Saritow Spinning Mills Limited

Annual Report | 2019

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. M. Naseem Saigol	Chairman
Mr. Samir Iqbal Saigol	Chief Executive Officer
Mr. Muhammad Murad Saigol	
Mr. M. Zeid Yousuf Saigol	
Mr. Muhammad Omer Farooq	
Mr. Muhammad Athar Rafiq	
Mr. Arshad Ismail Khan	NIT Nominee

AUDIT COMMITTEE

Mr. Arshad Ismail Khan	Chairman/Member
Mr. M. Zeid Yousuf Saigol	Member
Mr. Muhammad Omer Farooq	Member
Mr. Muhammad Athar Rafiq	Member

HR & REMUNERATION COMMITTEE

Mr. Arshad Ismail Khan	Chairman/Member
Mr. M. Zeid Yousuf Saigol	Member
Mr. Samir Iqbal Saigol	Member
Mr. Muhammad Omer Farooq	Member

COMPANY SECRETARY

Mr. Anees-ur-Rehman

CHIEF FINANCIAL OFFICER

Mr. Muhammad Shamil, FCA

AUDITORS

Rahman Sarfraz Rahim Iqbal Rafiq
Chartered Accountants

BANKERS

Bank Alfalah Limited
Faysal Bank Limited
MCB Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
NIB Bank Limited
The Bank of Punjab
Summit Bank Limited
Meezan Bank Limited
Habib Metropolitan Bank Limited
Askari Bank Limited
Habib Bank Limited
JS Bank Limited
Sindh Bank Limited

SHARE REGISTRAR

M/s Corplink (Pvt.) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore
Tel: 042-35916714-19, 35839182 Fax: 042-35869037
E-mail: shares@corplink.com.pk

REGISTERED OFFICE

17-Aziz Avenue, Canal Bank,
Gulberg-V, Lahore.
Tel: 042-35717364-65 & 35715029-30
Fax: 042-35715105
E-mail: shares@saigols.com

MILLS

51-KM, Multan Road,
Phool Nagar, District Kasur

VISION

To accomplish, build up and sustain a good reputation of the project in textile sector locally and globally by marketing high quality of yarn through team work by means of honesty, integrity and commitment.

MISSION

To transform the Company into a modern and dynamic Yarn manufacturing Company and to provide quality products to customers and explore new markets to promote / expand sales of the Company through Good Governance and foster a sound and dynamic team, so as to achieve optimum profitability for the Company for sustainable and equitable growth and prosperity of the Company.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **33rd Annual General Meeting** of Shareholders of **Saritow Spinning Mills Limited** will be held on **Monday, October 28, 2019 at 10:00 A.M.** at 17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore the Registered Office of the Company to transact the following business:-

1. To confirm the minutes of the last Annual General Meeting held on October 27, 2018.
2. To receive and adopt the Annual Audited Accounts for the year ended June 30, 2019 alongwith Directors' and Auditors' Reports thereon.
3. To appoint Auditors of the Company to hold office till the conclusion of next Annual General Meeting and to fix their remuneration.
4. Any other business with the permission of the Chair.

By Order of the Board

Lahore : October 07, 2019

Company Secretary

Notes:

1. Share Transfer Books of the Company will remain closed from October 22, 2019 to October 28, 2019 (both days inclusive). Physical transfers/CDS transactions ID's received in order at "Company Registrar office M/s Corplink (Pvt.) Limited", wings arcade, 1-K, Commercial Model Town, Lahore on or before October 21, 2019 will be treated in time.

2. A member entitled to attend and vote at this Meeting may appoint another Member as his/her proxy. Proxies in order to be effective, must be received at 17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore the Registered Office of the Company not later than forty-eight hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

3. Members whose shares are deposited with Central Depository System are requested to bring their original National Identity Cards or original Passports along with their Account Numbers in Central Depository System for attending the meeting.

4. Members are requested to notify the Company change in their addresses, if any.

5. Annual Audited Financial Statements of the Company for the Financial Year ended June 30, 2019 have been placed on the Company's website i.e. www.saritowspinningmillsltd.com

6. **SUBMISSION OF COPY OF CNIC/NTN DETAILS (MANDATORY)**

Pursuant to the directives of the Securities and Exchange Commission of Pakistan CNIC number of individuals is mandatorily required to be mentioned on dividend warrants and pursuant to the provisions of Finance Act 2018, the rate of deduction of income tax under section 150 of the Income Tax Ordinance 2001 from dividend payment have been revised as : for filers of Income Tax return 15.00% and Non filers of Income Tax return 20.00%.

