

	2019 Rupees	2018 Rupees
Less than 1 month	116,173,667	43,673,341
1 - 3 months	-	12,544,341
3 - 6 months	23,162	15,149,877
6 months - 1 year	-	9,548,367
1 - 3 years	52,007	77,081
Over 3 years	55,595	47,666
	116,304,431	81,040,673

The aging of overdue and impaired trade receivables is as follows:

Over 3 Years	85,626,631	85,626,631
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36.5 Liquidity risk management

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large customers by securing them against letters of credit.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and long-term loans. 72% of the Company's long-term and short-term debt will mature in less than one year at June 30, 2019 (2018: 74%) based on the carrying value of borrowings as given below. However, the Company has an un-availed aggregated short-term and long-term borrowings facilities of Rs. 459 million (2018: Rs. 684 million) which can be utilized to encounter unseen liquidity problems.

36.5.1 Liquidity and interest risk table

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	2019				
	Long-term finance	Short-term borrowings	Trade and other payables	Interest accrued	Total
	Rupees				
With in 1 year	47,511,936	791,167,872	333,323,984	23,623,781	1,195,627,573
1 - 5 years	338,888,385	-	-	-	338,888,385
	386,400,321	791,167,872	333,323,984	23,623,781	1,534,515,958
Weighted average effective rate of interest	3.5%	8.8%	-	-	-

	2018				
	Long-term finance	Short-term borrowings	Trade and other payables	Interest accrued	Total
	Rupees				
With in 1 year	44,235,478	776,296,294	386,679,194	15,392,909	1,222,603,875
1 - 5 years	287,397,722	-	-	-	287,397,722
	331,633,200	776,296,294	386,679,194	15,392,909	1,510,001,597
Weighted average effective rate of interest	3.7%	6.5%	-	-	-

36.6 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities, either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behavior. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objective and generating returns for investors.

Primary responsibility for the development and implementation of controls over operational risk rests with the management of the Company. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective; and
- operational and qualitative track record of the plant and equipment supplier and related service providers.

37. Fair values of financial assets and liabilities

- (a) Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

- (b) Fair Value Estimation

The Company discloses the financial instruments measured in the balance sheet at fair value in accordance with the following fair value hierarchy:

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

There are no transfers between the levels during the year.

- 37.1 There are no assets or liabilities to classify under above levels except the Company's plant and machinery are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of the Company's plant and machinery carried out as at March 2018, were performed by M/s Asif Associates (Private) Limited (valuer), an independent valuer not related to the Company, using depreciated replacement cost method. The valuer is listed on panel of Pakistan Banks Association and they have appropriate qualification and experience in the fair value measurement of properties, plant and machinery.

Details of the Company's plant and machinery and information about the fair value hierarchy as at end of June 30, 2019 are as follows:

	June 30, 2019			Total
	Level 1	Level 2	Level 3	
Plant and machinery	-	919,782,801	-	919,782,801
June 30, 2018				
	Level 1	Level 2	Level 3	Total
Plant and machinery	-	916,650,754	-	916,650,754

38. CAPITAL RISK MANAGEMENT

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

The capital structure of the Company consists of share capital and reserves as well as debts of the Company. Share capital and reserves consist of share capital, reserves and unappropriated profit and debts consist of short-term borrowings and long-term financing. The Company manages its capital structure by monitoring return on total capital employed and makes adjustments to it in the light of changes in economic conditions and monitoring its gearing ratio. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders, issue new shares or adjust its debts. The Company's overall strategy is to reduce the gearing ratio gradually. The gearing ratio analysis is as follows:

	2019 Rupees	2018 Rupees
Total borrowings	1,177,568,193	1,107,929,494
Less: Cash and bank balances	(32,169,330)	(24,995,101)
Net debt	1,145,398,863	1,082,934,393
Total equity	1,217,734,478	1,059,139,471
Total capital employed	2,363,133,341	2,142,073,864
Gearing ratio	48%	51%

The Company is not subject to any externally imposed capital requirement.

39. OPERATING SEGMENT

- 39.1 These financial statements have been prepared on the basis of single reportable segment.
- 39.2 Revenue from sale of fabric represents 99.82% (2018: 99.66%) of total revenue whereas, remaining represents revenue from trading.
- 39.3 All non current assets of the Company as at June 30, 2019 are located in Pakistan.
- 39.4 63% (2018: 58%) of sales of fabric are local and indirect export whereas 37% (2018: 42%) of sales are export / foreign sales. All sales were made to external customers except one related party to which 0.3% (2018: 1.2%) of sales were made.
- 39.5 Revenue from three major customers of the Company represents 57% (2018: 43%) of total revenue of the Company.

