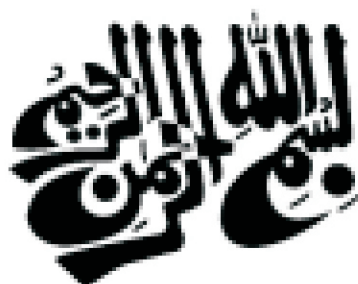




COLONY TEXTILE MILLS
L I M I T E D

**ANNUAL
REPORT
2019**



In the Name of Almighty Allah The Most Beneficient
The Most Merciful

COLONY TEXTILE MILLS LIMITED
Accounts For the Year
Ended
June 30, 2019

Vision

To be one of the largest Pakistani textiles supplier, fully equipped to cater to all needs of ever evolving global markets.

To explore and create growth opportunities to maximize return to all stakeholders.

Mission

To take the company to a new height where it is rated as the best in all spheres of business and everyone concerned feels proud of being its integral part.

Business Ethics and Practices

Our Core business is to produce and supply of Textile Products to local and international customers with best quality standards and efficient services. Customer satisfaction being our top priority, we follow the under mentioned business practices for the achievement of the desired results of customer satisfaction.

HUMAN RESOURCE DEVELOPMENT

We believe in individual respect and growth. Our employment and HR policies develop individuals without race, religion, gender or any discrimination factor. We provide equal opportunities to all the employees under a team based working environment. We provide all the possible support to all our employees to enhance their knowledge and vision keeping in view of their own limitations.

SOCIAL AND COMMUNITY COMMITMENTS

We believe in community development. We contribute our resources, both financial and ethical, in supporting all the deserving individuals of the society. We feel it is our responsibility to play our role in the development of the society and do maximum within our own limitations for the community at large.

RISK MANAGEMENT

Our risk management policies are geared to enhance share holders worth, improve credit worthiness and minimize credit risk while diversifying income, along with suppliers and customers base. We strongly believe in having an excellent relationship with our financial institutions as we take them as our business partners.

TRANSPARENT FINANCIAL POLICIES

Our financial policies are based on the principal of fairness and transparency. We are following all the applicable laws and best accounting practices while preparing the financial statements for the stakeholders.

CORPORATE GOVERNANCE

We as a responsible corporate citizen strongly adhere to the Corporate Governance principles and comply with the regulatory obligations enforced by regulatory agencies for improving corporate performance. We believe in uprightness of performance and expect it to be a fundamental responsibility of our employees to act in the best interest of the company without compromising on the rules and regulations enforced by the regulators.

MARKETING AND INDUSTRY PRACTICES

All our marketing policies are customer focused. We believe in One Window Solution and customer satisfaction. Our marketing policy is only based on these two parameters and to achieve this we ensure best quality and efficient response to customers. As a long term marketing strategy we are focusing on diversification, value addition of our products while making a close liaison with markets, customers and their needs.

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Company Information

Board Of Directors

Mr. Mughis A. Sheikh	(Chairman)
Mr. Fareed Mughis Sheikh	(Chief Executive Officer)
Mr. Muhammad Tariq	
Mr. Muhammad Atta ullah Khan	
Mr. Muhammad Ashraf Saif	
Mr. Abdul Hakeem Khan Qasuria	
Mr. Muhammad Ikram ul Haq	

Board Committees

Audit Committee

Mr. Muhammad Ashraf Saif	(Chairman)
Mr. Muhammad Atta ullah Khan	
Mr. Abdul Hakeem Khan Qasuria	

HR & Remuneration Committee

Mr. Muhammad Ashraf Saif	(Chairman)
Mr. Muhammad Ikram ul Haq	
Mr. Abdul Hakeem Khan Qasuria	

Other Management Committees

Executive Committee

Mr. Fareed Mughis Sheikh	(Chairman)
Mr. Muhammad Tariq	
Mr. Muhammad Atta ullah Khan	

Technical Committee

Mr. Fareed Mughis Sheikh	(Chairman)
Mr. Muhammad Tariq	
Mr. Muhammad Shoaib Khan	

Finance Committee

Mr. Fareed Mughis Sheikh	(Chairman)
Mr. Atta Mohyuddin Khan	
Mr. Bilal Ahmad Khan Niazi	

Social Compliance & Human Resource Committees

Mr. Fareed Mughis Sheikh	(Chairman)
Mr. Muhammad Atta ullah Khan	
Mr. Atta Mohyuddin Khan	

Company Information

Chief Financial Officer

Mr. Atta Mohyuddin Khan

Company Secretary

Mr. Muhammad Abid

Auditors

Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants

Legal Advisor

BNR
Advocates and Corporate Counsel

Tax Advisor

Riaz Ahmad & Company
Chartered Accountants

Registered Address

M. Ismail Aiwan-e-Science Building
205 Ferozepur Road, Lahore-54600
Phone : 042-35758970-2
Fax : 042-35763247
Email : corporate@colonytextiles.com
Website: www.colonytextiles.com

Share Registrar

Hameed Majeed Associates (Pvt.) Limited
HM House, 7 Bank Square
Lahore.
Phone: (042) 37235081-2, Fax: 042-37358817
Email : shares@hmaconsultants.com

Bankers

Bank Islami Pakistan Limited
Meezan Bank Limited
Faysal Bank Limited
Habib Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Silk Bank Limited
The Bank of Punjab
United Bank Limited
Summit Bank Limited

Notice of Annual General Meeting

Notice is hereby given that 9th Annual General Meeting of the shareholders of Colony Textile Mills Limited will be held on October 28, 2019 at 10:00 a.m. at Ismail Aiwan-e-Science Building, 205-Ferozepur Road, Lahore to transact the following:

1. To Confirm the minutes of last Annual General Meeting.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2019 together with auditors and directors' reports thereon.
3. To appoint the auditors and to fix their remuneration for the next financial year 2019-20.
4. Any other business with the permission of Chairman.

By Order of the Board

Muhammad Abid
Company Secretary

Lahore:
October 07, 2019

NOTES:

- i. The Share Transfer Books of the Company will remain closed from October 21, 2019 to October 28, 2019 (both days inclusive).
- ii. A shareholder eligible to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote. In case of a corporate entity, votes may be given through attorney or proxy. In both cases the instrument of proxy duly completed, must reach to the Registered Office of the Company not later than 48 hours before the time of holding annual general meeting.
- iii. The Original Computerized Identity Card of the shareholder/proxy is required to prove his/her identity along with account details etc. at the time of meeting. In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be submitted (unless it has been provided earlier) along with proxy form.
- iv. The Annual Report is being transmitted to shareholders through CDs/DVDs instead of sending these in book form / hard copy in terms of SRO No. 470(I)/2016 dated May 31, 2016 and also available at website of the Company at www.colonytextiles.com. However, the company shall send printed copy of its Annual Report (Financial Statements) to desirous member within a week of such request without any cost.

Notice of Annual General Meeting

- v. As per provisions of Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company which remained unclaimed/unpaid for a period of three years from the date these become due are required to be deposited with Federal Government under the instructions of SECP. In this respect detail of unclaimed dividend is available at website of the Company. In case, no claim is received, the unclaimed dividend shall be deposited with Federal Government as required under Law.
- vi. Members can also avail video conference facility at their hometown. In this regard fill the application as per following format and submit to the registered address of the company. The video conference facility will be provided only If the company receives consent from members holding in aggregate 10% or more shareholding residing at geographical location at least 07 days prior to the date of general meeting. Upon receipt of request, the company shall arrange and intimate members regarding venue of video conference facility at least 5 days before the date of Annual General Meeting with guidelines to participate in video conference.

I / We----- of ----- being member of Colony Textile Mills Limited, holder of ----- Ordinary shares as per Register Folio # / CDC Account # / Participant Id # hereby opt for Video conference facility at -----.

Signature of shareholder

- vii. The Members are again advised:
 - a) To provide the copies of their valid CNIC's if not provided earlier to update the members register.
 - b) To notify the change of address immediately, if any.

CHAIRMANS' REVIEW

The Board consists of competent and efficient directors having immense experience in various sectors of the business.

The Board of Colony Textile Mills Limited consists of:

Mr. Mughis A. Sheikh (Chairman)
 Mr. Fareed Mughis Sheikh (Chief Executive Officer)
 Mr. Muhammad Tariq
 Mr. Muhammad Atta ullah Khan
 Mr. Abdul Hakeem Khan
 Mr. Ashraf Saif
 Mr. Ikram ul Haq

I feel honored to present you the annual review of the audited financial statements for the year ended June 30, 2019 and the overall performance of the Board. I would take this opportunity to invite you for the Annual General Meeting of the company.

The board is responsible for management of the company, formulates all significant policies and strategies. The board acknowledge its responsibility for Corporate and Financial Reporting Framework and is committed to good Corporate Governance. The Board is aware of the importance of its role in achieving the objectives of the company and devoted and focused towards company's values, mission and vision.

During the year, the Board of Directors focused on the future strategy and set the operational and financial targets. Despite of tough situation company has achieved a significant growth in sales as compared to the corresponding year. Further the management has settled/rescheduled its financial liabilities with majority of its banks which is another great achievement. The Board regularly tracked the progress against the budgeted targets. The Board has carried out a review of its effectiveness and performance which is satisfactory.

During the financial year 2018-19, the board met five times. These meetings were conducted as per best practices and complying with all the regulatory requirements. In order to achieve the corporate objective, the board strictly monitored the performance of the sub committees to get maximum output. The board also monitored the quality standards of the company's products, compliance with best corporate practices and governance, stable and continual growth, encouraging diversity and ethical behavior and development of skills to attain advancement and excellence. The board is also well aware of its responsibilities for health safety and environment. We are very much satisfied with our efforts towards corporate social responsibility and are motivated to further extend it.

On behalf of the Board, I would like to thank our valued customers for their continued confidence in the company, the financial institutions for their support and our most valuable employees and executives for their dedication and hard work and loyalty.



Mughis A. Sheikh
 Chairman
 October 07, 2019

Directors' Report to the Members

On behalf of the Board of Directors, I present before you the annual report of the company along with audited financial statements for the year ended June 30, 2019. In compliance with the Code of Corporate Governance, these financial statements have been endorsed by the Chief Executive Officer and Chief Financial Officer of the company, recommended for approval by the Audit Committee of the Board and approved by the Board of Directors for presentation.

Your company has achieved sales of Rs. 23,123 million as compared to the last year sales of Rs. 16,595 million. The gross profit for the year is Rs. 1,728 million against previous year's gross profit of Rs. 1,259 million. The bottom line showed a net profit of Rs. 1,436 million with earnings per share of Rs. 2.88 as compared to the net profit of Rs. 40 million with earnings per share of Rs. 0.08 for the last year.

The company achieved the highest turnover figure of the last five years period. Despite of this turnover figure the gross profit of the company does not reflect the impact of huge sale due to ever increasing cost of doing business, interest rates and inflation which has crossed alarming limits. Matters are worsened further by global economic slowdown, intense competition in the markets, high costs of utilities, delays in release of tax refunds, regional changing scenario and uncertain economic condition of the country.

The textile sector is the back bone of our country's economy but unfortunately at this time the survival of the industry is at stake. The future of the industry along with most of the industrial sectors is very uncertain and everybody is fighting for their existence. If the government does not immediately resolve this deadlock situation, it will cause irreversible damage to the industrial sector and our economy.

PRINCIPAL ACTIVITIES

The principal activities of the company is manufacturing and sale of yarn, fabrics, garments made ups and trading in real estate.

Spinning Segment

Although the turnover of the spinning sector has increased as compared with the corresponding period but the margins have been very low. The increase in turnover was insistent due to massive devaluation, increase in raw material prices, increase in utilities and other manufacturing expenses. The shortage of working capital lines is also impairing our profitability.

Weaving Segment

The turnover is higher as compared with the corresponding year but the bottom line remained under pressure due to depressed market situation. Keeping in view increase in overseas competition and rising raw material prices, which dampened performance of this division during the year under review. The management has been taking the earnest steps to improve the performance, including focusing on new business avenues in local and export markets. Management expects that these steps would yield positive results in future.

Real Estate Segment

During the year company has disposed some of its assets of real estate inventories in settlement of its financial liabilities towards various financial institutions. The settlement amount was much more than the carrying amount of real estate inventory and company has earned profit on this settlement.

Directors' Report to the Members

DIRECTORS' LOAN

The Sponsor Directors are truly committed to the well being of the company, interest free Sub-ordinated loan of Rs. 120 million from an Executive Director still exists to support this financial situation.

During the year a non-executive director has extended interest free loan of Rs. 265 million for the settlement of a financial liability.

SETTLEMENT/PAYMENT OF FINANCIAL LIABILITIES

As mentioned in the last annual report that management of your company concluded active negotiations with most of its financial institutions for immediate rescheduling/restructuring of its liabilities. Your company has successfully rescheduled/restructured its liabilities with Faysal Bank Limited, Bank Islami Pakistan Limited, National Bank of Pakistan, Standard Chartered Bank and Soneri Bank Limited.

DIVIDEND

Considering the financial results of the company for the year ended June 30, 2019 the management has not recommended any dividend in this year.

UNPAID DIVIDEND

In compliance with the provisions of Section 244 of the Companies Act, 2017, the Company sent written notices to all concerned shareholders for inviting claims of outstanding dividend for more than three years from the date on which these became due as of May 30, 2017. After the expiry of notice period, an advertisement was published in Newspapers for the information of shareholders inviting for their claims. The complete detail regarding unclaimed dividend is available at website of the Company.

FUTURE OUTLOOK

Despite the fact that the textile sector is the largest export sector, contributing a huge share in gross domestic product and source of employment for major portion of population, Government has revoked the zero rated status of the textile industry without any strategy to overcome the problems resulting from this decision. This step not only created a situation of deadlock but due to significant decrease in turnover and margins has made the businesses completely unviable. Nobody is clear on how to tackle this situation. Sales and margins are badly affected and unfortunately it will be reflected in the first quarter of the current year. At this movement it is very difficult to predict the future and implement strategies to cope the situation because it seems totally out of control. Government should immediately consider this situation, realize the damages and implement a workable solution otherwise textile industry in Pakistan will suffer irreversible damage.

The company faced with these multifaceted and mounting challenges and has planned to implement major cost cutting measures across the company and is aligning itself to tackle current market threats. Your company is committed to maintain optimum quality, product diversification, exploring new markets and achieving higher production efficiencies but due to tough competition margins are continuously under pressure.

SAFETY, HEALTH AND ENVIRONMENT

The company maintains working conditions which are safe and without risk to the health of all employees and public at large. Our focus remains on improving all aspects of safety specially with regards to the safe production, delivery, storage and handling of the materials. Your company always ensures environmental preservation and adopts all possible means for environment protection.

Directors' Report to the Members

CORPORATE SOCIAL RESPONSIBILITY

Your company has very distinct Corporate and Social Responsibility (CSR) policy in fulfilling its responsibilities of securing the community within which it operates. We add substantially to the national exchequer through the payment of various taxes, duties and levies and our export earnings contribute in country's foreign exchange position. We pride ourselves for being an equal opportunity employer. Your company is running initiatives in providing free meals to the less fortunate, medical consultation and free medication to the needy and clean drinking water. We take joy in stating that we have planted over 60,000 trees in our mills premises to make our surroundings healthy and green.

AUDIT COMMITTEE

This is the most prime and effective committee of the Board. It has a vital role in the compliance of internal controls to ensure safeguard of all the interest of the company, through monitoring of internal audit functions, risk management policies in the light of Terms of Reference developed by the Board. The committee recommends the appointment of the external auditors and also reviews the critical reporting made by the internal and external auditors.

The names of Members of Audit Committee are as under:

Name of Director	Category	Designation in Committee
Mr. Muhammad Ashraf Saif	Independent Director	Chairman
Mr. Muhammad Atta Ullah Khan	Non-Executive Director	Member
Mr. Abdul Hakeem Khan	Non-Executive Director	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

The human resource committee determines the compensation packages for all cadres of the company's employees according to the terms of reference of Committee. The committee is also responsible to create and maintain conducive working environment that instill trust and ensure respect, fair treatment, development opportunity and grooming and make succession plans for all employees. We feel that human resource is key element in our business strategy.

The names of Members of HRR Committee are as under:

Name of Director	Category	Designation in Committee
Mr. Muhammad Ashraf Saif	Independent Director	Chairman
Mr. Abdul Hakeem Khan	Non-Executive Director	Member
Mr. Muhammad Ikram ul Haq	Non-Executive Director	Member

The Board of Directors had also formed the following Management Committees and advised them their respective terms of reference to run the affairs of Company:

EXECUTIVE COMMITTEE

The executive committee is responsible for setting overall corporate objectives and strategies, identification of opportunities, monitoring the business strategies and plans and there after the successful implementation of those plans. One of the major roles of the committee is to change the management policies and role of the company as required under the changing requirements of local and international customers, keeping in view the strengths and weaknesses of the company, so that the best possible results could be achieved.

Directors' Report to the Members

The names of Members of Executive Committee are as under:

Name of Director	Designation in Company	Designation in Committee
Mr. Fareed M. Sheikh	Executive Director/CEO	Chairman
Mr. Muhammad Tariq	Executive Director	Member
Mr. Muhammad Atta Ullah Khan	Non Executive Director	Member

TECHNICAL COMMITTEE

The technical committee acts in an advisory capacity to the CEO, provides recommendation relating to the technical affairs of the company, formulation of technical policies required under the code of corporate governance specially keeping in view the environment protection plans of the Government. It is also responsible for overall factory operations, achievement of desired quality, production targets and efficiency of the mechanical works. This is also empowered to deal with the day to day technical issues under authorized limits.

The names of Members of Technical Committee are as under:

Name of Director	Designation in Company	Designation in Committee
Mr. Fareed M. Sheikh	Executive Director/CEO	Chairman
Mr. Muhammad Tariq	Executive Director	Member
Mr. Muhammad Shoaib Khan	Director Technical	Member

FINANCE COMMITTEE

The role of the finance committee is to review and recommend the financial targets, annual and quarterly budgets, approval of the expenditures for amounts within its limits, investments of the surplus funds of the company and financial policies and controls including the policies required under the code of corporate governance. The committee works under the guidance of CEO.

The names of Members of Finance Committee are as under:

Name of Director	Designation in Company	Designation in Committee
Mr. Fareed M. Sheikh	Executive Director/CEO	Chairman
Mr. Atta Mohyuddin Khan	Chief Financial Officer	Member
Mr. Bilal Ahmed Khan Niazi	General Manager Finance	Member

SOCIAL COMPLIANCE AND HUMAN RESOURCE

A major factor in your company's success is its highly skilled and motivated workforce. Our strength comes from our people. We can rightly take pride in fact that Human Resources have always been given a high priority. Today, when we look back on past years, we can see that while our objectives may have changed along the way, our human resource policies have always been based on the underlying values of fairness, merit, equal opportunity and social responsibility. These values manifest themselves in our policies of recruitment, performance appraisal, training and development, health and safety and industrial relations.