7. **Payment of Cash Dividend Electronically**

As per provision of Section 242 of Companies Act, 2017 any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. The shareholders are requested to provide their folio number, name and details of bank account consisting of bank name, branch name, branch code, Account number, Title of Account and IBAN in which they desire their dividend to be credited, failing which the Company will be unable to pay the dividend through any other mode. Standard request form has also been placed on website of the Company. The members are requested to send the information on the same to our shares registrar (M/s Corplink Private Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore.) at the earliest possible.

In case shares are held in CDC then the form must be submitted directly to shareholder's broker/participant/CDC Investor account services.

8. Transmission of Annual Financial Statements through E-mail

The Securities and Exchange Commission of Pakistan vide SRO 787(I)/2014 dated September 08, 2014 has allowed companies to circulate annual balance sheet, profit & loss account, auditors' and directors' reports along with notice of annual general meeting to its members through e-mail. Members who wish to avail this facility can give their written consent. Standard request form has also been placed on website of the Company. The members are requested to send the information on the same to our shares registrar (M/s Corplink Private Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore.)

9. Transmission of Annual Financial Statements through CD/DVD/USB

SECP through its SRO 470(I)/2016 dated May 31, 2016 have allowed companies to circulate the annual balance sheet, profit and loss account, auditors' report and directors' report etc. to its members through CD/DVD/USB at their registered addresses. However, a shareholder may request to the Company Secretary at 17- Aziz Avenue, Canal Bank, Gulberg-V, Lahore to provide printed copy of Annual Financial Statements and the same will be provided at his/her registered address, free of cost, within one week of the demand.

10. ZAKAT DECLARATIONS (CZ-50)

The Zakat will be deducted from the dividends at source at the rate of 2.5% of the paid-up value of the shares (Rs. 10/- each) under Zakat and Ushr Laws and will be deposited within the prescribed period with the relevant authority. Please submit your Zakat Declarations under Zakat and Ushr Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 Form, in case you want to claim exemption, with your brokers or the Central Depository Company Ltd. (in case the shares are held in Investor Account Services on the CDC) or to our Registrars, M/s Corplink Private Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore (in case the shares are held in paper certificate form). The shareholders while sending the Zakat Declarations, as the case may be must quote company name and respective folio numbers.

FINANCIAL HIGHLIGHTS - Six Years at a Glance

Particulars	2019	2018	2017	2016	2015	2014
Operating Performance (Rupees in Thousands)						
Turnover- Net	**3,494,805**	2,993,265	2,934,545	2,470,387	2,496,767	2,523,328
Gross Profit	**258,413**	178,403	162,762	41,699	167,790	231,337
Profit/(Loss) before tax	**94,771**	46,760	27,560	(88,436)	(27,788)	53,274
Profit/(Loss) after tax	**52,501**	17,868	13,779	(66,156)	(17,499)	42,075
Financial Position (Rupees in Thousands)						
Share Capital	**298,406**	298,406	298,406	298,406	298,406	298,406
Shareholders,Equity	**621,631**	571,263	557,467	544,522	577,426	631,070
Operating Fixed Assets	**1,256,485**	1,298,134	1,315,578	1,360,930	1,432,050	1,446,553
Total Assets	**2,277,369**	2,175,900	2,175,202	2,061,806	2,045,964	2,084,799
Bank Borrowings	**767,346**	790,299	850,773	703,299	615,691	700,960
Ratio Analysis						
Profitability						
Gross Profit Marign-% age	**7.39**	5.96	5.55	1.69	6.72	9.17
Profit/(Loss)after tax-% age	**1.50**	0.60	0.47	(2.68)	(0.70)	1.67
Earning/(Loss)Per Share-Rupees	**1.76**	0.60	0.46	(2.22)	(0.59)	1.41
Activity						
Sales to Operating Fixed Assets-Times	**2.78**	2.31	2.23	1.82	1.74	1.74
Liquidity						
Current Ratio-Times	**1.01**	0.98	0.91	0.96	1.05	1.19
Break up Value Per Share-Rupees	**20.83**	19.14	18.68	18.25	19.35	21.15

DIRECTORS' REPORT

The Directors of M/s **Saritow Spinning Mills Limited** are please to present Financial Results for the year ended June 30, 2019 along with director report thereon.