40. PLANT CAPACITY AND ACTUAL PRODUCTION	Note	2019	2018
Number of looms installed		178	178
Number of looms worked		178	178
100% Plant capacity at 60 picks (Sq. Meters)		64,626,537	64,626,537
Actual production converted to 60 picks (Sq. Meters)	40.1	58,623,664	57,805,220
Shifts per day (12 hours shift)		2	2
Number of days worked during the year		365	365

- 40.1** Calculation of rated capacity is based on a fixed fabric width and looms speed. In actual these factors vary with the ever changing qualities under production. Further, 100% efficiency level is notional and in practice elusive, hence, actual production figure is less than the rated capacity.

41. NUMBER OF PERSONS EMPLOYED

	2019	2018
Number of employees at June 30	555	567
Average number of employees during the year	561	571

42. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

Subsequent to year end, the directors proposed to pay cash dividend of Rs. 10.00 (2018: Rs. 2.75) per ordinary share of Rs. 10 each. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting and has not been reflected as a liability in these financial statements, which will be accounted for subsequently after the approval of shareholders.

43. CORRESPONDING FIGURES

Corresponding figures have been reclassified / rearranged, wherever necessary.

44. DATE OF AUTHORIZATION FOR ISSUE


These financial statements have been approved by the Board of Directors of the Company and authorized for issue on September 27, 2019 .

45. GENERAL

Figures have been rounded off to the nearest Rupee.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer


(Muneer Nawaz)
Chairman



PROXY FORM

Please quote

Folio No./CDC A/C No.	Shares Held

I/We _____ of _____
in the district of _____ being a member of SHAHTAJ TEXTILE LIMITED
hereby appoint _____ of _____
as my/our proxy to vote for me/us and on my/our behalf at the 30th Annual General Meeting of the Company to be
held on Friday, 25th October, 2019 and at any adjournment thereof.

As witnessed given under my/our hand(s) this _____ day of _____ 2019.

Witness Signature _____

Name: _____

C.N.I.C. No. _____

Member's Signature on
Applicable Revenue Stamp

Notes:

1. This form of Proxy must be deposited duly completed, at the company's Registered Office, not less than 48 hours before the meeting
2. A Proxy of individual members must be a member of the Company.
3. In case of corporates the Board of Directors' resolution/power of attorney with the specimen signature shall be submitted along with proxy form to the company
4. Signature should agree with the specimen signature registered with the Company.
5. For CDC account holders and corporates in addition to the above following requirements have to be met:
 - i) Attested copy of C.N.I.C. or the passport of the beneficial owner shall be provided with proxy form.
 - ii) Proxy shall produce his/her original C.N.I.C. or original passport at the time of meeting.

پراکسی فارم

درج ذیل پُر کریں

تعداد حصص	فولیو / CDC اکاؤنٹ نمبر

میں مسٹی / مسماة _____ ساکن _____
 بحیثیت ممبر شاہ تاج ٹیکسٹائل لمیٹڈ، مسماة _____ ساکن _____
 کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے تیسواں اجلاس عام جو
 بتاریخ 25 اکتوبر 2019ء بروز جمعہ منعقد ہو رہا ہے میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

دستخط گواہ: _____
 نام: _____
 قومی شناختی کارڈ نمبر: _____

مطلوبہ ریویژن ٹکٹ چسپاں کر کے ممبر کے دستخط

تاریخ: _____

نوٹ:

- ۱۔ مکمل پُر شدہ پراکسی فارم کمپنی کے رجسٹرڈ آفس میں میٹنگ سے 48 گھنٹے قبل جمع کرایا جانا لازمی ہے۔
- ۲۔ تمام ممبران کے لئے ضروری ہے کہ جس کو پراکسی دیں وہ بھی کمپنی کا ممبر ہو۔
- ۳۔ کارپوریٹ ممبران کے لئے پراکسی فارم کے ساتھ پراکسی کے حق میں بورڈ آف ڈائریکٹرز کی قرارداد یا پاور آف اٹارنی بمع نمونہ کے دستخط کا جمع کروایا جانا ضروری ہے۔
- ۴۔ دستخط کمپنی کے پاس پہلے سے محفوظ دستخطی نمونہ کے مطابق ہونے ضروری ہیں۔
- ۵۔ CDC میں اکاؤنٹ رکھنے والے اور کارپوریٹ ممبران کے لئے مندرجہ بالا کے علاوہ درج ذیل شرائط کو پورا کرنا بھی ضروری ہے:
 - i۔ پراکسی جس کے حق میں ہو اس کا شناختی کارڈ یا پاسپورٹ کی ایک تصدیق شدہ نقل پراکسی کے ساتھ لگائی جائے۔
 - ii۔ پراکسی جس کے حق میں ہو وہ اجلاس میں شریک ہوتے وقت اصل شناختی کارڈ یا پاسپورٹ پیش کرے۔