Directors' Report to the Members

The names of Members of Social Compliance and Human Resource Committee are as under:

Name of Director	Designation in Company	Designation in Committee
Mr. Fareed M. Sheikh	Executive Director/CEO	Chairman
Mr. Muhammad Atta Ullah Khan	Non-Executive Director	Member
Mr. Atta Mohyuddin Khan	Chief Financial Officer	Member

BOARD OF DIRECTORS

The Board of Directors consist of seven members and responsible to manage the Company affairs in a transparent manner to achieve the sustainable growth of business.

Presently, the Board consists of seven male members, the requirement of gender representation on the Board will be met in due course of time.

Category wise composition of Board is as under:

Category	Number of Directors
Independent Directors	01
Non-Executive Directors	04
Executive Directors	02

Requirement of Code of Corporate Governance (the listed Companies (Code of Corporate Governance) Regulations, 2017) in respect of representation at least two Independent Directors on the Board will be complied with at the time of election of Directors.

During the year under review five meetings of the Board of Directors, four meetings of the audit committee and one meeting of human resource & remuneration committee were held. Attendance in the meetings by each director was as under:

Directors' Name	Board of Directors	Audit Committee	HR Committee
Mr. Mughis A. Sheikh	04	-	-
Mr. Fareed M. Sheikh	05	-	-
Mr. Muhammad Tariq	05	-	-
Mr. M. Atta Ullah Khan	05	04	-
Mr. M. Ashraf Saif	05	04	01
Mr. Abdul Hakeem Khan	05	04	01
Mr. M. Ikram ul Haq	05	-	01

Code of Ethics and Business Practices has been developed and are communicated and acknowledged by each Director and employee of the company.

DIRECTORS' REMUNERATION

The company has a formal remuneration policy for its directors (Executive/Non Executive) duly approved by board of directors. The policy has been designed as component of HR strategy and both are required to support overall business strategy. The board believes that policy is appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the company as well as to create congruence between directors, executives and shareholders.

Directors' Report to the Members

POLICIES AND PROCEDURES

The Board has established and implemented effective procedures and controls for business and support cycles after identification of related risks. These are reviewed periodically and updated in line with latest risk assessment and risks faced by the business.

BOARD EVALUATION

Pursuant to Listed Companies (Code of Corporate Governance) Regulations, 2017, the Board of Directors approved comprehensive mechanism for evaluation of Board's own performance and its Committees. The terms of reference have been advised to Human Resource and Remuneration Committee for this purpose.

RELATED PARTY TRANSACTIONS

The company has presented all related party transactions before the Audit Committee and Board for their review and approval. These transactions have been approved by the Audit Committee and the Board in their respective meetings. The details of related party transactions have been provided in Note to the annexed financial statements for the year ended June 30, 2019.

CHAIRMAN'S REVIEW

The Board has considered the Chairman's Review to the Members and has also been annexed to the Annual Report.

CODE OF CONDUCT

The Directors of your Company have developed Code of Conduct with set procedures. Copies of Code have duly been acknowledged by all the concerned.

STATEMENT OF COMPLIANCE

Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 duly reviewed by the Auditors is attached with Annual Report.

PRINCIPAL RISKS

The Company exposed to principal risk, if any, is explained in the Notes to the Financial Statements at relevant section.

CORPORATE GOVERNANCE

The management ensures that all requirements of the Code of Corporate Governance were complied with. The statement of compliance with the best practices of Code of Corporate Governance is annexed.

PATTERN OF SHAREHOLDING AND INFORMATION UNDER CLAUSE XIX(i) OF THE CODE OF CORPORATE GOVERNANCE

The pattern of shareholding and information under clause XIX (i) of the Code of Corporate Governance as on June 30, 2019 is annexed.

Directors' Report to the Members

EXTERNAL AUDITOR

The present auditors M/S Tariq Abdul Ghani Maqbool & Company, Chartered Accountants, retire and audit committee and board of directors have recommended their reappointment for the ensuing year.

The auditors have conveyed that they have been assigned satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan and the firm is fully compliant with code of ethics issued by the International Federation of Accountants (IFAC). Further they are not rendering any related services to the company. The auditors have also confirmed that neither the firm nor any of their partners, their spouses and minor children at any time during the year held or traded in the shares of the company.

WEB PRESENCE

Annual and periodic financial statements of the Company are also available on www.colonytextiles.com

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

In compliance with the Code of Corporate Governance, we are giving below statements on Corporate and Financial Reporting Framework.

- The financial statements prepared by the management of the company, presents fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- The Board of Directors has adopted a vision and mission statement and a statement of overall corporate strategy.
- Proper books of account of the company as per statutory requirements have been maintained.
- Code of Ethics and Business Practice has been developed and are communicated and acknowledged by each director and employee of the company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applied in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has effectively implemented and monitored.
- Statement of Compliance with the Code of Corporate Governance is enclosed with this report and this report was found to be in order after review by the auditors.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no departure from the best practices of the code of corporate governance, as detailed in the listing regulations.
- The company strictly complies with the standards of the safety rules and regulations. It also follows environmental friendly policies.
- No material changes and commitments affecting the financial position of the company have occurred between the end of the financial year to which the balance sheet relates and the date of the Director's Report, except for disclose in the financial statements.

Directors' Report to the Members

- Key operating and financial data since incorporation is annexed in summarized form.
- The directors have not recommended any dividend in view of current financial scenario.
- Information about outstanding taxes and other Government levies are given in related note(s) to the accounts.
- The annexed audited accounts give the detail of outstanding taxes and levies.
- The company operates a contributory provident fund scheme for all employees and defined benefits gratuity fund scheme for its managerial and non managerial staff. The net value of investment in their respective accounts is as under:

Provident Funds	Rs. 136.764 million
Gratuity Funds	Rs. 109.972 million

- The directors, CEO, CFO, Company Secretary and their spouses and minor children have made no transactions in the company's shares during the year.

POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date and before the financial statements were authorized to be issued, company has successfully rescheduled its financial liabilities with Habib Bank Limited.

ACKNOWLEDGEMENT

We would like to place on record our deep appreciation for the efforts of the executives, officers and other staff members for their hard work, cooperation and sincerity to the company in achieving the best possible results. The board also wishes to record the appreciation to all banks for their continued support to the company. The management is quite confident that these relations and cooperation will continue in the coming years.

On behalf of the Board of Directors



Muhammad Ikram ul Haq
Director



Fareed Mughis Sheikh
Chief Executive Officer

Lahore
October 07, 2019

Statement of Compliance of the Code of Corporate Governance for the Year ended June 30, 2019

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017.

Name of Company: Colony Textile Mills Limited
Year ending: June 30, 2019

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

- 1) The total number of directors are 07 as per the following:
 - a. Male: 07
 - b. Female: 00

The requirement of induction of female director on the Board will be met at the time of reconstitution of Board or earlier as the case may be.
- 2) The composition of board is as follows:
 - a. Independent Directors: 01
 - b. Non-Executive Director: 04
 - c. Executive Directors: 02
- 3) The directors have 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 Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
- 8) The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- 9) Three Board Members have completed director's training program (DTP) or exempted from the training. The requirements of Listed Companies (Code of Corporate Governance) Regulations, 2017 pertaining to complete the directors' training program for half of the Board Members was not met due to mismatch of training schedules offered by different institutes. In the current Financial Year, the requirement of DTP shall be met as required under the Listed Companies (Code of Corporate Governance) Regulations, 2017.

Statement of Compliance of the Code of Corporate Governance for the Year ended June 30, 2019

- 10) The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements at the respective dates of appointments in past.
- 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

Name of Director	Category	Designation in Committee
Mr. Muhammad Ashraf Saif	Independent Director	Chairman
Mr. Muhammad Atta Ullah Khan	Non-Executive Director	Member
Mr. Abdul Hakeem Khan Qasuria	Non-Executive Director	Member

b. HR and Remuneration Committee

Name of Director	Category	Designation in Committee
Mr. Muhammad Ashraf Saif	Independent Director	Chairman
Mr. Muhammad Ikram ul Haq	Non-Executive Director	Member
Mr. Abdul Hakeem Khan Qasuria	Non-Executive Director	Member

The Board has developed other Management Committees to run the affairs of the Company efficiently. The composition of these committees has been disclosed in Directors' Report.

- 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 (quarterly / half yearly / yearly) of the committee were as per following:
 - a. Audit Committee: Quarterly during the year
 - b. HR and Remuneration Committee: Once during the year
- 15) The Board has set up an effective internal audit function, the members of internal audit team 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 the 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 requirements 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.



MUGHISA A. SHEIKH
Chairman
Lahore
October 07, 2019

Independent Auditors' Review Report of Colony Textile Mills Limited Review Report on Statement of Compliance Listed Companies contained in (Code of corporate governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Colony Textile Mills Limited** (the Company) for the year ended 30 June 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 30 June 2019.

October 07, 2019
Lahore



Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants

Independent Auditors' Report To The Members of Colony Textile Mills Limited Report on the Audit of The Financial Statements

Opinion

We have audited the annexed financial statements of Colony Textile Mills Limited (the Company), which comprise the statement of financial position as at June 30, 2019, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the 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, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the 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 and other 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 year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report To The Members of Colony Textile Mills Limited Report on the Audit of The Financial Statements

Following are the Key audit matters:

How the matters were addressed in our audit

Key audit matters

1) Control environment relating to the financial reporting process and related IT systems

The IT control environment relating to the financial reporting process and the application controls of individual IT systems have an impact on the selected audit approach.

As the financial statements are based on extensive number of data flows from IT systems, consequently the financial reporting control environment is determined as a key audit matter.

Our key procedures included evaluation of the financial reporting process and related control environment, as well as testing of the effectiveness of controls including general IT controls. Our audit procedures focused on testing the reconciliation and approval controls as well as on evaluating the administration of access rights.

Our audit procedures extensively consisted of several substantive procedures as well as data analysis relating to the most significant balances on the statement of profit or loss and statement of financial position.

2) First time adoption of IFRS 9 – Financial Instruments

(Reference note No. 49.02)

The Company has adopted IFRS 9 with effect from 01 July 2018. The new standard requires the Company to make provision for financial assets (trade debts) using Expected Credit Loss (ECL) approach as against the Incurred Loss Model previously applied by the Company.

Determination of ECL provision for trade debts requires significant judgment and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information.

We have considered the first-time application of IFRS 9 requirements as a key audit matter due to significance of the change in accounting methodology and involvement of estimates and judgments in this regard.

Our key procedures to review the application of IFRS 9 included, amongst others, review of the methodology developed and applied by the Company to estimate the ECL in relation to trade debts. We also considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates.

Further, we assessed the integrity and quality of the data used for ECL computation based on the accounting records and information system of the Company as well as the related external sources as used for this purpose.

We checked the mathematical accuracy of the ECL model by performing recalculation on test basis.

In addition to above, we assessed the adequacy of disclosures in the financial statements of the Company regarding application of IFRS 9 as per the requirements of the above standard.

Independent Auditors' Report To The Members of Colony Textile Mills Limited Report on the Audit of The Financial Statements

3) Revenue

(Reference note No. 31)

The Company primarily generates revenue from sale of yarn, fabric, raw material, waste and real estate. During the year the company's revenue is Rs. 23.12 billion which is 85 % of the total assets and increased by Rs. 6.52 billion which is 39% more than previous year.

We identified recognition of sales as a key audit matter because sales is one of the key performance indicator of the Company and gives rise to an inherent risk of misstatement to meet expectations or targets.

Our audit procedures amongst others included the following:

Evaluated management controls over revenue and checked their validation including controls to ensure that majority sales are made to tax filers.

Performed verification of sales with underlying documentation including gate pass, delivery challan, bargain docket, stock register and sales invoice.

Obtained confirmations from debtors on sample basis.

Recalculated the commission as per Company's policy and performed verification over commission on sample basis if any exists.

Analyzed market by comparing Company's sales volume with published data.

Ensured that presentation and disclosures related to revenue are being addressed appropriately.

4) Restructuring of financial liabilities

Financial liabilities include long term finances and short term borrowings and related markup thereon aggregating to Rs. 14,830.64 million. During the year, the financial restructuring of the Company has been completed reducing the debt burden and finance cost for the Company.

To partially settle the Company's restructured liabilities, the management has obtained interest free directors' loan of Rs. 265.19 million and disposed off land from real estate inventory of Rs. 331.75 million having sale proceeds of Rs. 777.16 million. See notes 10, 24 and 31 to the financial statements.

In view of the monetary value of the restructured financial liabilities involved in determining of the adequacy of related disclosures in these financial statements, we have identified this area as a key audit matter.

Our audit procedures included the following:

Made inquiries with the management and legal advisors to understand the status of whole restructuring processes;

Reviewed the approved creditors' scheme of arrangement;

Read relevant documents to verify facts and circumstances stated by management and legal advisors;

Read and evaluated assessment prepared by management related to anticipated outcomes of restructuring;

Obtained direct confirmations for banks' borrowings and directors' loan;

Obtained valuation report for the real estate inventory disposed off during the restructuring process;

Recalculated the restructuring transactions for transaction accuracy and verified the income on restructuring arrangement.

Independent Auditors' Report To The Members of Colony Textile Mills Limited Report on the Audit of The Financial Statements

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

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

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

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

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.

Independent Auditors' Report

To The Members of Colony Textile Mills Limited

Report on the Audit of The Financial Statements

- 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:

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

The engagement partner on the audit resulting in this independent auditors' report is Shahid Mehmood.

Dated: 07 October, 2019
Lahore


Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

	Note	2019 Rupees ('000')	2018 Rupees ('000')
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital	8	5,300,000	5,300,000
Issued, subscribed and paid up capital	9	4,980,100	4,980,100
Reserve arising on amalgamation		3,156,388	3,156,388
Revaluation surplus on property, plant and equipment	21	19,594	12,644
Director's loan	10	385,187	120,000
General reserves		4,702	4,702
Unappropriated profit / (loss)		1,197,969	(228,300)
Surplus on remeasurement of investments		986	1,080
		<u>9,744,926</u>	<u>8,046,614</u>
Non-current liabilities			
Long term financing	11	7,671,381	6,922,229
Liabilities against assets subject to finance lease	12	10,787	21,321
Deferred liabilities	13	4,271,326	3,090,832
		<u>11,953,493</u>	<u>10,034,382</u>
Current liabilities			
Trade and other payables	14	1,058,672	1,326,693
Short term borrowings	15	3,188,296	3,890,441
Accrued mark up	16	309,783	1,849,891
Unclaimed dividend		94	94
Current portion of long term liabilities	17	640,975	1,970,534
Provision for taxation	18	277,024	202,848
		<u>5,474,844</u>	<u>9,240,501</u>
Contingencies and commitments	19	-	-
		<u>27,173,263</u>	<u>27,321,497</u>



Chief Financial Officer



Director

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

	Note	2019 Rupees ('000')	2018 Rupees ('000')
ASSETS			
Non-current assets			
Property, plant and equipment	20	18,461,959	18,495,320
Investment property	21	629,886	495,658
Long term investments	22	191,341	428,745
Long term deposits		51,132	50,970
		<u>19,334,318</u>	<u>19,470,693</u>
Current assets			
Stores, spare parts and loose tools	23	397,346	273,304
Stock in trade	24	4,705,937	5,415,334
Trade debts	25	997,955	694,187
Loans and advances	26	502,000	281,823
Trade deposits and short term prepayments	27	233,660	151,855
Other financial assets	28	18	27
Tax refunds due from the Government	29	964,742	995,862
Cash and bank balances	30	37,287	38,412
		<u>7,838,945</u>	<u>7,850,804</u>
		<u><u>27,173,263</u></u>	<u><u>27,321,497</u></u>

The annexed notes from 01 to 52 form an integral part of these financial statements.



Chief Executive Officer

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees ('000')	2018 Rupees ('000')
Sales - net	31	23,123,399	16,595,202
Cost of sales	32	21,395,836	15,336,601
Gross profit		1,727,563	1,258,601
Operating expenses:			
Distribution cost	33	257,876	202,682
Administrative expenses	34	298,168	253,488
		556,044	456,170
Operating profit		1,171,519	802,431
Finance cost	35	506,075	703,830
Other operating charges	36	575,127	40,938
		1,081,202	744,768
Other income	37	2,134,109	231,031
Profit before taxation		2,224,426	288,694
Taxation	38	788,641	248,500
Profit after tax for the year		1,435,785	40,194
		Rupees	Rupees
Earnings per share - basic and diluted	39	2.88	0.08

The annexed notes from 01 to 52 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees ('000')	2018 Rupees ('000')
Profit for the year		1,435,785	40,194
Other comprehensive income:			
Items that will not be reclassified to statement of profit or loss:			
Surplus on revaluation of property, plant and equipment		6,950	-
Remeasurement (loss) / gain of defined benefit obligation	13.03	(12,789)	380
Deferred tax thereon		3,273	(94)
		(9,516)	286
Items that may be reclassified to statement of profit or loss:			
Net fair value (loss) / gain on investment measured at FVTOCI		(94)	122
Total comprehensive income for the year		1,433,125	40,602

The annexed notes from 01 to 52 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees ('000')	2018 Rupees ('000')
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	48	1,819,566	1,061,699
Finance cost paid		(149,568)	(72,787)
Staff retirement benefit paid		(48,528)	(38,405)
Income tax paid		(187,350)	(258,533)
		(385,446)	(369,725)
Net cash generated from operating activities		1,434,120	691,974
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(947,577)	(446,451)
Proceeds from disposal of property, plant and equipment		9,224	870
Long term deposits		(162)	(1,058)
Net cash used in investing activities		(938,515)	(446,639)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances repaid		(304,458)	(113,958)
Lease rentals - net		(8,888)	(7,796)
Unclaimed dividend paid		-	(1,225)
Short term borrowings received / (paid)		(183,384)	(124,227)
Net cash generated (used in)/from financing activities		(496,730)	(247,206)
Net decrease in cash and cash equivalents		(1,125)	(1,871)
Cash and cash equivalents at beginning of the year		38,412	40,283
Cash and cash equivalents at end of the year		37,287	38,412

The annexed notes from 01 to 52 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2019

	Share capital	Reserve arising on amalgamation	Revaluation surplus on property, plant and equipment	Director's loan	Revenue reserves		Surplus on re-measurement of investments	Total
					General reserves	Unappropriated profit/(loss)		
Rupees ('000')								
Balance as at 30 June 2017	4,980,100	3,156,388	12,644	120,000	4,702	(268,780)	958	8,006,012
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	40,194	-	40,194
Remeasurement of defined benefit obligation	-	-	-	-	-	286	-	286
Net fair value gain on investment measured at FVTOCI	-	-	-	-	-	-	122	122
Total comprehensive income for the year	-	-	-	-	-	40,480	122	40,602
Balance as at 30 June 2018	4,980,100	3,156,388	12,644	120,000	4,702	(228,300)	1,080	8,046,614
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	1,435,785	-	1,435,785
Remeasurement of defined benefit obligation	-	-	-	-	-	(9,516)	-	(9,516)
Surplus on revaluation of property, plant and equipment	-	-	6,950	-	-	-	-	6,950
Net fair value gain on investment measured at FVTOCI	-	-	-	-	-	-	(94)	(94)
Total comprehensive income for the year	-	-	6,950	-	-	1,426,269	(94)	1,433,125
Director's loan received during the year	-	-	-	265,187	-	-	-	265,187
Balance as at 30 June 2019	4,980,100	3,156,388	19,594	385,187	4,702	1,197,969	986	9,744,926

The annexed notes from 01 to 52 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.01** Colony Textile Mills Limited ("the Company") is a Public Company Limited by shares incorporated in Pakistan on 12 January 2011 under the provisions of the repealed Companies Ordinance, 1984 (now The Companies Act 2017). The Company is listed on Pakistan Stock Exchange Limited. The registered office of the company is located at M. Ismail Aiwan-i-Science, Ferozepur Road, Lahore, Pakistan. The principal activity of the company is manufacturing and sale of yarn, fabric, garments made ups and trading in real estate.