Financial High Lights	2019 ('000)	2018 ('000)
Net Sales	**3,494.805**	2,993.265
Gross Profit	**258.412**	178.402
Profit before Tax	**94.771**	46.760
Profit after Tax	**52.501**	17.867
Gross Profit Ratio to Sales	**7.39%**	5.96%
Profit after Tax Ratio to Sales	**1.50%**	0.60%

Operating Financial Results

During the year under review Alhamdulillah, your Company had performed quite well as compared to last year. Total net sales of the company exceed 3 billion mark and your Company recorded net sales of Rs. 3,494.805 million as compared to Rs. 2,993.265 million during last year. Net profit after tax jumped to Rs. 52.501 million against net profit after tax of Rs. 17.867 million in corresponding year. Increase in net profit of the company can be attributed to increased sales which were supported by running appropriate yarn counts at right time.

Though arrival of cotton crop started earlier from the month of July but it took time to gain momentum. Phutti arrival picked up from month of September 2018 onward and size of total crop was 10.800 million bales which are quite short of local textile industries requirements. The mills were forced to import expensive raw material from international market in order to meet their demand.

Period under review witnessed huge fluctuation in Dollar Rupee parity, which resulted in instability in the market. The Central Bank Of Pakistan devalued the local currency hoping that it will boost the exports and will help plug the ever increasing current account deficit. However this measure could not achieve desired results because of ongoing trade war between two economic super powers of the world which badly affected the global economy. Against all odds somehow yarn prices improved during the latter half of the year which resulted in batter financial results for the company.

Future Outlook

Present Government after coming in to power have announced various incentives for the export oriented industries of the country that includes creating separate tariff of Gas and Electricity at subsidized rate. But imposition of sales tax on local as well export sales from July 2019 onward effected the sale very badly. Geo political situation of the entire world particularly our region is not good for trade. Hope fully trade policies will improve in days to come and the industry as a whole will be able to perform better.

Cash Flow Management

Board of directors places great importance for an effective cash flow management so as to ensure smooth running of the business. For this purpose cash inflows and outflows are projected on regular basis and verified periodically. Working capital requirements have been planned to be finance through internal cash generation and short term financing from external sources.

Corporate Social Responsibility (CSR)

Your company gives high priority to its social responsibilities and is committed to the highest standards of corporate behavior. The company's CSR responsibilities are fulfilled through monetary contributions in the areas of healthcare, education, environment protection, water and sanitation, child welfare, infrastructure development and other social welfare activities. Our CSR includes contributions to hospitals and education programs engaged in assisting the under privileged patients students and children's of various walks of life.

Health Safety and Environment

Your company is well aware of the importance of skilled workers and staff therefore the company is strongly committed towards all aspects of safety, health and environment connected with our business.

COMPOSITION OF BOARD

Composition of the Board of Directors is as under.

Total Number of Directors	
Male	7
Female	None

Composition	
Independent Director	Mr. Arshad Ismail Khan
Non-Executive Directors	Mr. M. Naseem Saigol
	Mr. Muhammad Zeid Yousuf Saigol
	Mr. Muhammad Murad Saigol
	Mr. Muhammad Omer Farooq
	Mr. Muhammad Athar Rafiq
Executive Director	Mr. Samir Iqbal Saigol

COMMITTEE'S

Detail of Committee's of Board is as under

AUDIT COMMITTEE	
Mr. Arshad Ismail Khan	Chairman/Member
Mr. Muhammad Zeid Yousuf Saigol	Member
Mr. Muhammad Omer Farooq	Member
Mr. Muhammad Athar Rafiq	Member

HR & REMUNERATION COMMITTEE	
Mr. Arshad Ismail Khan	Chairman/Member
Mr. Samir Iqbal Saigol	Member
Mr. Muhammad Zeid Yousuf Saigol	Member
Mr. Muhammad Omer Farooq	Member

We wish to thank to the shareholders for their support. We are pleased to record our appreciation of the services rendered by the employees of the company and hope that the same spirit of devotion will continue in future.

For and on behalf of the Board

SAMIR IQBAL SAIGOL

Chief Executive

Lahore : October 04, 2019

ڈائیریکٹرز رپورٹ

ساریتوسپننگ ملزلمیٹڈ کے ڈائیریکٹرز بڑی مُسرت کے ساتھ کمپنی کے رواں مالی سال کے مالیاتی نتائج پیش کرتے ہیں جو کہ 30 جون، 2019 کو مکمل ہو رہا ہے۔

آپریشنل نتائج

زیرِنظر مدت کے دوران الحمدللہ آپ کی کمپنی نے گزشتہ سال کی نسبت بہتر کارکردگی کا مظاہرہ کیا ہے۔کل مصنوعات کی فروخت 3 ارب روپے سے بڑھ گئی۔ دوران سال تمام مصنوعات کی فروخت 3,494.805 ملین روپے رہی۔ اِس کے مقابلے میں پچھلے اس عرصے میں تمام مصنوعات کی فروخت 2,993.265 ملین روپے تھی۔ زیرِنظر سال میں آپ کی کمپنی نے 52.501 ملین روپے کا خالص منافع کمایا ہے جو گذشتہ سال 17.867 ملین روپے کا خالص منافع کمایا تھا۔ کمپنی کے نفع میں اضافہ کمپنی کی مجموعی فروخت میں اضافے کی وجہ سے ہوا۔مزید برآں صحیح وقت پر صحیح دھاگہ بنانا بھی معاون ثابت ہوا۔

کپاس کی آمد ماہ جولائی سے ہی شروع ہوگئی تھی مگر اس کی مقدار میں خاطر خواہ اضافہ ماہ ستمبر سے ہوا۔اس سال کپاس کی مجموعی پیداوار 10.800 میلین گانٹھیں رہی جو کہ ملکی ٹیکسٹائل صنعت کی کھپت سے بہت کم ہے۔اس کی وجہ سے ملوں کو اپنی ضروریات پوری کرنے کے لئے مہنگے داموں بیرون ملک سے کپاس منگوانی پڑی۔ زیرِنظر مدت کے دوران ڈالر کے مقابلے میں روپے کی قیمت میں بہت زیادہ کمی ہوئی جس کی وجہ سے بازار غیر مستحکم رہا۔

پاکستان کے مرکزی بینک نے ملک کی مجموعی درآمدات کو بڑھانے کے لئے پاکستانی روپے کی قدر میں کمی کی لیکن اس سے متوقع نتائج برآمد نہ ہوسکے۔ جس کی بڑی وجہ دو بڑی عالمی معاشی قوتوں میں جاری تجارتی جنگ ہے جس سے عالمی معاشی حالات بہت متاثر ہوئے ہیں۔تمام تر رکاوٹوں کے باوجود دھاگے کی قیمتیں سال کے آخری حصے میں بڑھنا شروع ہوگئیں جس کی وجہ سے کمپنی نے بہتر نفع کمایا۔

مستقبل کا نقطہ نظر

موجودہ حکومت نے اقتدار میں آنے کے بعد درآمدی صنعت کے لیے بہت سارے فائدوں کا اعلان کیا ہے۔ جس میں بجلی اور گیس کا الگ سے رعائتی ٹیرف کا اعلان بھی شامل ہے۔ لیکن ماہ جولائی 2019 سے حکومت نے سیلز ٹیکس کا نفاذ کر دیا جس کی وجہ سے اشیاء کی فروخت کو بہت دھچکا لگا۔ عالمی معاشی اور سیاسی صورتحال بشمول ہمارے علاقے کی سیاسی صورتحال تجارت کے لیے سازگار نہیں ہے۔ ہم اُمید کرتے ہیں کہ تجارتی پالیسیوں میں بہتری سے ملکی تجارتی حالات میں بھی بہتری آئے گی۔

ہم بورڈ آف ڈائیریکٹرز کی جانب سے اپنے تمام کسٹمرز حضرات اور شیئر ہولڈرز کا شکریہ ادا کرتے ہیں اور ساتھ ہی کمپنی کے اہداف کو پورا کرنے کے لئے اپنے تمام ملازمین کی انتھک محنت کو بھی سراہتے ہیں۔

بورڈ کی ساخت

بورڈ آف ڈائیریکٹرز کی ساخت درج ذیل ہے۔

کل ڈائیریکٹرز کی تعداد	
مرد	7
عورت	کوئی نہیں
ساخت	
آزاد ڈائیریکٹر	جناب ارشد اسماعیل خان
نان ایگزیکٹو ڈائیریکٹرز	جناب محمد نسیم سہگل
	جناب محمد زید یوسف سہگل
	جناب محمد مراد سہگل
	جناب محمد عمر فاروق
	جناب محمد اطہر رفیق
ایگزیکٹو ڈائیریکٹر	جناب سامر اقبال سہگل

کمیٹیز

بورڈ کی کمیٹیز کی تفصیل درج ذیل ہے۔

آڈٹ کمیٹی

جناب ارشد اسماعیل خان	چیئرمین / ممبر
جناب محمد زید یوسف سہگل	ممبر
جناب محمد عمر فاروق	ممبر
جناب محمد اطہر رفیق	ممبر

ایچ آر اینڈ ریمونریشن کمیٹی

جناب ارشد اسماعیل خان	چیئرمین / ممبر
جناب سامر اقبال سہگل	ممبر
جناب محمد زید یوسف سہگل	ممبر
جناب محمد عمر فاروق	ممبر