Geographical location and addresses of major business units including mills/plants of the Company are as under:

Location	Purpose
M. Ismail Aiwan-i-Science Building, Ferozepur Road, Lahore	Head Office
4km Raiwind Manga Road, Raiwind, District Kasur	Weaving unit
Sher Shah Road, Ismailabad, Multan	Spinning unit

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

All significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed in the notes to these financial statements. For a detailed discussion about these significant transactions and events please refer to the Directors' report.

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

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are reflected in note 49.

3 BASIS OF PREPARATION

3.01 Statement of compliance

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

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

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

3.02 Standards, interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

- Standards, amendments to published standards and interpretations effective in current year

The Company has adopted the following revised standards and amendments of IFRSs which became effective for the current year:

IFRS 2	Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	
IFRS 9	Financial Instruments	30 June 2019
IFRS 15	Revenue from Contracts with Customers	30 June 2019
IAS 40	Transfer of Investment Property (Amendments)	01 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	01 January 2018

The above new standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements except for the increased disclosures in certain cases.

- Standards, interpretations and amendments to existing standards that are not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after their respective effective dates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Standard or Interpretation		Effective Date (Annual periods beginning on or after)
IFRS 9	Prepayment Features with Negative Compensation - (Amendments)	01 January 2019
IAS 28	Income taxes: Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 1	Definition of material (Amendments)	01 January 2020
IAS 8	Accounting policies, changes in accounting estimates and errors - (Amendments)	01 January 2020
IFRS 11	Joint arrangements: Previously held interests in a joint operations	01 January 2019
IFRS 16	Leases	01 January 2019
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23	Borrowing Cost - Amendments resulting from Annual Improvements 2016-2017 Cycle (Borrowing costs eligible for capitalisation)	01 January 2019
IFRS 10	Consolidated Financial Statements and IAS 28 'Investments in Associates'	Not yet finalised
IAS 28	Long term Interests in Associates and Joint Ventures (Amendments)	01 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	01 January 2019

The above standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements except for the increased disclosures in certain cases.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for the Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The effects of IFRS 16 - Leases are still being assessed, as these new standards may have a significant effect on the Company's future financial statements.

In addition to the above, the following new standards have been issued by International Financial Reporting Standards (IASB) which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 17 - Insurance contracts	01 January 2021

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact on the Company's financial statements in the period of initial application.

4 FUNCTIONAL AND PRESENTATION CURRENCY

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

5 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value, investment on equity basis, certain liabilities at amortized cost, investment property and certain other investments at fair value. In these financial statements, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

6 JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards which requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Significant management estimates in these financial statements relate to the useful life of property, plant and equipment, provisions for staff retirement benefits, doubtful receivables, slow moving inventory and taxation. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which such estimates are revised. Such estimates are:

- Useful life of depreciable assets;
- Provision for doubtful receivables and slow moving stores, spares and loose tools;
- Provision for current tax and deferred tax;
- Staff retirement benefits;
- Net realisable value of stock-in-trade; and
- Expected credit losses.

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

7 SIGNIFICANT ACCOUNTING POLICIES

7.01 Staff retirement benefits

The Company operates two plans for its employees:

Defined contribution plan

The Company operates recognised defined contributory provident fund for all eligible employees to which monthly contributions are made to cover the obligation. The Company and its employees make equal monthly contributions at the rate of 8.33% of basic salary.

Defined benefit plan

The Company operates a defined benefit plan for all its eligible employees who have completed their minimum qualifying period of service with the Company. Provisions are made in the financial statements to cover obligation on the basis of actuarial valuation using the Projected Unit Credit Method. Any actuarial gain or loss is recognized immediately in statement of comprehensive income.

7.02 Taxation

Current

Provision for current taxation is based on applicable current rates of taxation after taking into account tax credits and rebates available, if any, under the provisions of Income Tax Ordinance, 2001. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalized during the year.

Deferred

Deferred tax liability is accounted for in respect of all taxable temporary differences at the statement of financial position date arising from difference between the carrying amount of the assets and liabilities in the financial statements and corresponding tax bases used in computation of taxable profits. Deferred tax assets are recognized for all deductible temporary differences, unused tax losses, provisions and tax credits to that extent it is probable that taxable profit will be available in future against which the deductible temporary differences can be utilized. 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 of Institute of Chartered Accountants of Pakistan.

Deferred tax is calculated at the rates that are expected to apply to the period when the asset is to be realized or liability is to be settled.

7.03 Property, plant and equipment

Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses (if any) except freehold land which is stated at cost and fully depreciated assets which are carried at residual value. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is charged to statement of profit or loss by applying reducing balance method to write off the cost over estimated remaining useful life of assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from property, plant and equipment. Depreciation on addition to property, plant and equipment is charged from the date when asset is available for use up to the date of its de-recognition.

NOTES TO THE FINANCIAL STATEMENTS

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When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains / losses on disposal of fixed assets are included in current year's statement of profit or loss.

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

Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the expenditures on material, labor and appropriate overheads directly relating to the construction, erection or installation of an item of property, plant and equipment. These costs are transferred to property, plant and equipment as and when related items become available for intended use.

Assets subject to finance lease

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of lease are accounted for as liabilities. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of financial cost on the remaining balance of principal liability for each period.

Depreciation is charged on the basis similar to owned assets applying reducing balance method to write off the cost of the asset over its estimated remaining useful life in view of certainty of ownership of assets at the end of the lease period.

Insurance and other maintenance costs are borne by the Company.

Financial charges and depreciation on leased assets are charged to the statement of profit or loss currently.

7.04 Investment property

Property held to earn rentals and/or for capital appreciation is classified as investment property. Investment properties are initially measured at cost, including transaction cost. Subsequent to initial recognition, investment properties are stated at fair value, which effect market conditions at reporting date. Gains and losses arising from the change in fair value of properties are included in statement of profit or loss in the year in which they arise. Fair values are determined based on an annual revaluation performed by an independent valuer.

In case of change in use of property from owner occupied property to investment property that will be carried at fair value, Company has applied IAS-16 upto the date of change in use. The difference at that date between carrying amount and fair value has been accounted for in the same way as a revaluation surplus in accordance with IAS-16.

7.05 Financial instruments

Recognition

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.

a) Financial assets

(i) Initial Measurement

The Company classifies its financial assets in to following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

(ii) Subsequent Measurement

Debt Investments at FVOCI:

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in statement of comprehensive income. On de-recognition, gains and losses accumulated in statement of comprehensive income are reclassified to the statement of profit or loss.

Equity Investments at FVOCI:

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in statement of comprehensive income and are never reclassified to the statement of profit or loss.

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FOR THE YEAR ENDED JUNE 30, 2019

Financial assets at FVTPL:

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in statement of profit or loss.

Financial assets measured at amortized cost:

These assets are subsequently measured at amortized cost using the effective interest rate 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 or loss.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

b) 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 rate 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 derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

c) 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 legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

d) Regular way purchases or sales of financial assets

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention on the market place. Regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

e) Derivatives

Derivative instruments held by the Company comprise of future and forward contracts in the capital and money markets. These are stated at fair value at the date of statement of financial position. The fair value of the derivatives is equivalent to the unrealised gain or loss from marking the derivatives using prevailing market rates at the date of statement of financial position. The unrealised gains are included in other assets while unrealised losses are included in other liabilities in the statement of financial position. The corresponding gains and losses are included in the statement of profit or loss.

7.06 Contingent liability

Contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or when there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

7.07 Stores, spares and loose tools

These are valued at lower of cost and net realizable value. Cost is calculated using moving average method except for items in transit which are valued at cost comprising invoice value plus other charges paid thereon till the statement of financial position date. Provision is made against obsolete items.

7.08 Stock in trade

Basis of valuation are as follows:

Particulars

Raw materials:	
At mills	At lower of weighted average cost and net realizable value
In-transit	At cost accumulated to the statement of financial position date
Work in process	At average manufacturing cost
Finished goods	At lower of average manufacturing cost and net realizable value
Waste	At net realizable value
Real estate	At lower of cost and net realizable value

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Cost in relation to work in process and finished goods represents the average manufacturing cost which consists of prime cost and attributable production overheads.

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

7.09 Trade debts and other receivables

Financial assets

These are classified at amortized cost and are initially recognized 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.

Non-financial assets

These, both on initial recognition and subsequently, are measured at cost.

7.10 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and at banks.

7.11 Borrowings

Loans and borrowings are recorded at the time of proceeds received. Financial charges are accounted for on the accrual basis. 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 added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to statement of profit or loss in the period in which these are incurred.

7.12 Trade and other payables

Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in the statement of profit or loss.

Non-financial liabilities

These, both on initial recognition and subsequently, are measured at cost.

7.13 Provisions

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle these obligations and a reliable estimate of the amounts can be made.

7.14 Impairment

Financial assets

The Company recognizes loss allowances for ECLs in respect of financial assets measured at amortized cost on date of initial recognition. The amount of expected credit loss is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial assets.

Impairment is recognized at an amount equal to lifetime expected credit losses for financial assets for which credit risk has increased significantly since initial recognition. For financial assets for which credit risk is low, impairment is recognized at an amount equal to 12 months' expected credit losses, with the exception of trade debts contract assets and lease receivables, for which the Company recognizes lifetime expected credit losses estimated using a provision matrix. The provision matrix is based on the Company's historical credit loss experience, adjusted for factors that are specific to counter parties, general economic conditions and an assessment for both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

All impairment losses are recognized in the statement of profit or loss. An impairment is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

The Company writes off a financial asset when there is information indicating that the counter party is in severe financial condition and there is no realistic prospect of recovery. Any recoveries made post write-off are recognized in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

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Non financial assets

The carrying amount of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any 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.

7.15 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. The Company's contract performance obligations are fulfilled at the point in time when the goods are dispatched to the customer. Invoices are generated and revenue is recognized at that point in time, as the control has been transferred to the customers and is reduced for allowances such as taxes, duties, commissions, sales returns and discounts. Revenue from other sources is recognized on the following basis:

- Interest income on deposits with banks and other financial assets is recognized on accrual basis.
- Dividend income is recognized when the Company's right to receive dividend has been established.

7.16 Related parties

- a) Employees Provident Fund
- b) Directors and key management personnel

7.17 Related party transactions

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related party of the Company are at arm's length prices using the comparable uncontrolled price method except in circumstances where it is in the interest of the Company not to do so.

7.18 Dividend

Dividend is recognized as liability in the period in which it is declared.

7.19 Foreign currency translations

Transactions in foreign currencies are accounted for in Pak rupees at the rates of exchange prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at rates of exchange prevailing at the statement of financial position date and in case of forward exchange contracts at the committed rates. Gains or losses on exchange are charged to the statement of profit or loss.

7.20 Earnings per share (EPS)

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 calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in statement of profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

7.21 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief executive to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chief Executive include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has two reportable business segments. Spinning (Producing different quality of yarn using natural and artificial fibers) and Weaving (Producing different quality of fabric using yarn).

Transaction among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

7.22 Share capital

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from the proceeds.

	Note	2019 Rupees ('000')	2018 Rupees ('000')
8 AUTHORISED SHARE CAPITAL			
185,000,000 (2018: 185,000,000) ordinary shares of Rs. 10/- each		1,850,000	1,850,000
Capital of merged companies			
345,000,000 (2018: 345,000,000) ordinary shares of Rs. 10/- each		3,450,000	3,450,000
		<u>5,300,000</u>	<u>5,300,000</u>
9 ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
20,000 (2018: 20,000) ordinary shares of Rs. 10/- each issued as fully paid in cash shares		200	200
497,989,959 (2018: 497,989,959) fully paid in cash ordinary shares of Rs. 10/- each issued to the shareholders of amalgamated entities		4,979,900	4,979,900
		<u>4,980,100</u>	<u>4,980,100</u>

- Fully paid ordinary shares, which have a par value of Rs. 10/-, carry one vote per share and carry right to dividends.

- There are no rights, preferences and restrictions attached to any class of shares including restrictions on the distribution of the dividends and the repayment of capital.

- There are no shares reserved for issue under options and contracts for the sale of shares.

- There were no bonus shares or treasury shares issued during the year.

	Note	2019 Rupees ('000')	2018 Rupees ('000')
10 DIRECTOR'S LOAN			
Directors' loan	10.01	<u>385,187</u>	<u>120,000</u>

10.01 This represents an interest free loans from directors of the company, payable at the discretion of the entity. It does not pass the liability test and thus recorded as equity at face value. It will not be re-measured subsequently. The decision by the entity at any time in future to deliver cash or any other financial asset to settle the director's loan would be a direct debit to equity. The Company has applied TR-32 'Accounting Directors' Loan' issued by Institute of Chartered Accountants of Pakistan whose compliance was mandatory with effect from period beginning on or after 01 January 2016. Amount of Rs. 120 million is subordinated to the liabilities of financial institutions. During the year, terms and conditions of this loan are revised, thus reclassified this loan from non-current liabilities to equity.

	Note	2019 Rupees ('000')	2018 Rupees ('000')
LONG TERM FINANCING			
11. From banking companies-Secured			
Name of the Bank			
The Bank of Punjab	11.01	6,270,871	6,490,871
National Bank of Pakistan	11.02	875,435	586,844
Habib Bank Limited	11.03	99,962	99,962
Faysal Bank Limited	11.04	322,398	88,393
Silk Bank Limited	11.05	313,877	359,257
Soneri Bank Limited	11.06	74,982	671,389
Bank Islami Pakistan Limited (formerly KASB Bank Limited)	11.07	36,275	554,761
Standard Chartered Bank Limited	11.08	275,624	-
		<u>8,269,424</u>	<u>8,851,477</u>
Less: Current portion	17	<u>598,043</u>	<u>1,929,248</u>
		<u>7,671,381</u>	<u>6,922,229</u>

NOTES TO THE FINANCIAL STATEMENTS

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- 11.01** This loan facility had been reviewed as on 31 December 2018. Total tenure of the loan is 15 years (60 quarters) starting from 31 December 2016 to 30 September 2031 with one year grace period. Mark up is payable on quarterly basis at cost of fund (less administrative cost) of the preceding quarter. This facility is secured by joint pari passu charge on fixed assets and current assets of the company, registered with SECP.
- 11.02** This loan facility has been restructured during the year on 09 April 2019. It is repayable in 60 quarterly installments starting from 01 July 2019 to 01 April 2034. Mark-up is chargeable at cost of fund (2018: 3 months KIBOR plus 2.5%) . The loan is secured against first pari passu / first joint pari passu charge over fixed assets of the Company registered with SECP.
- 11.03** This loan has been obtained from Habib Bank Limited. The loan is repayable in 16 equal quarterly installments. Mark up is payable at the rate of 3 months KIBOR plus 2.5% (2018: 3 months KIBOR plus 2.5%). This finance facility is secured against joint pari passu charge on fixed assets of the company registered with SECP.
- 11.04** This loan facility has been restructured during the year on 9 November 2018. It is repayable in 40 quarterly installments, starting from 30 December 2018 and ending on 30 September 2028. Mark-up is charged at cost of fund of the bank. The loan is secured against joint and ranking charge over present and future current assets of the company registered with SECP.
- 11.05** This loan includes two facilities Term Finance-1 (TF-1) and Term Finance-2 (TF-2) amounting Rs. 293.125 million and Rs. 38.22 million respectively. Term Finance-1 (TF-1) had been restructured on 15 January 2017. This loan is repayable in 60 quarterly installments starting from 15 January 2018 and ending on 15 October 2029. Mark up is payable at Silk Bank's cost of fund minus 2%. Term Finance-2 (TF-2) had been restructured on 15 January 2017. This loan is repayable in 12 quarterly installments starting from 15 January 2030 and ending on 15 October 2032. This loan facility is interest free and recognized at amortised cost by discounting using effective rate of interest and related present value gain is recognised in the statement of profit or loss. Out of total loan amount of Rs. 38.22 million, present value adjustment is Rs. 17.46 million. Both the loans are secured against first joint pari passu charge and ranking charge over the assets of the company registered with SECP.
- 11.06** This loan facility has been restructured during the year on 20 March 2019. It is repayable in 20 quarterly installments starting from March 2019 to December 2023. The loan is secured against hypothecation charge over PPE and existing joint pari passu charge over fixed assets including land of the Company, registered with SECP. This loan facility is interest free and recognized at amortised cost by discounting using effective rate of interest and related present value gain is recognised in the statement of profit or loss. Out of total loan amount of Rs. 84.37 million, present value adjustment is Rs. 9.39 million.
- 11.07** This loan facility has been restructured during the year on 22 December 2018. The loan is repayable in 60 quarterly installments starting from 30 March 2019 and ending on December 2033. The loan is secured against ranking and joint pari passu charge on the assets of the Company registered with SECP. It is interest free and recognized at amortised cost by discounting using effective rate of interest and related present value gain is recognised in the statement of profit or loss. Out of total loan amount of Rs. 74.47 million, present value adjustment is Rs. 38.19 million.
- 11.08** This facility is created as a result of a restructuring agreement made on 17 May 2019. The loan is repayable in 20 quarterly installments starting from 30 June 2019 and ending on 31 May 2024. This loan is secured against joint pari passu charge over current assets of the company registered with SECP. This loan facility is interest free and recognized at amortised cost by discounting using effective rate of interest and related present value gain is recognised in the statement of profit or loss. Out of total loan amount of Rs. 311.04 million, present value adjustment is Rs. 35.42 million.

12. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2019 Rupees ('000')	2018 Rupees ('000')
Present value of minimum lease payments	12.02	53,719	62,607
Less: Current portion	17	(42,932)	(41,286)
		<u>10,787</u>	<u>21,321</u>

- 12.01** This represents machinery under lease and sale and lease back agreements. The principal plus financial charges are payable over the lease period in quarterly installments as per respective agreements ending in the month of September 2025. The liability as at the date of financial position represents the present value of total minimum lease payments discounted at 6.93% to 11.13% (2018: 6.43% to 9.93%) per annum being the interest rates implicit in leases. The purchase option is available to the Company on payment of last installment and the Company intends to exercise this option. Reconciliation of minimum lease payments and their present values is given below:

NOTES TO THE FINANCIAL STATEMENTS

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	Note	2019 Rupees ('000')	2018 Rupees ('000')
Not later than one year		42,885	41,408
Later than one year but not later than five years		45,643	49,142
Later than five years		6,366	-
		<u>94,894</u>	<u>90,550</u>
Less: Financial charges allocated to future periods		(41,175)	(27,943)
Present value of minimum lease payments	12.02	53,719	62,607
Less: Current portion		(42,932)	(41,286)
		<u>10,787</u>	<u>21,321</u>
12.02 Present value of minimum lease payments			
Due not later than one year		42,932	41,286
Due later than one year but not later than five years		10,787	21,321
		<u>53,719</u>	<u>62,607</u>
13 DEFERRED LIABILITIES			
Deferred taxation	13.01	831,371	281,314
Deferred mark up	13.02	3,329,983	2,727,761
Staff retirement benefits	13.03	109,972	81,757
		<u>4,271,326</u>	<u>3,090,832</u>
13.01 Deferred taxation			
Deferred taxation comprises of the following:			
Deferred tax liability on taxable temporary differences in respect of the following:			
- Accelerated tax depreciation allowance		2,589,711	2,482,934
Deferred tax asset on deductible temporary differences in respect of the following:			
- Unused tax losses to the extent of available taxable temporary differences		981,847	1,551,880
- Finance lease liabilities		13,766	15,433
- Minimum tax available for carry forward		733,912	613,479
- Provision for stores, spares and loose tools		289	297
- Provision for doubtful debts		379	377
- Staff retirement benefits		28,147	20,154
		<u>1,758,340</u>	<u>2,201,620</u>
		<u>831,371</u>	<u>281,314</u>
Deferred taxation has been provided using rate of taxation applicable to tax year 2020 under the provisions of Income Tax Ordinance, 2001 to the extent of income of the Company chargeable under normal tax regime. Tax effect of reduction in tax rate is Rs. nil (2018: 9.7 million).			
13.02 Deferred mark up	Note	2019 Rupees ('000')	2018 Rupees ('000')
Opening balance		5,404,280	5,047,611
Provision during the year		1,434,986	356,669
		<u>6,839,266</u>	<u>5,404,280</u>
Less: paid / adjusted during the year		(1,170,581)	-
		<u>5,668,685</u>	<u>5,404,280</u>
Present value adjustment		2,338,702	2,676,519
		<u>3,329,983</u>	<u>2,727,761</u>
It represents mark up deferred by Faysal Bank Limited, Bank of Punjab, National Bank of Pakistan and Silk Bank Limited. It is payable starting from 30 December 2025 and maturing on 01 April 2034.			
This deferred mark-up has been discounted using effective rate of interest and classified separately in non current liabilities and related present value gain or loss is recognised in statement of profit or loss.			
13.03 Staff retirement benefits - unfunded gratuity scheme	Note	2019 Rupees ('000')	2018 Rupees ('000')
(a) Amounts recognized in the statement of financial position:			
Present value of defined benefit obligation		109,972	81,757
Net liability at the end of the year		<u>109,972</u>	<u>81,757</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees ('000')	2018 Rupees ('000')
(b) Movement in net liability			
Net liability at beginning of the year		81,757	57,491
Charge for the year		63,954	63,051
		<u>145,711</u>	<u>120,542</u>
Remeasurements chargeable in other comprehensive income		12,789	(380)
Benefits paid during the year		(48,528)	(38,405)
Net liability at end of the year		<u>109,972</u>	<u>81,757</u>
(c) Changes in the present value of defined benefit obligation			
Defined benefit obligation at beginning of the year		81,757	57,491
Current service cost		58,785	58,921
Interest Cost		5,169	4,130
		<u>145,711</u>	<u>120,542</u>
Remeasurements chargeable in OCI		12,789	(380)
Benefits paid during the year		(48,528)	(38,405)
Present value of defined benefit obligation at end of the year		<u>109,972</u>	<u>81,757</u>
(d) Charge for the year			
Current service cost		58,785	58,921
Interest Cost		5,169	4,130
		<u>63,954</u>	<u>63,051</u>

The principal assumptions used in the actuarial valuation are as follows:

	2019	2018
Discount rate	9.00%	7.75%
Expected rate of increase per annum in future salaries	13.25%	8.00%
Expected average remaining working life of employees	3 years	3 years
Expected mortality rate	SLIC 2001 - 2005 Setback 1 Year	SLIC 2001 - 2005 Setback 1 Year
Retirement assumptions	60 years	60 years

Sensitivity analysis for actuarial assumptions

The following table summarizes how the net defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of change in respective assumptions.

	Change in assumptions	Increase Rupees ('000') 2019	Decrease Rupees ('000') 2019
Discount rate	1%	104,966	115,683
Increase in future salaries	1%	116,089	104,499

A change in expected remaining working lives of employees is not expected to have a material impact on the present value of defined benefit obligation. Accordingly, the sensitivity analysis for the same has not been carried out.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of defined benefit obligation as at the reporting date has been calculated by using projected unit credit method, which is the same as that applied in calculating the defined benefit obligation to be recognized in these financial statements.

Risk factors

The defined benefit plan exposes the Company to the following actuarial risks:

Interest risk: The discount rate used in determination of present value of defined benefit obligation has been determined by reference to market yield at the reporting date on Pakistan Investment Bonds since there is no deep market in long term corporate bonds in Pakistan. An increase in market yield resulting in a higher discount rate will decrease in the defined benefit liability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Longevity risk: The present value of defined benefit obligation is calculated by reference to the best estimate of the expected remaining working lives of the employees. An increase in the expected remaining working lives will increase the defined benefit obligation. However, the increase is not expected to be material.

Salary risk: The present value of defined benefit obligation is calculated by reference to future salaries of plan participants. An increase in salary of plan participants will increase the defined benefit obligation.

14 TRADE AND OTHER PAYABLES	Note	2019 Rupees ('000')	2018 Rupees ('000')
Trade creditors		312,250	244,650
Accrued liabilities		452,698	414,368
Security deposits		203	199
Bills payables	14.01	75,373	445,841
Advances from customers		60,826	78,573
Withholding tax payable		156,306	142,100
Others		1,016	962
		<u>1,058,672</u>	<u>1,326,693</u>

14.01 Bills payable includes overdue amount of Rs. 33.19 million (2018: 358.6 million) payable to Habib Bank Limited.

15 SHORT TERM BORROWINGS	Note	2019 Rupees ('000')	2018 Rupees ('000')
Banking companies - secured	15.01	<u>3,188,296</u>	<u>3,890,441</u>

15.01. Short term borrowings are available from banking companies under mark-up arrangements. The rates of mark up range from 3.57% to 15.69% per annum (2018: 3.57% to 10.43%). These are secured against pledge / hypothecation of stock-in-trade, hypothecation of stores and spares, lien over import / export documents, pari passu charge over present and future current assets and ranking charge over fixed assets of the company.

15.02 From the total aggregate short term facilities of Rs. 2,324 million (2018: 4,008 million), the amount of Rs 17.03 million (2018: Rs. 117.6 million) remained unutilized as at 30 June 2019.

16 ACCRUED MARK UP	Note	2019 Rupees ('000')	2018 Rupees ('000')
Accrued mark up on:			
Long term financing		63,765	525,756
Liabilities against assets subject to finance lease		37,691	33,318
Short term borrowings		<u>208,327</u>	<u>1,290,817</u>
		<u>309,783</u>	<u>1,849,891</u>

17 CURRENT PORTION OF LONG TERM LIABILITIES	Note	2019 Rupees ('000')	2018 Rupees ('000')
Long term financing	17.01	598,043	1,929,248
Liabilities against assets subject to finance lease		<u>42,932</u>	<u>41,286</u>
		<u>640,975</u>	<u>1,970,534</u>

17.01 Current portion of long term financing includes principal installments amounting to Rs. 129.27 million (2018: Rs. 1,530 million) which became over due.

18 PROVISION FOR TAXATION	Note	2019 Rupees ('000')	2018 Rupees ('000')
Opening balance		202,848	65,151
Add: Taxation - current	38	<u>235,310</u>	<u>202,848</u>
		438,158	267,999
Less: Tax payments/adjustments during the year		<u>161,134</u>	<u>65,151</u>
		<u>277,024</u>	<u>202,848</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

19 CONTINGENCIES AND COMMITMENTS

Contingencies

19.01 The Company imported textile machinery in 2002 availing exemptions from customs duty and sales tax on import thereof under S.R.Os. 554(I)/97, 987 (I)/99, and 439(I)/2001. The Company had submitted indemnity bonds in that year to the customs authorities in this regard. In case, the conditions of above mentioned S.R.Os are violated, the amount of customs duty and sales tax exempted aggregating Rs. 89.51 million shall be recovered along with such penalties imposed in this regard under section 202 of the Customs Act, 1969. The conditions of the said SRO vis-a-vis export of 50% of additional production during first three years and 60% of the additional production during subsequent two years had been complied with. Audit of first three years had been conducted by the department and had given compliance certificate and audit of second period is in the process. Since, all the conditions have been complied with, no liability will accrue in this respect.

19.02 Bank guarantees amounting to Rs. 353.035 (2018: Rs. 325.44 million).

Commitments

Under letters of credit for imports.

2019 Rs. in million	2018 Rs. in million
29.15	76.59

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

20 PROPERTY, PLANT AND EQUIPMENT

	Note	2019	2018
		Rupees ('000)	Rupees ('000)
Operating assets	20.01	18,330,300	18,398,892
Capital work in progress	20.04	131,659	96,428
		<u>18,461,959</u>	<u>18,495,320</u>

20.01 The following is a statement of operating fixed assets (tangible):

	Freehold land	Building on freehold land	Plant, machinery & equipment	Factory tools and equipments	Furniture & fixtures	Office and hospital equipments	Library books	Vehicles	Leased Plant and machinery	Leased vehicles	Total
RUPEES ('000)											
At 30 June 2017											
Cost	1,547,635	3,588,145	18,797,701	454,901	42,831	35,481	44	126,552	800,506	11,354	25,405,150
Accumulated depreciation	-	(1,096,388)	(4,985,429)	(127,233)	(24,462)	(22,009)	(44)	(78,582)	(517,575)	(8,567)	(6,860,289)
Net book value	1,547,635	2,491,757	13,812,272	327,668	18,369	13,472	-	47,970	282,931	2,787	18,544,861
Year ended 30 June 2018											
Additions/transfers	-	580	111,569	238	1,691	1,861	-	4,585	-	-	120,524
Transfers from capital work in progress	-	80,356	508,381	-	-	-	-	-	-	-	588,737
Transfers from leased plant and machinery	-	-	631,158	-	-	-	-	-	-	-	631,158
Disposals/transfers											
Cost	-	-	-	-	-	-	-	(1,379)	(631,158)	-	(632,537)
Depreciation	-	-	-	-	-	-	-	948	479,732	-	480,680
Net book value	-	-	-	-	-	-	-	(431)	(151,426)	-	(151,857)
Accumulated depreciation transferred from leased assets	-	-	(479,732)	-	-	-	-	-	-	-	(479,732)
Depreciation charge for the year (20.02)	-	(124,617)	(699,618)	(16,385)	(938)	(1,454)	-	(4,932)	(6,575)	(279)	(854,798)
Net book value as at 30 June 2018	1,547,635	2,448,076	13,884,030	311,521	19,121	13,879	-	47,192	124,930	2,509	18,398,892
Year ended 30 June 2019											
Additions	-	21,306	492,596	1,633	2,389	3,558	-	46,108	-	-	567,580
Transfers from capital work in progress and stores	-	45,407	299,359	-	-	-	-	-	-	-	344,766
Transfers from leased plant and machinery	-	-	-	-	-	-	-	2,509	-	(2,509)	-
Disposals/transfers 20.06											
Cost	(93,300)	(68,641)	-	-	-	-	-	(14,088)	-	-	(176,030)
Depreciation	-	33,845	-	-	-	-	-	10,717	-	-	44,562
Net book value	(93,300)	(34,796)	-	-	-	-	-	(3,372)	-	-	(131,468)
Accumulated depreciation transferred from leased assets	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year (note 20.02)	-	(121,372)	(697,546)	(15,603)	(998)	(1,533)	-	(6,172)	(6,246)	-	(849,470)
Net book value as at 30 June 2019	1,454,335	2,358,621	13,978,429	297,551	20,512	15,904	-	86,265	118,684	-	18,330,300

NOTES TO THE FINANCIAL STATEMENTS

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	Freehold land	Building on freehold land	Plant, machinery & equipment	Factory tools and equipments	Furniture & fixtures	Office and hospital equipments	Library books	Vehicles	Leased Plant and machinery	Leased vehicles	Total
RUPEES ('000')											
At 30 June 2018											
Cost	1,547,635	3,669,081	20,048,809	455,139	44,522	37,342	44	129,758	169,348	11,354	26,113,031
Accumulated depreciation	-	(1,221,005)	(6,164,780)	(143,618)	(25,401)	(23,463)	(44)	(82,566)	(44,418)	(8,845)	(7,714,139)
Net book value in Rupees	1,547,635	2,448,076	13,884,030	311,520	19,121	13,879	-	47,192	124,930	2,508	18,398,892
Annual rates (%) of depreciation 2018	-	5	5	5	5	10	15	10	5	10	
At 30 June 2019											
Cost	1,454,335	3,667,153	20,840,754	456,772	46,911	40,900	44	173,131	169,348	-	26,849,347
Accumulated depreciation	-	(1,308,532)	(6,862,326)	(159,221)	(26,399)	(24,996)	(44)	(86,866)	(50,664)	-	(8,519,048)
Net book value in Rupees	1,454,335	2,358,621	13,978,428	297,551	20,512	15,904	-	86,265	118,684	-	18,330,300
Annual rates (%) of depreciation 2019	-	5	5	5	5	10	15	10	5	10	
20.02 Depreciation charge for the year has been allocated as follows:											
				2019		2018					
				Rupees ('000')		Rupees ('000')					
Cost of sales				835,564		840,731					
Administrative expenses				13,906		14,067					
				849,470		854,798					
20.03 No impairment relating to operating fixed assets has been recognised in the current year.											
20.04 Capital work in progress											
	30 June 2019		30 June 2018								
	Rupees ('000')		Rupees ('000')								
Plant and machinery	40,991		44,639								
Civil work	90,668		51,790								
	131,659		96,428								
Movement in capital work in progress											
Opening	96,428		359,238								
Addition during the year	379,997		18,966								
	476,425		378,204								
Transferred to operating assets	(344,766)		(281,776)								
	131,659		96,428								
20.05 Transfer to property, plant and equipment are represented by:											
	30 June 2019		30 June 2018								
	Rupees ('000')		Rupees ('000')								
Building	45,407		80,356								
Plant and machinery	299,359		508,381								
	344,766		588,737								

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

20.06 Disposal of property, plant and equipment

The following operating fixed assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Relationship of purchaser with the Company	Mode of disposal	Buyer's name
	Rs. ('000')	Rs. ('000')	Rs. ('000')	Rs. ('000')	Rs. ('000')			
Honda City LXW-01-3124	850	768	82	475	393	Third party	Negotiation	SABIR MOTORS MULTAN
Suzuki Mehran MLG-05-5939	350	268	82	257	175	Third party	Negotiation	MUHAMMAD FAYAZ 03007350105
Suzuki Bolan LEF-07-9337	461	317	144	287	143	Third party	Negotiation	ZAHMER ABBAS
Suzuki Mehran LRY-04-2292	303	249	54	245	191	Third party	Negotiation	ZAHMER ABBAS
Suzuki Mehran LWG-06-1508	361	264	97	240	143	Third party	Negotiation	ZAHMER ABBAS
Suzuki Cultas LWG-06-5282	561	411	150	400	250	Third party	Negotiation	MEHMOOD AHMAD
Suzuki Mehran MLF-05-7959	579	444	135	400	265	Third party	Negotiation	SHEIKH QADIR BUX JAMEEL-U-REHMAN
Suzuki Mehran MIA-03-7104	319	269	50	250	200	Third party	Negotiation	SABIR MOTORS MULTAN
Suzuki Mehran MIA-03-7105	319	269	50	250	200	Third party	Negotiation	SABIR MOTORS MULTAN
Suzuki Mehran MLD-04-5940	319	259	60	230	170	Third party	Negotiation	SABIR MOTORS MULTAN
Suzuki Baleeno LRU-04-6698	755	632	123	200	77	Third party	Negotiation	TAIDAR ALI S/O DASTAR ALI
Suzuki Cultas LEC-07-9509	660	448	212	405	193	Third party	Negotiation	TAHIR KHAN S/O MUHAMMAD ARIF KHAN
Suzuki Cultas LEA-07-2051	600	415	185	405	220	Third party	Negotiation	RANA REEHAN HAMEED S/O ABDUL HAMEED
Suzuki Mehran LWG-06-1560	360	259	101	275	174	Third party	Negotiation	NADDEEM AHMAD S/O KHALID MAHMOOD
Honda City LRR-03-197	707	596	111	500	389	Third party	Negotiation	JAHANZAIB KHAN S/O ABDUL HAKEEM
Honda City LZV-05-7211	750	565	185	470	285	Third party	Negotiation	JAHANZAIB KHAN S/O ABDUL HAKEEM
Honda City LED-08-5581	944	647	297	800	503	Third party	Negotiation	JAHANZAIB KHAN S/O ABDUL HAKEEM
Honda Civic MLG-05-653	1,285	1,019	266	800	534	Third party	Negotiation	JAHANZAIB KHAN S/O ABDUL HAKEEM
Hundai Santro Club MNZ-08-2301	605	420	185	450	265	Third party	Negotiation	SABIR MOTORS MULTAN
Honda Civic MNA-07-994	1,496	1,078	418	840	422	Third party	Negotiation	ADNAN HAIDER ALI S/O HAIDER ALI HASHMI
Suzuki Mehran LWG-06-1681	360	270	90	240	150	Third party	Negotiation	KAMRAN KHAN S/O GHULAM MUSTAFA
Hundai Santro MNZ-07-1341	586	428	158	450	292	Third party	Negotiation	SABIR MOTORS MULTAN
Suzuki Cultas LWG-06-5176	560	421	139	355	216	Third party	Negotiation	TAHIR S/O MUHAMMAD TARIQ
Total	14,089	10,716	3,374	9,224	5,850			

20.07 Charge/mortgage on fixed assets has been disclosed in respective notes.

20.08 The Company's obligation under finance lease are secured by lessor's title to the leased assets, which have a carrying amount of Rs. 118.68 million (2018: Rs. 127.44 million).