ہم تمام حصہ داران کے بھرپور تعاون کے تہہ دل سے مشکور ہیں۔ ہم یہ اعلان کرتے ہوئے خوشی محسوس کرتے ہیں کہ کمپنی اپنے ملازمین کو سراہتے ہوئے یہ امید کرتی ہے کہ وہ اسی انداز میں آئندہ بھی اپنے فرائض سرانجام دیتے رہیں گے۔

منجانب و برائے بورڈ:

سامر اقبال سہگل

چیف ایگزیکٹیو

لاہور

04 اکتوبر، 2019

STATEMENT IN COMPLIANCE OF THE CODE OF CORPORATE GOVERNANCE

- The Financial Statements, prepared by the management, present a true and fair state of affairs of the company, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- 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 applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and maintained at all levels within the Company.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- There are no outstanding statutory payments on account of duties, levies and charges.
- Significant deviation from last year in operating results of the Company and reasons thereof have been explained.
- The Key Operating and Financial Data of last six years are attached to the Report.
- There are no significant plans for corporate restructuring and discontinuation of operations except for improvement in the normal business activities to increase the business.
- Four Meetings of the Board of Directors of the Company were held during the year under review. Following was the attendance of the Directors: -

Name of Directors	No. of Meetings Attended
Mr. M. Naseem Saigol	2
Mr. Muhammad Zeid Yousuf Saigol	2
Mr. Samir Iqbal Saigol	3
Mr. Muhammad Murad Saigol	2
Mr. Muhammad Omer Farooq	4
Mr. Muhammad Athar Rafiq	4
Syed Haroon Rashid	4 (Resigned as on 04-10-2019)
Mr. Arshad Ismail Khan	- (Appointed as on 04-10-2019)

- Four Meetings of the Audit Committee were held during the year under review. Following was the attendance of the Members: -

Name of Members	No. of Meetings Attended
Syed Haroon Rashid	4 (Resigned as on 04-10-2019)
Mr. Arshad Ismail Khan	- (Appointed as on 04-10-2019)
Mr. Muhammad Zeid Yousuf Saigol	2
Mr. Muhammad Omer Farooq	4
Mr. Muhammad Athar Rafiq	4

- One Meeting of HR & Remuneration Committee was held during the year under review. Following was the attendance of the Members: -

Name of Members	No. of Meeting Attended
Syed Haroon Rashid	1 (Resigned as on 04-10-2019)
Mr. Arshad Ismail Khan	- (Appointed as on 04-10-2019)
Mr. Samir Iqbal Saigol	1
Mr. Muhammad Zeid Yousuf Saigol	1
Mr. Muhammad Omer Farooq	1

During the period under review no Director, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children sell, buy or take any position in the shares of the Company except as mentioned in Categories of Shareholding required under Code of Corporate Governance.

Pattern of Shareholding

A statement showing pattern of shareholding as on June 30, 2019 is annexed.

Acknowledgment

The Directors of your company take this opportunity to thank the entire stakeholders for their continued support. Your directors also placed on record their appreciation for the contribution made by the employees at all levels.

For and on behalf of the Board

Lahore : October 04, 2019

Chief Executive Officer

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Name of company: **SARITOW SPINNING 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 Seven as per the following:

   a) Male: **Seven**

   b) Female: **None**

2. The composition of board is as follows:

Category	Names
Independent Director	Mr. Arshad Ismail Khan
Non-Executive Directors	Mr. M. Naseem Saigol
	Mr. Muhammad Zeid Yousuf Saigol
	Mr. Muhammad Murad Saigol
	Mr. Muhammad Omer Farooq
	Mr. Muhammad Athar Rafiq
Executive Director	Mr. Samir Iqbal Saigol

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The company stands complied with the requirement of having half of the Directors on their board under Directors Training Program certified as prescribed under the Regulation. The remaining directors shall obtain certification under the DTP in due course of time.
10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

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

a) Audit Committee:

1. Mr. Arshad Ismail Khan
2. Mr. Muhammad Zeid Yousuf Saigol
3. Mr. Muhammad Omer Farooq
4. Mr. Muhammad Athar Rafiq

b) HR and Remuneration Committee:

1. Mr. Arshad Ismail Khan
2. Mr. Samir Iqbal Saigol
3. Mr. Muhammad Zeid Yousuf Saigol
4. Mr. Muhammad Omer Farooq

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

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following,-

a) Audit Committee:

1. October 06, 2018
2. October 30, 2018
3. February 23, 2019
4. April 30, 2019

b) HR and Remuneration Committee:

1. October 06, 2018

15. The Board has set up an effective internal audit function/ or has outsourced the internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

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

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

18. We confirm that all the other regulations have been complied with, except, that there is no female director on the Board.

For and on behalf of the Board

M. Naseem Saigol
Chairman

Lahore : October 04, 2019

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of SARITOW SPINNING MILLS LIMITED
Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 ['the Regulations'] prepared by the Board of Directors of **SARITOW SPINNING MILLS LIMITED** for the year ended **June 30, 2019** in accordance with the requirements of regulation 40 of the Regulation.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended **June 30, 2019.**

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Reference	Description
Paragraph 18	There is no female director on the Board.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Lahore: ***October 04, 2019***

INDEPENDENT AUDITOR'S REPORT

To the members of SARITOW SPINNING MILLS LIMITED
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **SARITOW SPINNING 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, 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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
1. First time adoption of IFRS 9 – Financial Instruments As referred to in note 3 to the financial statements, the Company has adopted IFRS 9 - 'Financial Instruments'. The new standard requires the Company to make allowance for impairment of financial assets using Expected Credit Loss ['ECL'] approach as against the Incurred Loss Model previously applied by the Company. Determination of ECL for financial assets 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 financial assets. 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.

Key audit matter	How our audit addressed the key audit matter
2. Inventory valuation Stock in trade amounts to Rs. 565 million as at the reporting date. The valuation of stock in trade at cost has different components, which includes judgment in relation to the allocation of labour and overheads which are incurred in bringing the stock to its present location and condition. Judgment has also been applied by management in determining the Net Realizable Value ['NRV'] of stock in trade. The estimates and judgments applied by management are influenced by the amount of direct costs incurred historically, expectations of repeat orders to utilize the stock in trade, sales contract in hand and historically realized sales prices. The significance of the balance coupled with the judgment involved has resulted in the valuation of inventories being identified as a key audit matter. The disclosures in relation to inventories are included in note 23.	To address the valuation of stock in trade, we assessed historical costs recorded in the inventory valuation; testing on a sample basis with purchase invoices. We tested the reasonability of assumptions applied by the management in allocating direct labour and direct overhead costs to inventories. We also assessed management's determination of the net realizable value of inventories by performing tests on the sales prices secured by the Company for similar or comparable items of inventories.

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 is 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 user taken on the basis of these financial statements.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

b) the statement of financial position, the statement of profit or loss, 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;

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

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **ZUBAIR IRFAN MALIK.**

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Lahore: ***October 04, 2019***

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	**2019**	2018
		Rupees	*Rupees*
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
35,000,000 (2018: 35,000,000) ordinary shares of Rs. 10 each		**350,000,000**	350,000,000
Issued, subscribed and paid-up capital	*7*	**298,406,070**	298,406,070
Surplus on revaluation of property, plant and equipment	*8*	**58,691,100**	59,676,306
Accumulated profit		**264,534,174**	213,180,813
TOTAL EQUITY		**621,631,344**	571,263,189
NON-CURRENT LIABILITIES			
Loan from directors and family members	*9*	**265,884,966**	265,884,966
Long term finances - *Secured*	*10*	**186,653,868**	228,132,505
Liabilities against assets subject to finance lease - *Secured*	*11*	**11,893,981**	21,771,155
Long term deposits	*12*	**6,010,000**	8,000,000
Employees retirement benefits	*13*	**75,196,686**	69,489,015
Deferred taxation	*14*	**144,057,792**	144,239,578
		689,697,293	737,517,219
CURRENT LIABILITIES			
Trade and other payables	*15*	**372,040,231**	313,435,349
Unclaimed dividend		**485,351**	485,351
Short term borrowings	*16*	**517,422,358**	490,309,915
Accrued interest/markup		**24,716,864**	12,804,441
Current portion of non-current liabilities	*17*	**51,375,969**	50,084,555
		966,040,773	867,119,611
TOTAL LIABILITIES		**1,655,738,066**	1,604,636,830
CONTINGENCIES AND COMMITMENTS	*18*		
		2,277,369,410	2,175,900,019

The annexed notes from 1 to 50 form an integral part of these financial statements.

Lahore
Date : October 04, 2019

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019	2018
		Rupees	*Rupees*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	*19*	**1,256,485,282**	1,298,133,887
Long term deposits	*20*	**27,738,781**	27,924,506
Long term investments	*21*	**18,918,490**	-
		1,303,142,553	1,326,058,393
CURRENT ASSETS			
Stores, spares and loose tools	*22*	**23,077,455**	20,955,036
Stock in trade	*23*	**565,435,167**	566,940,860
Trade receivables	*24*	**149,098,303**	56,584,024
Advances, prepayments and other receivables	*25*	**54,494,062**	95,432,355
Current taxation	*26*	**25,083,672**	56,490,452
Cash and bank balances	*27*	**157,038,198**	53,438,899
		974,226,857	849,841,626
TOTAL ASSETS		**2,277,369,410**	2,175,900,019

The annexed notes from 1 to 50 form an integral part of these financial statements.