20.09 Addition in plant and machinery includes capitalization of borrowing cost of Rs. 39.39 million (2018: Rs. 38.7 million).

20.10 Particulars of immovable assets of the Company are as follows:

Location	Addresses	Usage of immovable property	Total Area (Sq. ft.)	Covered Area (Sq. ft.)
Multan	Mouza Junglehaera and mouza Muzafarabad Multan	Production Unit	6,917,232	2,993,438
Kasur	4km Raiwind Manga road, Raiwind, district Kasur.	Production Unit	1,638,528	1,054,751

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

21 INVESTMENT PROPERTY	Note	2019 Rupees ('000')	2018 Rupees ('000')
Opening balance	21.01	495,658	489,160
Transfer from owner's occupied property	21.02	135,046	-
Revaluation (loss) / gain recognised through statement of profit or loss		(818)	6,498
		<u>629,886</u>	<u>495,658</u>

21.01 During the year 2017 this property was reclassified from owner's occupied property to investment property as a result of change in use. The valuation was arrived at by reference to market evidence of transaction price for similar land, which gave rise to gain of Rs. 12.64 million.

21.02 During the year 2019 a property having carrying value of Rs. 128.09 million is transferred from owner occupied property to investment property giving rise to fair value gain of Rs. 6.95 million.

21.03 As of reporting date, the fair value of such investment property was determined as on 30 June 2019 by an independent external property valuer, Arif Evaluators, having appropriate recognised qualification and relevant experience. Forced sale value of above investment as at 30 June 2019 is Rs. 584.96 million.

22 LONG TERM INVESTMENTS	Note	2019 Rupees ('000')	2018 Rupees ('000')
At fair value through statement of profit or loss designated on initial recognition			
Investment in Imperial Sugar Limited		189,880	427,190
At fair value through other comprehensive income	22.01	<u>1,461</u>	<u>1,555</u>
		<u>191,341</u>	<u>428,745</u>

22.01 Investment - at fair value through other comprehensive income

	2019 No. of Shares / Bonds	2018 No. of Shares / Bonds	2019 Rupees ('000')	2018 Rupees ('000')
Quoted - at fair value				
Colony Woolen Mills Limited	70,506	70,506	282	282
Azgard Nine Limited	80,948	67,457	779	873
Colony Thal Textile Mills Limited	6	6	-	-
	<u>151,460</u>	<u>137,969</u>	<u>1,061</u>	<u>1,155</u>
Unquoted - at cost				
Government Compensation Bonds	400	400	400	400
	<u>151,860</u>	<u>138,369</u>	<u>1,461</u>	<u>1,555</u>

Government Compensation Bonds for Rs. 0.4 million (2018: Rs. 0.4 million) are receivable from the Federal Government in respect of shares held by the Company in the share capital of Multan Electric Supply Company Limited. The Company had challenged the withholding of these Bonds through writ petition filed in the Lahore High Court, Lahore, which is still pending for final adjudication.

23 STORES, SPARE PARTS AND LOOSE TOOLS	Note	2019 Rupees ('000')	2018 Rupees ('000')
Stores		254,359	177,543
Spares		142,601	96,527
Loose tools		<u>1,476</u>	<u>469</u>
		<u>398,436</u>	<u>274,539</u>
Less: Provision for slow moving items	23.01	<u>1,090</u>	<u>1,235</u>
		<u>397,346</u>	<u>273,304</u>
23.01 Provision for slow moving items			
Opening balance		1,235	1,130
Provision made during the year		<u>1,090</u>	<u>1,235</u>
		<u>2,325</u>	<u>2,365</u>
Less: Provision written off during the year		<u>1,235</u>	<u>1,130</u>
Closing balance		<u>1,090</u>	<u>1,235</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees ('000')	2018 Rupees ('000')
30 CASH AND BANK BALANCES			
Cash in hand		457	456
Cash at banks:			
-in current accounts		35,075	28,827
-in deposit accounts	30.01	1,755	9,129
		<u>37,287</u>	<u>38,412</u>
30.01 These carry profit/mark-up ranging from 5.75% to 10% (2018: 3.4% to 6%) per annum.			
31 SALES	Note	2019 Rupees ('000')	2018 Rupees ('000')
Local			
Yarn and Fabric		19,743,916	14,237,967
Raw material sales		11,137	33,558
Waste		305,726	284,818
		<u>20,060,779</u>	<u>14,556,343</u>
Export			
Yarn		168,799	101,407
Fabric		2,177,962	1,988,030
		<u>2,346,761</u>	<u>2,089,437</u>
Sale of real estate		<u>777,163</u>	<u>-</u>
		<u>777,163</u>	<u>-</u>
		23,184,703	16,645,780
Commission and duties		(61,304)	(50,578)
		<u>23,123,399</u>	<u>16,595,202</u>
31.01 Sales are shown net of sales tax, amounting Rs. Nil (2018: 14.9 million).			
32 COST OF SALES			
Raw material consumed	32.01	13,209,994	10,351,828
Stores consumed		718,935	493,653
Staff salaries, wages and benefits	32.02	1,790,538	1,275,896
Power and fuel		2,667,247	2,439,838
Insurance		57,280	47,886
Rent, rates and taxes		4,607	3,119
Depreciation	20.02	835,564	840,728
Other charges		51,599	27,875
		<u>19,335,764</u>	<u>15,480,823</u>
Work in process:			
Opening		453,260	419,242
Closing		(450,135)	(453,260)
		<u>3,125</u>	<u>(34,018)</u>
Cost of goods manufactured		<u>19,338,889</u>	<u>15,446,805</u>
Finished goods:			
Opening stock		3,815,935	3,705,731
Closing stock		(2,090,735)	(3,815,935)
		<u>1,725,200</u>	<u>(110,204)</u>
Real estate:			
Opening stock		496,747	496,747
Closing stock		(165,000)	(496,747)
		<u>331,747</u>	<u>-</u>
		<u>21,395,836</u>	<u>15,336,601</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

		2019 Rupees ('000')	2018 Rupees ('000')
32.01 Raw material consumed	Note		
Opening stock		649,392	533,989
Purchases including purchase expenses		14,560,669	10,467,231
		15,210,061	11,001,220
Closing stock		(2,000,067)	(649,392)
		13,209,994	10,351,828
32.02	Salaries, wages and other benefits include provision for staff retirement benefits for the year Rs. 63.95 million (2018: Rs. 73.90 million).		
33 DISTRIBUTION COST			
Staff salaries and benefits		22,028	18,493
Rent, rate and taxes		-	40
Freight		97,361	70,299
Telecommunication		2,846	2,812
Export forwarding charges		129,008	106,172
Bank charges		2,002	1,889
Others		4,631	2,977
		257,876	202,682
34 ADMINISTRATIVE EXPENSES			
Staff salaries and benefits	34.01	189,955	164,195
Printing and stationery		727	734
Travelling and conveyance		16,289	8,548
Communication		6,557	5,834
Rent, rates and taxes		15,088	6,054
Repair and maintenance		12,329	14,256
Insurance		4,641	2,858
Advertisement		131	217
Fee and subscription		5,567	2,394
Loss allowance		1,430	1,570
Provision for slow moving stores, spares and loose tools		1,090	1,235
Entertainment		8,982	4,231
Auditors' remuneration	34.02	3,350	3,256
Donation	34.03	7,631	8,124
Legal and professional charges		8,629	14,280
Directors' meeting fee		160	140
Depreciation	20.02	13,906	14,067
Others		1,706	1,495
		298,168	253,488
34.01	Salaries, wages and other benefits include contribution to provident fund for the year Rs. 6.18 million (2018: Rs. 5.20 million).		
34.02 Auditors' remuneration			
Statutory audit fee		2,994	2,900
Half yearly review fee		256	256
CCG review fee		50	50
Out of pocket expenses		50	50
		3,350	3,256
34.03	No director or his / her spouse had any interest in the donees' fund.		
35 FINANCE COST			
Bank charges and commission		18,292	14,495
Mark-up on inland bill discounting		28,199	13,995
Mark-up on;			
- Long term finance		305,699	353,442
- Short term borrowings		148,719	317,553
- Liabilities against assets subject to finance lease		5,166	4,345
		459,584	675,340
		506,075	703,830

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

		2019 Rupees ('000')	2018 Rupees ('000')
36 OTHER OPERATING CHARGES	Note		
Loss on investment in IMSL		237,310	40,451
Exchanged loss - realised		-	487
Amortization of deferred mark-up		337,817	-
		<u>575,127</u>	<u>40,938</u>
37 OTHER INCOME			
Income from financial assets			
Profit on deposits with banks		6,517	1,516
Amortization of deferred mark-up		-	134,475
Loss on remeasurement of investments		(9)	(14)
Gain on restructuring from banking companies / financial institutions	37.01	2,001,899	-
Gain on amortization of long term loan		100,466	-
Income from other than financial assets			
Gain on sale of property, plant and equipment	20	5,850	439
(Loss) / gain on revaluation of investment property	21	(818)	6,498
Exchange gain realised		3,681	-
Miscellaneous income		16,523	88,117
		<u>2,134,109</u>	<u>231,031</u>

37.01 This includes gain on restructuring of long-term financing and short-term borrowings from banking companies / financial institutions.

38 TAXATION

Taxation:			
-Current year		277,024	202,848
-Prior years		(41,714)	26,061
		<u>235,310</u>	<u>228,909</u>
Deferred		553,331	19,591
		<u>788,641</u>	<u>248,500</u>

- Income tax return has been filed to the income tax authorities up to and including tax year 2018 under the provisions of the Income Tax Ordinance, 2001.

- Provision for taxation has been made in accordance with section 154 and 113 of the Income Tax Ordinance, 2001 ("The Ordinance"). There is no relation between aggregate tax expense and accounting profit. Accordingly, no numerical reconciliation has been presented.

As per the management's assessment, sufficient tax provision has been made in the Company's financial statements. The comparison of tax provision as per the financial statements viz-a-viz tax assessment for last three years is as follows:

	2018 Rupees ('000')	2017 Rupees ('000')	2016 Rupees ('000')
Provision as per financial statements	202,848	65,151	37,862
Tax assessment	161,134	91,212	36,310
39 EARNINGS PER SHARE	Note	2019	2018
Basic Earnings per share:			
Profit after taxation	Rupees ('000')	<u>1,435,785</u>	<u>40,194</u>
Weighted average number of ordinary shares	Number ('000')	<u>498,010</u>	<u>498,010</u>
Earning per share - basic and diluted	Rupees	<u>2.88</u>	<u>0.08</u>
Diluted earnings per share:			

There is no dilutive effect on the basic earnings per share of the company because the company has no outstanding potential ordinary shares.

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FOR THE YEAR ENDED JUNE 30, 2019

40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		EXECUTIVE DIRECTOR		NON-EXECUTIVES DIRECTORS		EXECUTIVES	
	2019	2018	2019	2018	2019	2018	2019	2018
	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')
Managerial remuneration	16,364	10,083	4,227	1,800	-	-	18,573	9,926
Retirement benefits	1,363	909	352	-	-	-	1,521	1,036
Medical	1,636	1,008	423	-	-	-	1,857	1,173
Meeting fee	850	825	-	-	160	140	-	-
	<u>20,213</u>	<u>12,825</u>	<u>5,002</u>	<u>1,800</u>	<u>160</u>	<u>140</u>	<u>21,951</u>	<u>12,135</u>
Number of Executives	1	1	1	1	5	5	8	6

40.01 Certain executives including Chief Executive Officer of the company are also provided with free use of Company's cars in accordance with their entitlements.

40.02 No remuneration was given to Non Executive Director except the fee paid for attending the meeting and as disclosed in note No. 34. Non Executive Directors include one independent director.

41 TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of directors, key management personnel and post employment benefits plan. Remuneration of Chief Executive Officer is disclosed in note No. 40. Other significant transactions with related parties are as follows:

Nature of transaction	Relationship with the company	Note	2019	2018
			Rupees ('000')	Rupees ('000')
Expense in relation to provident fund trust	Employees Fund		21,510	17,968

The related party status of outstanding balances as at 30 June 2019 are included in trade and other payables amounting to Rs. 46.821 million (2018: Rs. 47.323 million). These are to be settled in the ordinary course of business.

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

Sr.No.	Company Name	Basis of relationship	Aggregate % of Shareholding in the Company
1	CTML Employees Contributory Provident Fund	Trustee	N/A

42 PLANT CAPACITY AND ACTUAL PRODUCTION		2019	2018
Installed capacity			
Spinning division:			
Ring end spinning:			
Installed capacity converted into 20s count	Kgs	<u>124,807,256</u>	<u>124,807,256</u>
Open end spinning:			
Installed capacity converted into 20s count	Kgs	<u>4,571,171</u>	<u>4,571,171</u>
Weaving Division:			
Installed capacity converted into square meter @ 60 picks	Meters	<u>118,195,436</u>	<u>118,195,436</u>
Actual production:			
Spinning division:			
Ring end spinning:			
Actual production converted into 20s count	Kgs	<u>118,812,554</u>	<u>111,539,924</u>
Open end spinning:			
Actual production converted into 20s count	Kgs	<u>4,257,867</u>	<u>3,999,472</u>
Weaving Division:			
Actual production converted into square meter @ 60 picks	Meters	<u>111,322,197</u>	<u>107,327,166</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Reason for shortfall:

It is difficult to describe precisely the production capacity in spinning / weaving mills since it fluctuates widely depending on various factors such as count of yarn spun, twist and fiber blend and fabric construction etc. It also significantly varies based on the pattern of production adopted throughout the year. Difference of actual production with installed capacity is in normal course of business.

43 PROVIDENT FUND	Note	2019 Rupees ('000')	2018 Rupees ('000')
The following information is based on the latest audited financial statements of the trust:			
Size of the fund - Total assets		185,644	151,773
Cost of investments made	43.01	136,764	102,567
Percentage of investments made		73.67%	67.58%
Fair value of investments		136,764	102,567

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

	2019		2018	
	Rs. ('000')	Percentage	Rs. ('000')	Percentage
Loan to members	21,874	16%	12,346	12%
Bank balances	2,010	1%	5,963	6%
Government securities	112,880	83%	84,258	82%
	136,764	100%	102,567	100%

These investments out of provident fund trust have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

44 NUMBER OF EMPLOYEES	2019 Number	2018 Number
The total and average number of employees during the year and as at 30 June 2019/30 June 2018 are as follows:		
Average number of employees during the year - factory	7,548	6,904
- others	597	561
	8,145	7,465
Number of employees at the end of the year - factory	7,791	7,306
- others	620	574
	8,411	7,880

45 FINANCIAL INSTRUMENTS

45.01 The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. Further, quantitative disclosures are included throughout these financial statements.

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

45.02 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from deposits, trade debts, loans, advances and other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Financial assets as per statement of financial position

	2019 Rupees ('000')	2018 Rupees ('000')
Long term investment in IMSL	189,880	427,190
Long term deposits	51,132	50,970
Trade debts	997,955	694,187
Loans and advances	87,868	32,597
Trade deposits and short term prepayments	233,660	151,855
Bank balances	36,830	37,956

Investments measured at fair value through profit or loss

Quoted - at fair value	18	27
------------------------	----	----

Investment measured at fair value through other comprehensive income

Quoted - at fair value	1,061	1,155
Unquoted - at cost	400	400
	<u>1,598,804</u>	<u>1,396,337</u>

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

Counter parties

The Company conducts transactions with the following major counterparties.

- Trade debtors

- Banks and other financial institutions

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

Credit risk related to trade debts

Trade debts are essentially due from local and foreign customers against sale of yarn, fabric and waste material and the Company does not expect these counterparties to fail to meet their obligations. The majority of sales to the Company's customers are made on specific terms. Customer credit risk is managed subject to established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on past experience with the customer. Outstanding customer receivables are regularly monitored and any shipments to foreign customers are generally covered by letters of credit.

Trade receivables are non-interest bearing and are generally on 60 to 90 days credit terms.

Impairment losses

The aging of trade debts and loans to employees at the reporting date was:

	2019 Rupees ('000')	2018 Rupees ('000')
0 to 30 days	868,658	581,427
31 to 180 days	211,505	136,255
181 to 360 days	4,230	6,171
Over one year	1,430	2,931
	<u>1,085,823</u>	<u>726,784</u>

Trade debts include debtors with a carrying amount of Rs. 1.430 million (2018: Rs. 2.931 million) which are past due at the reporting date but not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Concentration of credit risk

Trade debts consist of a large number of diversified customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable where appropriate. Geographically, there is no concentration of credit risk.

Credit risk related to banks and other financial institutions

Credit risk on balances with banks is managed by management in accordance with the Company's policy. Excess funds are placed in deposits with reputable banks and financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

45.03 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of statement of financial position liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer. Management has rescheduled the loan financing with The Bank of Punjab and is also in process of rescheduling with National Bank of Pakistan. Furthermore, support from sponsors in the form of interest free loans to meet liquidity shortfall is also contributory to minimize liquidity risk.

The Company manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note No. 15.02 is a list of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

46.03.1 Liquidity risk table

Financial liabilities in accordance with their contractual maturities are presented below:

30 June 2019							
Interest/mark-up bearing			Non interest/mark-up bearing				
Maturity within one year	Maturity after one year	Sub Total	Maturity within one year	Maturity after one year	Sub Total	Total	
Rupees ('000')							
Financial Liabilities:							
Financial liabilities measured at amortized cost	-	-	-	3,329,983	3,329,983	3,329,983	
Long term financing	598,043	7,671,381	8,269,424	-	-	8,269,424	
Director's loan	-	-	-	385,187	385,187	385,187	
Liabilities against assets subject to finance lease	42,932	10,787	53,719	-	-	53,719	
Short-term borrowings	3,188,296	-	3,188,296	-	-	3,188,296	
Trade and other payables	-	-	-	841,634	-	841,634	
Accrued mark up	309,783	-	309,783	-	-	309,783	
	4,139,054	7,682,168	11,821,222	841,634	3,715,170	4,556,804	16,378,025

30 June 2018							
Interest/mark-up bearing			Non interest/mark-up bearing				
Maturity within one Year	Maturity after one Year	Sub Total	Maturity within one Year	Maturity after one Year	Sub Total	Total	
Rupees ('000')							
Financial Liabilities:							
Financial liabilities measured at amortized cost	-	-	-	2,727,761	2,727,761	2,727,761	
Long term financing	1,929,248	6,922,229	8,851,477	-	-	8,851,477	
Director's loan	-	-	-	120,000	120,000	120,000	
Liabilities against assets subject to finance lease	41,286	21,321	62,607	-	-	62,607	
Short-term borrowings	3,890,441	-	3,890,441	-	-	3,890,441	
Trade and other payables	-	-	-	1,106,114	-	1,106,114	
Accrued mark up	1,849,891	-	1,849,891	-	-	1,849,891	
	7,710,866	6,943,550	14,654,416	1,106,114	2,847,761	3,953,875	18,608,291

Effective mark up / interest rates have been disclosed in respective notes to the financial statements.