Lahore
Date : October 04, 2019

CHIEF EXECUTIVE | **CHIEF FINANCIAL OFFICER** | **DIRECTOR**

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	**2019**	2018
		Rupees	*Rupees*
Sales - ***net***	*28*	**3,494,804,982**	2,993,265,499
Cost of sales	*29*	**(3,236,392,455)**	(2,814,862,590)
Gross profit		**258,412,527**	178,402,909
Selling and distribution expenses	*30*	**(6,850,724)**	(6,746,728)
Administrative and general expenses	*31*	**(50,652,712)**	(45,558,988)
		(57,503,436)	(52,305,716)
Other income	*32*	**1,175,309**	474,818
Operating profit		**202,084,400**	126,572,011
Finance cost	*33*	**(95,433,544)**	(76,332,440)
Other charges	*34*	**(11,879,609)**	(3,479,982)
		(107,313,153)	(79,812,422)
Profit before taxation		**94,771,247**	46,759,589
Taxation	*35*	**(42,270,638)**	(28,892,017)
Profit after taxation		**52,500,609**	17,867,572
Earnings per share - ***basic and diluted***	*36*	**1.76**	0.60

The annexed notes from 1 to 50 form an integral part of these financial statements.

Lahore
Date : October 04, 2019

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
Items that may be reclassified subsequently to profit or loss		**-**	-
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit obligation	*13.4*	**(3,003,456)**	(6,125,611)
Deferred tax on remeasurements of defined benefit obligation	*14*	**871,002**	1,776,427
Deferred tax adjustment on surplus on revaluation of property, plant and equipment attributable to changes in tax rates	*8*	**-**	(277,523)
		(2,132,454)	(4,626,707)
Other comprehensive loss		**(2,132,454)**	(4,626,707)
Profit for the year		**52,500,609**	17,867,572
Total comprehensive income		**50,368,155**	13,240,865

The annexed notes from 1 to 50 form an integral part of these financial statements.

Lahore
Date : October 04, 2019

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	37	**258,222,357**	262,944,887
Payments for:			
Employees retirement benefits		**(19,707,272)**	(17,357,540)
Interest/markup		**(79,958,177)**	(75,874,379)
Income tax		**(10,174,642)**	(28,092,661)
Net cash generated from operating activities		**148,382,266**	141,620,307
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		**(21,622,315)**	(21,502,999)
Proceeds from disposal of property, plant and equipment		**502,836**	333,052
Long term deposits		**(1,804,275)**	(5,250,000)
Net cash used in investing activities		**(22,923,754)**	(26,419,947)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term finances		**(41,478,637)**	(33,224,323)
Repayment of liabilities against assets subject to finance lease		**(8,585,760)**	(14,726,252)
Net increase/(decrease) in short term borrowings		**27,112,443**	(37,815,398)
Net cash used in financing activities		**(22,951,954)**	(85,765,973)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**102,506,558**	29,434,387
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**53,438,899**	23,529,694
EXCHANGE GAIN ON CASH AND CASH EQUIVALENTS		**1,092,741**	474,818
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	38	**157,038,198**	53,438,899

The annexed notes from 1 to 50 form an integral part of these financial statements.

Lahore
Date : October 04, 2019

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Share capital	Capital reserves	Revenue reserves	
	Issued subscribed and paid-up capital	Surplus on revaluation of property, plant and equipment	Accumulated profit	Total equity
	Rupees	*Rupees*	*Rupees*	*Rupees*
Balance as at July 01, 2017	298,406,070	60,421,236	198,639,972	557,467,278
Comprehensive income				
Profit after taxation	-	-	17,867,572	17,867,572
Other comprehensive loss	-	277,523	(4,349,184)	(4,071,661)
Total comprehensive income	-	277,523	13,518,388	13,795,911
Incremental depreciation	-	(1,022,453)	1,022,453	-
Transaction with owners	-	-	-	-
Balance as at June 30, 2018	298,406,070	59,676,306	213,180,813	571,263,189
Balance as at July 01, 2018	**298,406,070**	**59,676,306**	**213,180,813**	**571,263,189**
Comprehensive income				
Profit after taxation	**-**	**-**	**52,500,609**	**52,500,609**
Other comprehensive loss	**-**	**-**	**(2,132,454)**	**(2,132,454)**
Total comprehensive income	**-**	**-**	**50,368,155**	**50,368,155**
Incremental depreciation	**-**	**(985,206)**	**985,206**	**-**
Transaction with owners	**-**	**-**	**-**	**-**
Balance as at June 30, 2019	**298,406,070**	**58,691,100**	**264,534,174**	**621,631,344**

The annexed notes from 1 to 50 form an integral part of these financial statements.