45.04 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

46.04.1 Currency risk

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

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Exposure to currency risk

The Company is exposed to currency risk on trade debts which are denominated in currency other than the functional currency of the Company. The Company's exposure to foreign currency risk is as follows:

Statement of financial position items

	2019		2018	
	Rupees ('000')	US \$ ('000')	Rupees ('000')	US \$ ('000')
Trade debts	25,362	156	-	-
L/C Margins	187,726	1,152	130,614	1,063

Off statement of financial position commitments

	2019		2018	
	Rupees ('000')	US \$ ('000')	Rupees ('000')	US \$ ('000')
Letter of credit	29,151	179	76,585	623

The following US Dollar exchange rates were applied during the year:

	2019 Rupees	2018 Rupees
Average rate	142.94	118.89
Statement of financial position date rate	163.00	122.88

Sensitivity analysis - foreign currency

At 30 June 2019, if the Rupee had weakened/strengthened by 5% against the US Dollar with all other variables held constant, profit for the year would have been lower / higher by Rs. 12.11 million (2018: 3.83 million), as a result of foreign exchange gains / losses on translation of foreign currency trade debts. Profit / (loss) is more sensitive to movement in Rupee / foreign currency exchange rates in 2019 than 2018 because of average increase in foreign currency exchange rate during the year.

46.04.2 Interest rate risk

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will affect the value of financial instruments. The Company has significant amount of interest based financial assets and financial liabilities which are largely based on variable interest / mark-up rates, therefore the Company has to manage the related finance cost which exposes it to the risk of 01 month, 3 months and 6 months KIBOR. Since the impact on interest rate exposure is significant to the Company, management is considering the alternative arrangement to manage interest rate exposure in future.

	Note	2019 Rupees ('000')	2018 Rupees ('000')
Fixed rate instruments			
There are no fixed rate instruments.			
Variable rate instruments			
Financial assets			
Cash in deposit accounts		1,755	9,129
Financial liabilities			
Long term finance		8,269,424	8,851,477
Short term finance		3,188,296	3,890,441
Liabilities against assets subject to finance lease		53,719	62,607
		11,511,439	12,804,525

NOTES TO THE FINANCIAL STATEMENTS

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Sensitivity analysis - interest rate

If interest rates had been 1 % higher/lower and all other variables were held constant, the Company's profit / (loss) for the year ended 30 June 2019 would have decreased/increased by Rs. 116.3 (2018: Rs. 127.94) million. This is mainly attributable to the Company's exposure to interest rates on its variable rate financial instruments.

46.04.3 Other price risk

Other price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not materially exposed to other price risk on financial assets and liabilities.

46.04.4 Financial instruments by category

The Company finances its operation through equity, borrowings and management of working capital with a view to maintaining an approximate mix between various sources of finance to minimize risk. Taken as a whole, the Company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

	2019 Rupees ('000')	2018 Rupees ('000')
Financial assets as per statement of financial position		
Loan and receivable		
Long-term deposits	51,132	50,970
Trade debts	997,955	694,187
Loans and advances	87,868	32,597
Trade deposits and short term prepayments	233,660	151,855
Bank balances	36,830	37,956
Long term investment		
Investment in IMSL at fair value through statement of profit or loss	189,880	427,190
Fair value through profit or loss		
Quoted - at fair value	18	27
Fair value through other comprehensive income		
Quoted - at fair value	1,061	1,155
Unquoted - at cost	400	400
	<u>1,598,804</u>	<u>1,396,337</u>
Financial liabilities as per statement of financial position		
Financial liabilities measured at amortized cost	3,329,983	2,727,761
Long term finance	8,269,424	8,851,477
Director's loan	385,187	120,000
Liabilities against assets subject to finance lease	53,719	62,607
Short-term borrowings	3,188,296	3,890,441
Trade and other payables	841,634	1,106,114
Accrued mark up	309,783	1,849,891
	<u>16,378,025</u>	<u>18,608,291</u>

45.05 Fair values of financial instruments

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

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

46.05.1 Fair value hierarchy

Following are three levels in fair value hierarchy that reflects the significance of the inputs used in measurement of fair values of financial instruments.

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

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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 asset or liability that are not based on observable market data (unobservable inputs).

Financial assets:	2019			
	Level 1 Rs.('000')	Level 2 Rs.('000')	Level 3 Rs.('000')	Total Rs.('000')
Financial investments: available for sale	18	-	-	18
Investment at fair value through profit or loss	189,880	-	-	189,880
Investment - available for sale	779	-	282	1,061
	190,677	-	282	190,959
Financial assets:	2018			
	Level 1 Rs.('000')	Level 2 Rs.('000')	Level 3 Rs.('000')	Total Rs.('000')
Financial investments: available for sale	27	-	-	27
Investment at fair value through profit or loss	427,190	-	-	427,190
Investment - available for sale	873	-	282	1,155
	428,090	-	282	428,372

46 CAPITAL MANAGEMENT

The Company's objectives, policies and processes for managing capital are as follows:

- The Company is not subject to any externally imposed capital requirements.
- The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
- Consistently with others in the industry, the company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e., share capital, reserves and unappropriated profit).
- The Company's strategy is to maintain its debt-to-adjusted capital ratio between 40% to 60%. The debt-to-adjusted capital ratios at 30 June 2019 and 30 June 2018 were as follows:

Notes	2019	2018
	Rupees ('000')	Rupees ('000')
Total debt	11,511,439	12,804,525
Less: Cash and cash equivalents	36,830	37,956
Net debt	11,474,609	12,766,569
Total equity	9,744,926	8,046,614
Total capital employed	21,219,535	20,813,183
Gearing ratio (%)	54.08%	61.34%

47 NON ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There were no non-adjusting events after the statement of financial position date.

48 CASH GENERATED FROM OPERATIONS CASH FLOWS FROM OPERATING ACTIVITIES

Notes	2019 Rupees ('000')	2018 Rupees ('000')
Profit before taxation	2,224,426	288,694
Adjustments for:		
Provision for staff retirement benefits	63,954	63,051
Depreciation	849,470	854,798
Finance cost	506,075	703,830
Share of loss from investment in IMSL	237,310	40,451
Loss on remeasurement of short term investments	9	14
Revaluation loss / (gain) on investment property	818	(6,498)
Provision for slow moving stores, spares and loose tools	1,090	1,235
Loss allowance for doubtful trade debts	1,430	1,570
Balance carried forward	1,660,156	1,658,451

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	Notes	2019 Rupees ('000')	2018 Rupees ('000')
Balance brought forward		1,660,156	1,658,451
Amortization of deferred mark up		337,817	(134,475)
Gain on restructuring from banking companies / financial institutions		(2,001,899)	-
Gain on amortisation of long term loan		(100,466)	-
Exchange (gain) realised		(3,681)	-
Gain on disposal of property, plant and equipment		(5,850)	(439)
		(113,924)	1,523,537
Operating cash flows before working capital changes		2,110,502	1,812,231
Changes in working capital:			
<i>(Increase)/Decrease in current assets:</i>			
Stores, spares and loose tools		(125,132)	(15,406)
Stock-in-trade		709,397	(259,625)
Trade debts		(305,198)	(144,662)
Loans and advances		(220,177)	(100,662)
Trade deposits and short term prepayments		(81,805)	(35,660)
<i>Increase/(Decrease) in current liabilities:</i>			
Trade and other payables		(268,021)	(194,517)
		(290,936)	(750,532)
Cash generated from operations		1,819,566	1,061,699

49 CHANGE IN ACCOUNTING POLICY

49.01 IFRS 15 'Revenue from Contracts 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 Company manufactures and contracts with customers for the sale of yarn, fabric, raw material, waste and real estate 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. The above is generally consistent with the timing and amounts of revenue the Company recognised in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 which replaced IAS 18 "Revenue", IAS 11 "Construction Contracts" and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the Company. Therefore, adoption of IFRS 15 at 01 July 2018, does not have an effect on the financial statements of the Company.

49.02 IFRS 9 'Financial Instruments'

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

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

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

- Fair Value through other comprehensive income
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and

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50. SEGMENT INFORMATION

	Spinning		Weaving		Real estate		Total	
	Jun-19	Jun-18	Jun-19	Jun-18	Jun-19	Jun-18	Jun-19	Jun-18
Sales:	----- Rupees ('000') -----							
Total	18,351,043	13,211,808	4,196,465	3,520,956	775,806	-	23,323,314	16,732,764
Intersegment	(199,915)	(137,562)	-	-	-	-	(199,915)	(137,562)
	18,151,128	13,074,246	4,196,465	3,520,956	775,806	-	23,123,399	16,595,202
Cost of Sales	17,236,049	12,224,830	3,828,040	3,111,771	331,747	-	21,395,836	15,336,601
Gross profit	915,079	849,416	368,425	409,185	444,059	-	1,727,563	1,258,601
Distribution Cost	181,029	121,609	76,847	81,073	-	-	257,876	202,682
Administration expenses	208,718	188,419	79,294	65,069	10,156	-	298,168	253,488
	389,747	310,028	156,141	146,142	10,156	-	556,044	456,170
	525,332	539,388	212,284	263,043	433,903	-	1,171,519	802,431
Finance cost	354,252	465,032	151,823	238,798	-	-	506,075	703,830
Profit before unallocated income and expenses	171,080	74,356	60,461	24,245	433,903	-	665,444	98,601
Unallocated income and expenses								
Other operating charges							575,127	40,938
Other Income							2,134,109	231,031
Profit before tax							2,224,426	288,694
Taxation							788,641	248,500
Profit after tax for the year							1,435,786	40,194
Other Comprehensive income:								
Remeasurement (loss) / gain of defined benefit obligation							(9,516)	286
Surplus on revaluation of property, plant and equipment							6,950	-
Net fair value gain / (loss) on investment through FVOCI							(94)	122
Total comprehensive profit for the year							1,433,125	40,602
Reconciliation of reportable segment assets and liabilities								
	Spinning		Weaving		Total			
	Jun-19	Jun-18	Jun-19	Jun-18	Jun-19	Jun-18		
Total assets for reportable segments	10,266,809	10,276,975	8,195,150	8,218,345	18,461,959	18,495,320		
Unallocated assets:								
Investment property					629,886	495,658		
Long term investments					191,341	428,745		
Cash and bank balances					37,287	38,412		
Other corporate assets					7,852,790	7,863,362		
Total assets as per balance sheet					27,173,263	27,321,497		
Unallocated liabilities:								
Director's loan					385,187	120,000		
Provision for taxation					277,024	202,848		
Other corporate liabilities					26,511,052	26,998,649		
Total liabilities as per statement of financial position					27,173,263	27,321,497		

50.01 Geographical information

The Company's revenue from external customers by geographical locations is detailed below:

	Spinning		Weaving		Total	
	Jun-19	Jun-18	Jun-19	Jun-18	Jun-19	Jun-18
	----- Rupees ('000') -----					
Europe	-	-	1,232,049	1,408,382	1,232,049	1,408,382
Asia	168,799	13,074,246	984,629	2,112,574	1,153,428	15,186,820
	168,799	13,074,246	2,216,678	3,520,956	2,385,477	16,595,202

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss or statement of comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The adoption of IFRS 9 did not have any significant effect on the Company's accounting policies related to financial liabilities.

The accounting policies that apply to financial instruments are stated in Note No.7.05 to the financial statements.

The following table explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 01 July 2018:

Financial Assets - 2018	Note	Classification		Carrying amount	
		IAS 39	IFRS 9	IAS 39	IFRS 9
Investments				Rs. ('000')	Rs. ('000')
Investment through profit or loss	22	FVTPL	FVTPL	427,190	427,190
Investment available for sale	22	FVOCI	FVOCI	1,555	1,555
Investment held to maturity	28	FVTPL	FVTPL	27	27
Trade debts	25	Loans and receivables	Amortized cost	694,187	694,187
Loans and advances	26	Loans and receivables	Amortized cost	281,823	281,823
Trade deposits and short term prepayments	27	Loans and receivables	Amortized cost	151,855	151,855
Bank balances	30	Loans and receivables	Amortized cost	37,956	37,956
Total				1,594,593	1,594,593
Financial Liabilities - 2018	Note	Classification		Carrying amount	
		IAS 39	IFRS 9	IAS 39	IFRS 9
Long term financing	11	Amortized cost	Amortized cost	Rs. ('000')	Rs. ('000')
Trade and other payables	14	Amortized cost	Amortized cost	6,922,229	6,922,229
				1,326,693	1,326,892
Total				8,248,922	8,249,121

(ii) Impairment

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 applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Impairment losses related to trade and other receivables, are presented separately in the statement of profit or loss. Trade and other 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 no historical loss rates / bad debts and normal receivable aging, the move from an incurred loss model to an expected loss model has not had an impact on the financial position and / or financial performance of the Company.

Loss allowance on bank balances is measured at 12 months expected credit losses. Since this asset is short term in nature, therefore no credit loss is expected on these balances.

51 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been approved and authorized for issue on **07 October 2019** by the Board of Directors of the Company.

52 GENERAL

- Figures have been rounded off to the nearest Rupees in thousand except where stated otherwise.
- Corresponding figures have been rearranged/reclassified, wherever necessary, to facilitate comparison.



Chief Financial Officer



Director



Chief Executive Officer

PATTERN OF SHAREHOLDING

AS ON JUNE 30, 2019

Number of Shareholders	Shareholding		Number of Share Held	Percentage
	From	To		
235	1	100	7,121	0.00
422	101	500	134,173	0.03
431	501	1000	345,571	0.07
890	1001	5000	2,420,835	0.49
328	5001	10000	2,476,696	0.50
112	10001	15000	1,402,103	0.28
87	15001	20000	1,573,601	0.32
42	20001	25000	976,298	0.20
30	25001	30000	844,109	0.17
35	30001	35000	1,162,405	0.23
14	35001	40000	528,339	0.11
20	40001	45000	862,384	0.17
25	45001	50000	1,225,744	0.25
1	50001	55000	50,500	0.01
12	55001	60000	703,786	0.14
8	60001	65000	499,350	0.10
5	65001	70000	339,429	0.07
3	70001	75000	216,734	0.04
12	75001	80000	953,300	0.19
4	80001	85000	336,000	0.07
6	85001	90000	519,353	0.10
2	90001	95000	183,817	0.04
16	95001	100000	1,584,641	0.32
2	100001	105000	207,414	0.04
3	105001	110000	321,990	0.06
2	110001	115000	224,120	0.05
4	115001	120000	472,415	0.09
4	120001	125000	494,000	0.10
3	125001	130000	382,684	0.08
4	130001	135000	530,083	0.11
2	135001	140000	280,000	0.06
4	145001	150000	595,500	0.12
3	155001	160000	474,640	0.10
1	160001	165000	160,916	0.03
1	165001	170000	165,091	0.03
1	170001	175000	171,000	0.03
1	175001	180000	179,000	0.04
1	180001	185000	180,485	0.04
1	190001	195000	193,427	0.04
1	195001	200000	200,000	0.04
1	200001	205000	203,576	0.04
1	205001	210000	207,916	0.04
2	215001	220000	436,500	0.09
1	220001	225000	221,648	0.04
2	225001	230000	451,000	0.09
1	245001	250000	250,000	0.05
1	255001	260000	256,589	0.05
1	265001	270000	266,500	0.05
1	275001	280000	277,455	0.06
3	295001	300000	898,000	0.18
1	300001	305000	304,500	0.06
2	320001	325000	643,500	0.13
1	340001	345000	342,605	0.07

PATTERN OF SHAREHOLDING

AS ON JUNE 30, 2019

Number of Shareholders	Shareholding		Number of Share Held	Percentage
	From	To		
1	355001	360000	357,000	0.07
1	370001	375000	371,383	0.07
2	375001	380000	758,000	0.15
1	380001	385000	381,500	0.08
1	395001	400000	400,000	0.08
1	400001	405000	400,945	0.08
1	405001	410000	409,008	0.08
1	445001	450000	447,373	0.09
1	470001	475000	471,316	0.09
1	505001	510000	505,500	0.10
2	510001	515000	1,026,626	0.21
1	515001	520000	516,717	0.10
1	570001	575000	573,000	0.12
1	620001	625000	622,764	0.13
1	625001	630000	626,558	0.13
1	635001	640000	637,500	0.13
1	675001	680000	678,000	0.14
1	705001	710000	705,758	0.14
1	720001	725000	721,000	0.14
1	725001	730000	728,272	0.15
1	750001	755000	754,500	0.15
1	785001	790000	787,500	0.16
1	935001	940000	938,751	0.19
1	1065001	1070000	1,069,498	0.21
1	1755001	1760000	1,760,000	0.35
1	1975001	1980000	1,979,000	0.40
1	2035001	2040000	2,037,500	0.41
1	2365001	2370000	2,368,863	0.48
1	2410001	2415000	2,413,500	0.48
1	2600001	2605000	2,603,493	0.52
1	2645001	2650000	2,648,000	0.53
1	6825001	6830000	6,828,342	1.37
1	7120001	7125000	7,124,400	1.43
1	8940001	8945000	8,941,424	1.80
1	12015001	12020000	12,017,906	2.41
1	12250001	12255000	12,251,186	2.46
1	12640001	12645000	12,644,702	2.54
1	15855001	15860000	15,858,576	3.18
1	19950001	19955000	19,950,652	4.01
2	20295001	20300000	40,595,230	8.15
1	20550001	20555000	20,554,204	4.13
1	20660001	20665000	20,663,363	4.15
1	24280001	24285000	24,282,881	4.88
1	24295001	24300000	24,298,517	4.88
1	24795001	24800000	24,800,000	4.98
1	55710001	55715000	55,713,402	11.19
1	131445001	131450000	131,447,506	26.39
2,846			498,009,959	100.00

CATEGORICAL PATTERN OF SHAREHOLDING

AS ON JUNE 30, 2019

Categories of Shareholders	Number of Shareholders	Number of Shares Held	Percentage
Individuals	2,795	488,186,934	98.03
NIT and IDBP (ICP UNIT)	1	88,460	0.02
Financial Institutions	13	3,923,872	0.79
Insurance Companies	6	170,888	0.03
Modarabas & Mutual Funds	2	1,469,498	0.30
Joint Stock Companies	26	4,026,323	0.81
Others	3	143,984	0.03
Total	2,846	498,009,959	100.00

PATTERN OF SHAREHOLDING UNDER CODE OF CORPORATE GOVERNANCE

AS ON JUNE 30, 2019

	Total Shares Held	Percentage
A) Directors / Chief Executive Officer, their spouse and minor Children		
Mughis A. Sheikh	19,470,012	3.91
Fareed Mughis Sheikh	206,944,010	41.55
Muhammad Tariq	6,337	0.00
Muhammad Atta Ullah Khan	1,000	0.00
Muhammad Ashraf Saif	1,000	0.00
Abdul Hakeem Khan Qasuria	1,000	0.00
Muhammad Ikram Ul Haq	1,000	0.00
<u>Spouse(s) and minor children</u>		
Fozia Mughis Sheikh	12,251,186	2.46
Mahnaz Fareed Sheikh	74,347	0.01
Nadine Fareed Sheikh	3,309,251	0.66
B) Executives		
N/A	0	0.00
C) Associated Companies, Undertakings and related parties	0	0.00
D) Public Sectors Companies & Corporations	0	0.00
E) NIT and IDBP (ICP UNIT)	88,460	0.02
F) Banks, Development Financial Institutions & Non-Banking Financial Institutions	3,923,872	0.79
G) Insurance Companies	170,888	0.03
H) Modarabas & Mutual Funds	1,469,498	0.30
I) *Shareholding 5% or above other than those reported above at "A"	0	0.00
J) Joint Stock Companies	4,026,323	0.81
K) Others	143,984	0.03
L) General Public	246,127,791	49.42
TOTAL: -	498,009,959	100.00
<u>*Shareholding Detail of 5% or above</u>		
Fareed Mughis Sheikh	206,944,010	41.55

Financial Highlights

	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015	Year Ended June 30, 2014
	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)
Operating performance						
Sales-net	23,123,399	16,595,202	13,545,840	11,719,850	15,957,105	22,285,945
Gross profit	1,727,563	1,258,601	1,002,575	247,653	724,310	1,674,162
Profit/(Loss) before taxation	2,224,426	288,694	315,350	(895,582)	(841,851)	(33,683)
Profit/(Loss) after taxation	1,435,785	40,194	97,130	(889,811)	(896,757)	(234,283)
Financial position						
Property, plant & equipment						
Property, plant and equipment-net	18,330,300	18,398,892	18,544,860	19,157,470	19,103,555	18,703,906
Capital work in progress	131,659	96,428	359,238	453,483	687,404	1,319,460
	18,461,959	18,495,320	18,904,098	19,610,953	19,790,959	20,023,366
Current assets						
Stores, spare parts, loose tools and stock in trade	5,103,283	5,688,638	5,414,842	5,398,410	5,492,361	5,421,034
Other current assets	2,698,375	2,123,754	1,677,033	1,428,806	1,422,594	1,825,161
Cash and cash equivalents	37,287	38,412	40,283	56,885	58,271	64,881
	7,838,945	7,850,804	7,132,158	6,884,101	6,973,226	7,311,076
Current liabilities						
Short term bank borrowings	3,188,296	3,890,441	4,014,668	4,302,009	4,315,040	4,495,475
Current portion of long term financing	640,975	1,970,534	1,654,552	1,456,685	1,021,787	1,705,848
Other current liabilities	1,645,573	3,379,526	3,163,196	3,361,196	3,302,093	2,675,167
	5,474,844	9,240,501	8,832,416	9,119,890	8,638,920	8,876,490
Number of shares	498,010	498,010	498,010	498,010	498,010	498,010
Ratios						
Gross profit ratio	7.47%	7.58%	7.40%	2.11%	4.54%	7.51%
Net profit ratio	6.21%	0.24%	0.72%	(7.59%)	(5.62%)	(1.05%)
Earning per share	2.88	0.08	0.20	(1.79)	(1.80)	(0.47)
Current ratio	1.43	0.85	0.81	0.75	0.81	0.82
Capital structure ratio						
Debt to equity	0.46	0.47	0.49	0.53	0.51	0.56

The key financial figures are given only for the period since the company listed on Stock Exchange.

- کمپنی کے لسٹنگ کے سال سے لے کر اب تک کے بنیادی حسابات کے اعداد و شمار کا خلاصہ لف ہے۔
 - ڈائریکٹر ان کی جانب سے اس سال حصص داران کے لئے منافع کی ادائیگی کا اعلان نہیں کیا گیا۔
 - واجب الادا ٹیکسز اور دوسرے حکومتی واجبات کی تفصیلات مالی حسابات کے متعلقہ نوٹ میں درج ہیں۔
 - کمپنی اپنے تمام ملازمین کے لئے شراکتی پروویڈنٹ فنڈ چلا رہی ہے جبکہ انتظامی اور غیر انتظامی عملے کے لئے گریجویٹ فنڈ سکیم پر عمل پیرا ہے۔ جنکی مجموعی سرمایہ کاری درج ذیل ہے:

پروویڈنٹ فنڈز مبلغ 136.764 ملین روپے

گریجویٹ فنڈز مبلغ 109.972 ملین روپے

- زیر جائزہ مالی سال کے دوران کمپنی کے کسی عہدہ دار کی طرف سے کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی گئی۔

مالی حسابات کی تاریخ کے بعد کی مادی تبدیلیاں

مالیاتی حسابات کی تاریخ اور ڈائریکٹرز کی رپورٹ کی تاریخ کی درمیانی مدت میں کمپنی نے حبیب بینک لمیٹڈ کے ساتھ قرضہ جات کی تنظیم نو کی ہے۔

اظہار تشکر

ہم ایگزیکٹوز، افسران اور دیگر عملے کے ارکان کی سخت محنت، تعاون اور مخلصانہ کوششوں کو سراہتے ہیں جو انہوں نے ہر ممکن بہتر نتائج حاصل کرنے میں کیے۔ بورڈ آف ڈائریکٹرز اپنے تمام بنکوں کا بھی شکر گزار جنہوں نے کمپنی کے لئے اپنی حمایت جاری رکھی۔ انتظامیہ اس بات کے لئے پُر اعتماد ہے کہ یہ تعلقات اور تائید آئندہ آنے والے سالوں میں بھی جاری رہے گی۔

منجانب بورڈ

M. Iqbal ul Haq

اکرام الحق

ڈائریکٹر

فرید مغیث شیخ

فرید مغیث شیخ

چیف ایگزیکٹو آفیسر

لاہور: 07 اکتوبر 2019

بیرونی محاسبان

کمپنی کے بیرونی محاسب طارق عبدالغنی مقبول اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے اپنی خدمات جاری رکھنے کی خواہش ظاہر کی ہے جس کی محاسبی کمیٹی نے بھی نامزدگی کی تائید کی ہے۔ چنانچہ حصص داران سے ان کو دوبارہ تعینات کرنے کی منظوری کی درخواست کی جاتی ہے جبکہ بیرونی محاسب نے اس بات کا یقین دلایا ہے کہ وہ تعیناتی کی قانون میں موجود اہلیت پر پورا اترتے ہیں۔ مزید برآں یقین دہانی کرائی گئی کہ محاسبی ادارے یا اس سے منسلک کسی فرد نے دوران سال کمپنی ہذا کے حصص میں خریداری یا تجارت نہیں کی ہے۔

ویب سائٹ کی دستیابی

کمپنی کے سالانہ اور وسط مدتی مالی حسابات کمپنی کی ویب سائٹ www.colonytextiles.com پر دستیاب ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر بیان

کوڈ آف کارپوریٹ گورننس کے تحت ہم درج ذیل بیان دیتے ہیں

- مالیاتی حسابات بشمول تمام رپورٹس واضح اور درست طریقے سے بنائے گئے ہیں
- بورڈ آف ڈائریکٹرز نے وژن اور مشن کے بیان اور مجموعی کاروباری حکمت عملی کو منظور کیا ہوا ہے۔
- کمپنی نے مالیات کی کتابیں قانون کے مطابق بنائی ہوئی ہیں۔
- کمپنی نے امور کی بہتر انجام دہی کے لئے ہر سطح پر رہنما اصول بنائے ہوئے ہیں جو ہر ڈائریکٹر اور ملازمین سے تسلیم شدہ ہیں۔
- مالی حسابات کی پالیسیاں مالی حسابات کی تیاری میں مناسب انداز میں لاگو کی گئی ہیں۔
- کمپنی نے امور کی بہتر انجام دہی کے لئے ہر سطح پر رہنما اصول بنائے ہوئے ہیں جن پر عمل درآمد ہو رہا ہے۔
- بین الاقوامی قوانین مالیات جو کہ پاکستان میں لاگو ہیں پر عمل ہو رہا ہے۔
- کمپنی کا اندرونی محاسبی نظام مستحکم ہے اور بہتر انداز میں کام کر رہا ہے۔
- کارپوریٹ گورننس پر عمل درآمد کا بیان اس رپورٹ کے ساتھ منسلک ہے اور یہ رپورٹ محاسب کے مطابق ترتیب شدہ ہے۔
- کمپنی کے کاروباری معاملات جاری رہنے میں کوئی شکوک و شبہات نہیں ہیں۔
- کمپنی لسٹنگ قوانین میں موجود کارپوریٹ گورننس کے تحت بہتر انداز میں عمل پیرا ہے۔
- کمپنی سختی کے ساتھ صحت کے اصولوں اور ماحول دوست منصوبوں پر عمل پیرا ہے
- مالیاتی حسابات کی تاریخ اور ڈائریکٹرز کی رپورٹ کی تاریخ کی درمیانی مدت میں کوئی مادی تبدیلی نہیں آئی ہے ماسوائے اس کے کہ جو ان مالی حسابات میں لکھ دی گئی ہیں۔

پالیسیاں اور طریقہ کار

بورڈ نے متعلقہ خدشات کے پیش نظر کاروبار کو چلانے کے لئے مؤثر طریقہ کار طے کیا ہوا ہے۔ ان پالیسیوں کو مرحلہ وار کاروباری خدشات کے تحت پرکھا جاتا ہے۔

بورڈ کی کارکردگی کی جانچ کاری

لسٹڈ کمپنیز کے کوڈ آف گورننس ریگولیشنز 2017 کے تحت ڈائریکٹران نے اپنی اور ذیلی کمیٹیوں کی کارکردگی کی جانچ کاری پرکھنے کے لیے نظام واضح کیا ہے جس کے اصول مشاہراتی کمیٹی کو تفویض کر دیے گئے ہیں۔

متعلقہ پارٹی کے ساتھ لین دین

متعلقہ پارٹی کے ساتھ لین دین کی تمام تفصیلات محاسبتی کمیٹی کی طرف سے نظر ثانی شدہ اور بورڈ سے منظور شدہ ہیں۔ اس لین دین کی تمام تفصیلات 30 جون 2019 کے مالی حسابات میں نوٹس میں درج ہیں۔

چیئر مین کی جائزہ رپورٹ

بورڈ نے چیئر مین کی طرف سے جاری کردہ جائزہ رپورٹ پر غور و خوض کیا ہے اور یہ سالانہ رپورٹ کے ساتھ منسلک ہے۔

کاروباری ضابطہ اخلاق

اخلاقیات اور کاروباری طرز عمل کے ضابطے کمپنی کے ڈائریکٹران اور ملازمین میں تقسیم کیے گئے ہیں اور ان سے تسلیم شدہ ہیں۔

اصولی خطرات

کمپنی کو درپیش خطرات اگر کوئی ہیں، وہ مالی حسابات میں متعلقہ جگہ پر واضح کر دیئے گئے ہیں۔

تعمیلی بیان

کمپنی کے ڈائریکٹران کی طرف سے لسٹڈ کمپنیز کے کوڈ آف گورننس ریگولیشنز 2017 کے تحت تعمیلی بیان منسلک ہے۔

کارپوریٹ گورننس

انتظامیہ نے کارپوریٹ گورننس کی تمام ضروریات پر عمل درآمد کو یقینی بنایا ہے۔ متعلقہ بیان اس رپورٹ میں شامل ہے۔

ملکیتی حصص کا نمونہ

ملکیتی حصص کا نمونہ برائے سال ختمہ 30 جون 2019ء لاف ہے۔

سماجی تعمیل اور انسانی وسائل کی کمیٹی درج ذیل ممبران پر مشتمل ہے:

نام	تخصیص	کمیٹی میں عہدہ
جناب فرید مغیث شیخ	ایگزیکٹو ڈائریکٹر / چیف ایگزیکٹو آفیسر	چیئر مین
جناب محمد عطاء اللہ خان	نان ایگزیکٹو ڈائریکٹر	ممبر
جناب عطامحی الدین خان	چیف فنانشل آفیسر	ممبر

بورڈ آف ڈائریکٹرز

کمپنی کے بورڈ آف ڈائریکٹرز جو تعداد میں سات ہیں اپنی آزاد ذمہ داریوں اور کمپنی کو شفاف طریقوں سے نگران کے طور پر اس طرح کے فیصلے کریں کہ اس کی پائیدار ترقی میں اضافہ ہو۔

موجودہ بورڈ میں کوئی خاتون ممبر نہیں ہے اور خاتون ڈائریکٹر آئندہ الیکشن میں منتخب کی جائے گی۔

موجودہ بورڈ آف ڈائریکٹرز کی تخصیص اس طرح سے ہے۔

تفصیل ڈائریکٹران کی تعداد

آزاد / غیر متعلقہ ڈائریکٹر 01

نان ایگزیکٹو ڈائریکٹر 04

ایگزیکٹو ڈائریکٹر 02

آزاد / غیر متعلقہ ڈائریکٹر کی تعداد کے متعلق تعمیل آئندہ انتخابات میں کی جائے گی۔

زیر جائزہ سال میں ڈائریکٹران کے پانچ اجلاس ہوئے تھے، جس میں جناب مغیث اے شیخ نے چار اجلاس اور باقی ڈائریکٹران نے تمام اجلاس میں شمولیت کی۔

محاسبہ کمیٹی کے سال میں چار اجلاس ہوئے، اس کے تمام ممبران نے تمام اجلاس میں شرکت کی، انسانی وسائل اور مراعاتی کمیٹی کا سال میں ایک اجلاس ہوا، جس میں اس کے تمام ممبران نے شرکت کی،

ڈائریکٹران کا معاوضہ

کمپنی کے ڈائریکٹران نے ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے لئے معاوضہ جات کی پالیسی منظور کر رکھی ہے۔ یہ پالیسی انسانی وسائل کا کاروباری منصوبہ بندی کو سہولت کاری کے تحت واضح کردہ ہے۔ بورڈ کو یقین ہے کہ یہ پالیسیاں ایگزیکٹوز اور ڈائریکٹرز کو ان کے فرائض کی ادائیگی میں معاون ثابت ہیں۔

تکنیکی کمیٹی

تکنیکی کمیٹی چیف ایگزیکٹو آفیسر کو مختلف امور پر مشاورت مہیا کرتی ہے جس میں تکنیکی امور اور ماحول کے تحفظ کی منصوبہ بندی اور دیگر امور شامل ہیں۔ یہ کمیٹی مل کے مجموعی معاملات، مطلوبہ معیار کا حصول، پیداواری اہداف کے حصول کی ذمہ دار ہے اور مجاز حدود میں رہتے ہوئے روزانہ کی بنیاد پر درپیش تکنیکی مسائل کو حل کرتی ہے۔
تکنیکی کمیٹی درج ذیل ممبران پر مشتمل ہے:

نام	تخصیص	کمیٹی میں عہدہ
جناب فرید مغیث شیخ	ایگزیکٹو ڈائریکٹر / چیف ایگزیکٹو آفیسر	چیئر مین
جناب محمد طارق	ایگزیکٹو ڈائریکٹر	ممبر
جناب محمد شعیب خان	تکنیکی ڈائریکٹر	ممبر

مالیات کمیٹی

مالیات کمیٹی کا کردار مالیاتی اہداف، سالانہ اور سہ ماہی تخمینہ جات، مجاز اخراجات کی منظوری، اضافی رقم کی سرمایہ کاری اور مالیاتی منصوبہ بندی اور اس کا قانون کے مطابق اطلاق ہے جسے یہ کمیٹی چیف ایگزیکٹو آفیسر کی نگرانی میں سرانجام دے رہی ہے۔
مالیات کمیٹی درج ذیل ممبران پر مشتمل ہے:

نام	تخصیص	کمیٹی میں عہدہ
جناب فرید مغیث شیخ	ایگزیکٹو ڈائریکٹر / چیف ایگزیکٹو آفیسر	چیئر مین
جناب عطامحی الدین خان	چیف فنانشل آفیسر	ممبر
جناب بلال احمد خان نیازی	جنرل منیجر فنانس	ممبر

سماجی تعمیل اور انسانی وسائل کمیٹی

آپ کی کمپنی کی کامیابی میں ایک اہم عنصر اس کے انتہائی ہنرمند اور پر جوش افرادی قوت ہے جو ہماری طاقت ہیں۔ ہم بجا طور پر اس حقیقت پر فخر کر سکتے ہیں کہ انسانی وسائل کو ہمیشہ ترجیح دی گئی ہے۔ آج ہم گزشتہ سالوں پر نظر دوڑائیں تو ہم دیکھ سکتے ہیں کہ ہمارے راستے بہت بہتری کی جانب گامزن ہیں اور اخلاقی اقدار پر عمل پیرا ہیں۔

محاسبی کمیٹی درج ذیل ممبران پر مشتمل ہے:

کمیٹی میں عہدہ	تخصیص	ڈائریکٹر کا نام
چیئر مین	غیر متعلقہ ڈائریکٹر	جناب محمد اشرف سیف
ممبر	نان ایگزیکٹو ڈائریکٹر	جناب عبدالحکیم خان قصوریہ
ممبر	نان ایگزیکٹو ڈائریکٹر	جناب محمد عطاء اللہ خان

انسانی وسائل اور مشاہراتی کمیٹی

انسانی وسائل کی کمیٹی نے کمپنی ملازمین کے تمام طبقات کے لئے معاوضے کے علیحدہ علیحدہ منصوبے بنارکھے ہیں۔ کمپنی میں سازگار ماحول کا بنانا اور اسے برقرار رکھنا، مناسب سلوک، روزگار کے مواقع اور کامیابی کے ساتھ آگے بڑھنے کی سفارشات تیار کرنا اور ان پر عمل درآمد کروانا کمیٹی کی ذمہ داری ہے۔ ہمیں احساس ہے کہ انسانی وسائل کاروباری حکمت عملی کا اہم جزو ہیں۔

انسانی وسائل اور مشاہراتی کمیٹی درج ذیل ممبران پر مشتمل ہے:

کمیٹی میں عہدہ	تخصیص	ڈائریکٹر کا نام
چیئر مین	غیر متعلقہ ڈائریکٹر	جناب محمد اشرف سیف
ممبر	نان ایگزیکٹو ڈائریکٹر	جناب عبدالحکیم خان قصوریہ
ممبر	نان ایگزیکٹو ڈائریکٹر	جناب محمد اکرام الحق

مجلس عاملہ کمیٹی

مجلس عاملہ کاروبار کے مقاصد مقرر کرنے، مواقع کی نشاندہی، کاروباری مقاصد کو کامیابی کے ساتھ نفاذ کرنے کی ذمہ دار ہے۔ اس کمیٹی کا اہم مقصد ملکی و غیر ملکی گاہکوں کی بدلتی ضروریات پر نظر رکھنا اور کمپنی کے حالات کے مطابق اہداف کا مقرر کرنا ہے۔ مجلس عاملہ کمیٹی درج ذیل ممبران پر مشتمل ہے:

کمیٹی میں عہدہ	تخصیص	ڈائریکٹر کا نام
چیئر مین	ایگزیکٹو ڈائریکٹر / چیف ایگزیکٹو آفیسر	جناب فرید مغیث شیخ
ممبر	ایگزیکٹو ڈائریکٹر	جناب محمد طارق
ممبر	نان ایگزیکٹو ڈائریکٹر	جناب محمد عطاء اللہ خان

مستقبل کا نقطہ نظر

برعکس اس کے کہ ٹیکسٹائل کا شعبہ ایک بڑا برآمدی شعبہ ہونے کے ساتھ ساتھ مجموعی ملکی پیداوار میں بڑا شراکت دار ہے اور آبادی کے خاطر خواہ حصے کو روزگار کے مواقع فراہم کر رہا ہے، حکومت نے بغیر کسی منصوبہ بندی کے ٹیکسٹائل صنعت کے لئے فراہم کردہ ٹیکسز میں شرح صفر کے حساب سے سہولت کو ختم کر دیا ہے۔ اس حکومتی اقدام نے نہ صرف قفل کی صورتحال پیدا کر دی ہے بلکہ کاروبار کے لئے بھی ناقابل عمل ہے۔ کوئی بھی نہیں جانتا کہ اس صورتحال کو کس طرح حل کیا جائے۔ فروختگی حجم اور شرح منافع بری طرح متاثر ہوئے ہیں جس کے اثرات موجودہ سال کی آنے والی سہ ماہی میں نظر آئیں گے۔ اس موقع پر یہ کہنا انتہائی مشکل ہے کہ اس صورتحال کو کس طرح کنٹرول کیا جائے گا۔ حکومت کو صورتحال کی سنگینی کا فوری ادراک کرتے ہوئے ایک قابل عمل منصوبہ پر عمل کرنا ہوگا بصورت دیگر پاکستان کی ٹیکسٹائل صنعت کو ناقابل تلافی نقصان ہوگا۔

کمپنی کو اس تمام کثیر جہتی صورتحال کا سامنا ہے اور کمپنی لاگت کو کم کرنے کے لئے مختلف اقدامات کر رہی ہے تاکہ منڈی کی موجودہ صورتحال کا سامنا کر سکے۔ آپ کی کمپنی بہتر کوالٹی، مختلف مصنوعات، نئی منڈیوں کی تلاش کے ساتھ بہتر پیداوار کے لئے کوشاں ہے مگر سخت مقابلہ سازی کی وجہ سے شرح منافع مسلسل دباؤ میں ہے۔

محفوظ صحت مند ماحول

کمپنی اپنے ملازمین اور عوام کے لیے ایسے اقدامات کر رہی ہے جس سے ان کی حفاظت کو یقینی بنایا جاسکے۔ ہم تمام شعبوں مثلاً پیداوار، ترسیل، گودام اور مال کی آمدورفت کے لیے بہتر حفاظتی اقدامات پر توجہ کئے ہوئے ہیں۔ آپ کی کمپنی ماحول کی حفاظت کے لیے ہر ممکن اقدام کر رہی ہے۔

کارپوریٹ سماجی ذمہ داری

سماجی بہبود اور لوگوں کے لیے خدمات زیر توجہ ہیں۔ ہم ٹیکسز ان کے لوازمات اور ملکی زرمبادلہ میں اضافہ کے ذریعے قومی خزانے میں شراکت دار ہیں۔ ہم برابری کی بنیاد پر ملازمت کے مواقع مہیا کرنے پر فخر محسوس کرتے ہیں۔ آپ کی کمپنی ضرورت مند لوگوں کو مفت خوراک، مفت طبی سہولیات اور صاف پانی کی سہولیات مہیا کر رہی ہے۔ ہم یہ بتاتے ہوئے لطف محسوس کر رہے ہیں کہ ہم نے صحت مند اور سرسبز ماحول کے لیے مل کے احاطہ میں 60,000 سے زائد پودے لگائے ہیں۔

محاسبی کمیٹی

یہ بورڈ کی سب سے اہم اور موثر کمیٹی ہے۔ کمپنی کے اندرونی محاسبی عمل کو اسکے بہترین مفاد میں چلاتے ہوئے اہم کردار ادا کر رہی ہے۔ کمیٹی ممبران نے اندرونی اور بیرونی محاسبان کی رپورٹس کا بغور مطالعہ کیا ہے اور بیرونی محاسب کی تقرری کی سفارش کی ہے۔

بین الاقوامی منڈیوں میں کاروبار کے نئے مواقع تلاش کرنے کے لیے انتھک محنت کر رہی ہے اور مستقبل میں بہتر نتائج کے لئے پرامید ہے۔

کمپنی کا غیر منقولہ جائیداد کی تجارت کا شعبہ

دوران سال کمپنی نے اپنی کچھ غیر منقولہ جائیداد بنکوں کے ساتھ مالی تصفیہ کے دوران بنکوں کو فروخت کی ہے۔ غیر منقولہ جائیداد جو کہ تجارتی مقصد کے لئے دستیاب تھی اس کی فروخت کتابی قیمت سے کافی زیادہ تھی اور کمپنی نے بنکوں سے مالی تصفیہ کے دوران اس کی فروخت سے منافع حاصل کیا ہے۔

ڈائریکٹرز کی جانب سے قرض

کمپنی کے بنیادی ڈائریکٹر ان کمپنی کی فلاح و بہبود کا عزم کئے ہوئے ہیں۔ اسی عزم کے تحت ایک ایگزیکٹو ڈائریکٹر کی طرف سے کمپنی کی مالی حالی حالت کی بہتری کے لیے مبلغ بارہ کروڑ روپے کا بلا سود قرض موجود ہے۔ دوران سال بنکوں سے مالی تصفیہ کے لیے ایک نان ایگزیکٹو ڈائریکٹر کی طرف سے مبلغ 265 ملین روپے کا بلا سود قرض دیا ہے۔

بنکوں کے ساتھ مالی تصفیہ جات اور ان کی ادائیگیاں

جیسا کہ پچھلی سالانہ رپورٹ میں بتایا گیا تھا کہ کمپنی کی انتظامیہ بنکوں کے ساتھ فوری تصفیہ جات کے لئے فعال مذاکرات کر رہی ہے۔ اسی تناظر میں آپ کی کمپنی نے کامیابی سے فیصل بینک لمیٹڈ، بینک اسلامی پاکستان لمیٹڈ، نیشنل بینک آف پاکستان، سٹینڈرڈ چارٹرڈ بینک اور سونی بینک لمیٹڈ کے ساتھ مالی تصفیہ جات مکمل کر لئے ہیں۔

حصص داران کے لئے منافع کی تقسیم

کمپنی کے زیر جائزہ مالی سال کے نتائج کو دیکھتے ہوئے کمپنی انتظامیہ نے اس سال حصص داران کو منافع کی ادائیگی نہ کرنے کی سفارش کی ہے۔

مستحکم اور ہموار کاروباری معاملات کے لئے آپ کی کمپنی مالی اداروں کے ساتھ گفت و شنید کے عمل میں ہے تاکہ مالی ذمہ داریوں کو دوبارہ نئے سرے سے بحال کیا جاسکے۔

غیر ادا شدہ منافع منقسمہ

کمپنیز ایکٹ 2017 کی شق نمبر 244 کے تحت کمپنی نے ایسے حصص داران جن کے نام پر 30 مئی 2017 تک تین سال سے منافع منقسمہ کی رقم قابل ادا آرہی ہے، ان کو اطلاع نامے بھیجے گئے ہیں اور اس سلسلے میں ان کی معلومات کے لیے اخبارات میں اشتہارات بھی شائع کئے گئے تھے۔ تاکہ وہ اپنی رقم حاصل کرنے کے لیے کمپنی سے رابطہ کریں۔ اس بارے میں مکمل تفصیلات کمپنی کی ویب سائٹ پر موجود ہیں۔

ڈائریکٹران رپورٹ برائے حصص داران

کمپنی کے ڈائریکٹرز کی جانب سے، میں سالانہ نتیجہ شدہ مالی حسابات برائے سال ختمہ 30 جون 2019ء بمشمول محاسب کی رپورٹ پیش کرتا ہوں۔ بموجب کوڈ آف کارپوریٹ گورننس یہ مالی حسابات چیف ایگزیکٹو آفیسر اور چیف اکاؤنٹنٹ صاحبان سے تصدیق شدہ، محاسبی کمیٹی کی تائید سے بورڈ آف ڈائریکٹرز سے منظور شدہ ہیں۔

اس سال کمپنی کا کاروباری حجم مبلغ 23,123 ملین روپے رہا جبکہ پچھلے سال یہ حجم 16,595 ملین روپے تھا۔ کمپنی کا خام منافع 1,728 ملین روپے ہے جو پچھلے سال 1,259 ملین روپے تھا۔ کمپنی بعد از ادائیگی ٹیکس مبلغ 1,436 ملین روپے منافع میں رہی جبکہ یہ منافع پچھلے سال مبلغ 40 ملین روپے تھا۔ اس طرح آمدن فی حصہ 2.88 روپے ہے جو کہ پچھلے سال 0.08 روپے فی حصہ تھی۔

کمپنی کا فروختی حجم پچھلے پانچ سالوں کی نسبت اس سال بہت بہتر رہا۔ برعکس اس کے دوران سال زیادہ کاروباری لاگت، شرح سود میں اضافہ اور افراط زر میں بے حد اضافہ کی وجہ سے کمپنی کے خام منافع میں خاطر خواہ اضافہ نہیں ہوا۔ عالمی معاشی کساد بازاری، منڈیوں میں باہمی مقابلہ سازی، ضروریات زندگی کی قیمتوں میں اضافہ، ٹیکس کی واپسی ادائیگیوں میں تاخیر، علاقائی صورتحال میں تبدیلی اور ملکی معیشت کی غیر یقینی صورتحال معاملات کو اور بھی گھمبیر کر رہی ہیں۔

ٹیکسٹائل کی صنعت ملکی معیشت میں ریڑھ کی ہڈی کی حیثیت رکھتی ہے مگر بد قسمتی سے یہ اس وقت داؤ پر لگی ہوئی ہے۔ ٹیکسٹائل صنعت کے ساتھ ساتھ دیگر صنعتی شعبوں کا مستقبل غیر یقینی ہے اور ہر کوئی اپنی بقاء کی جنگ لڑ رہا ہے۔ حکومت اگر فوری طور پر اس صورتحال پر قابو نہیں پاتی تو یہ صنعتی شعبہ اور معیشت کے لئے بے حد خطرناک ہوگا۔

اصولی کاروباری سرگرمیاں

دھاگہ، کپڑا، گارمنٹس کی پیداوار و فروخت اور غیر منقولہ جائیداد کی تجارت کمپنی کی اصولی سرگرمیوں میں شامل ہیں۔

کمپنی کا کتنا شعبہ

اگرچہ کتنا شعبہ میں کاروبار پچھلے سال کی نسبت زیادہ ہوا ہے مگر شرح منافع میں کمی آئی ہے۔ کاروباری حجم میں اضافہ، روپے کی میں خاطر خواہ کمی، خام مال کی قیمتوں میں اضافہ کے ساتھ جزوی اخراجات کے ساتھ پیداوری لاگت میں اضافہ سے متناسب ہے۔ ان سب کے ساتھ ساتھ چالو سرمائے میں کمی بھی ہمارے منافع پر اثر انداز ہو رہی ہے۔

کمپنی کا بنائی کا شعبہ

فروختی حجم زیادہ ہونے کے باوجود باؤ کا شکار منڈی کی وجہ سے نتائج حوصلہ افزا نہیں ہیں۔ بین الاقوامی مقابلہ بازی اور خام مال کی بڑھتی ہوئی قیمتوں نے بنائی کے شعبہ کی کارکردگی کو اس سال بہت متاثر کیا ہے۔ کمپنی انتظامیہ ان عوامل پر قابو پانے کے لئے مقامی اور

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COLONY TEXTILE MILLS LIMITED

FORM OF PROXY

I/We _____
of _____
being a member of **COLONY TEXTILE MILLS LIMITED** and holder of _____ Ordinary Shares as per
Register Folio / CDC Participant No. _____ hereby appoint Mr./Mrs./Miss. _____
of _____ or failing him / her Mr./Mrs./Miss. _____ of _____
who is also a member of the **COLONY TEXTILE MILLS LIMITED** vide Registered Folio / CDC Participant I.D.
No. _____ as my proxy to vote for me and on my behalf at the 9th Annual General Meeting of the Company to
be held on Monday the October 28, 2019 at 10.00 a.m. and any adjournment thereof.

Signed this _____ day of October 2019.

Revenue
stamp(s) of
Rupees five

Signature
(As registered with the company)

Witness: 1

Signature: _____

Name: _____

Address: _____

CNIC or _____

Passport # _____

Witness: 2

Signature: _____

Name: _____

Address: _____

CNIC or _____

Passport # _____

NOTES:

- This proxy form, duly completed and signed, must be received at the Registered Office of the company not less than 48 hours before the time of holding the Meeting.
- No person shall act as Proxy unless he/she himself / herself is a Shareholder of the Company except that a company may appoint a person as its representative who is not a shareholder.

کالونی ٹیکسٹائل ملز لمیٹڈ

تشکیل نیابت داری برائے سالانہ اجلاس عام

میں / ہم _____ ساکن _____ کالونی ٹیکسٹائل ملز لمیٹڈ کا / کی / کے حصص دار ہوں / ہیں اور بموجب رجسٹرڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر کے تحت _____ عمومی حصص کا / کی / کے مالک ہوں / ہیں۔ اپنی جگہ پر حق رائے دہی کے لیے _____ رہائشی _____ اور بموجب رجسٹرڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر _____ کو یا اس کے نہ آنے کی صورت میں _____ رہائشی _____ اور بموجب رجسٹرڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر _____ کو جو کہ کالونی ٹیکسٹائل ملز لمیٹڈ کا / کی / کے حصص دار ہے ہیں۔ کو اپنی جگہ بروز سوموار بتاریخ 28 اکتوبر 2019 بوقت صبح 10 بجے منعقد ہونے والے نویں سالانہ اجلاس عام یا کسی متبادل دن جو بھی ہوگا میں رائے دہندگی کے لئے نمائندہ مقرر کرتا / کرتی / کرتے ہوں / ہیں۔

پانچ روپے کی رسیدی ٹکٹ
چسپاں کریں

بتاریخ: _____ اکتوبر 2019 کو دستخط کیا گیا

کمپنی کے ریکارڈ کے مطابق دستخط

گواہ نمبر: 1	گواہ نمبر: 2
دستخط _____	دستخط _____
نام _____	نام _____
پتہ _____	پتہ _____
شناختی کارڈ نمبر یا _____	شناختی کارڈ نمبر یا _____
پاسپورٹ نمبر _____	پاسپورٹ نمبر _____

نوٹ: 1۔ یہ مختار نامہ مکمل اور دستخط شدہ کمپنی کے رجسٹرڈ آفس کے پتے پر اجلاس کے شروع ہونے سے 48 گھنٹے پہلے پہنچ جانا چاہیئے۔
2۔ کوئی بھی فرد مختار نامہ اس وقت تک استعمال نہیں کر سکتا جب تک وہ کمپنی کا حصص دار نہ ہو۔ علاوہ اس کے کہ کوئی ایک کمپنی جو حصص دار ہے کسی فرد کو نمائندہ مقرر کرے جو کمپنی کا حصص دار نہ ہو۔

Optional

DISPATCH OF ANNUAL FINANCIAL STATEMENTS THROUGH E-MAIL

To

The Company Secretary

Colony Textile Mills Limited
M. Ismail Aiwan-e-Science Building
205-Ferozpur Road
LAHORE.
Email: corporate@colonytextiles.com

Subject: **Consent to receive Audited Financial Statements, Notices, Entitlements and other Information through Electronic Mode**

Dear Sir,

This refers to the above cited subject and S.R.O. 787 (1)/2014 dated September 08, 2014 issued by Securities & Exchange Commission of Pakistan.

In the context of above, I hereby request and authorize the company to send me:

Audited Financial Statements

Notices

Entitlements

Any other information including the above but not limited thereto.

through Electronic Mode - Email (particulars given below) instead of sending the same through Post as required under provisions of Companies Act, 2017.

Name (shareholder)	_____
Registered Folio Number	_____
a) Physical Shareholder	_____
b) In case of CDC Account Holder	i. Participant ID _____ ii. Sub / Investor Account No. _____
Email Address (Compulsory)	_____

Further, I hereby undertake that I/we will inform the company immediately upon any change in the above particulars, and the company stand absolves from any responsibility to send the Audited Financial Statements / Notices / Any Information through post.

Thanking You,

Signature of Shareholder(as per record)

Folio Number _____

CNIC Number _____
(please attach photocopy of CNIC)

Compulsory

E-DIVIDEND MANDATE

To

The Company Secretary

Colony Textile Mills Limited

M.Ismail Aiwan -e-Science Building

205-Ferozpur Road

LAHORE.

Email: corporate@colonytextiles.com

Subject: **eDividend Mandate Information**

Dear Sir,

This refers to above cited subject for facility of electronically credit of Dividend in to my Bank Account.

I hereby authorize the company to transfer / credit the dividend amount directly to my Bank Account details of which are given hereunder:

Title of Bank Account	
Bank Account Number (IBAN)	
Bank's Name	
Branch Name and Address	
Cell number of Shareholder	
eMail Address	

It is stated that the above mentioned information is correct and I/we will inform the company / share registrar immediately upon any change in the above particulars.

Thanking You,

Signature of Shareholder
(as per record)

Shareholder Name: _____

Folio Number: _____

CNIC Number: _____
(please attach photocopy)



Colony Textile Mills Limited

M. Ismail Aiwan-e-Science Building
205 Ferozepur Road Lahore - 54600
Phone: 042-35758970-2
Fax: 042-35763247