Lahore
Date : October 04, 2019

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1 LEGAL STATUS AND OPERATIONS

Saritow Spinning Mills Limited ['the Company'] is incorporated in Pakistan as a Public Limited Company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The Company is a spinning unit engaged in the manufacture and sale of yarn. The registered office of the Company is situated at 17-Aziz Avenue, Canal Bank Gulberg-V, Lahore. The manufacturing facility is located at Bhai Pheru, District Kasur in the Province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards ['IFRS'] issued by the International Accounting Standards Board ['IASB'] as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards ['IFAS'] issued by Institute of Chartered Accountants of Pakistan 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 and IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for employees retirement benefits liabilities measured at present value and certain financial instruments measured at fair value/amortized cost. In these financial statements, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

2.3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.3.1 Critical accounting judgements

Judgments made by management in the application of accounting and reporting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

(a) Business model assessment (see note 6.6.2)

The Company classifies its financial assets on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The Company determines the business model at a level that reflects how financial assets are managed to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed.

(b) Depreciation method, rates and useful lives of operating fixed assets (see note 6.1.1)

The Company reassesses useful lives, depreciation method and rates for each item of operating fixed assets annually by considering expected pattern of economic benefits that the Company expects to derive from that item.

(c) Recoverable amount and impairment (see note 6.22)

The management of the Company reviews carrying amounts of its assets for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

(d) Obligation under defined benefit plan (see note 6.5.2)

The Company's obligation under the defined benefit plan is based on assumptions of future outcomes, the principal ones being in respect of increases in remuneration, remaining working lives of employees and discount rates to be used to determine present value of defined benefit obligation. These assumptions are determined periodically by independent actuaries.

(e) Taxation (see note 6.18)

The Company takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provision for current tax. Provision for deferred tax is estimated after taking into account historical and expected future turnover and profit trends and their taxability under the current tax law.

(f) Provisions (see note 6.13)

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

(g) Expected credit losses and impairment of financial assets (see note 6.22.1)

The Company recognizes a loss allowance for expected credit losses on financial assets carried at amortized cost on date of inital recognition. The amount of expected credit losses is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial asset. Estimating expected credit losses and changes there in requires taking into account qualitative and quantitative forward looking information.

(h) Revaluation of property, plant and equipment (see note 6.2)

Revaluation of property, plant and equipment is carried out by independent professional valuers. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

(i) Net realizable values of stock in trade (see note 6.4).

The company estimates net realizable values of its stock in trade as the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

2.3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as

(a) Calculation of impairment allowance for expected credit losses on financial assets (see note)

When measuring expected credit losses on financial assets the Company uses reasonable and supportable forward looking information as well as historical data to calculate the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from collateral and integral credit enhancements, if any. Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. If the expected credit loss rates on financial assets past due had been 10% higher/lower as at the reporting date, the loss allowance on financial assets would have been higher/lower by Rs. 449,043.

2.4 Functional currency

These financial statements have been prepared in Pak Rupees which is the Company's functional currency.

2.5 Date of authorization for issue

These financial statements were authorized for issue on October 04, 2019 by the Board of Directors of the Company.

3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR

The following new and revised standards, interpretations and amendments are effective in the current year but are either not relevant to the Company or their application does not have any material impact on the financial statements of the Company other than presentation and disclosures, except as stated otherwise.

3.1 IFRS 9 - Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment of financial assets and general hedge accounting. The Company has applied IFRS 9 in accordance transitions provision set out in the standard.

The date of initial application of IFRS 9 (the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is June 30, 2019. Accordingly, the Company has applied the requirements IFRS 9 to instruments that continue to be recognized as at June 30, 2019. Comparative amounts in relation to instruments that continue to be recognized as at June 30, 2019 have not been restated as allowed by IFRS 9.

Classification and measurement

The classification and measurement requirements for financial liabilities have been substantially carried forward from IAS 39. All recognized financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortized cost or fair value on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically:

- Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cashflows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at amortized cost and accordingly classified as 'financial assets at amortized cost'

- Financial assets that are held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding subsequently measured at fair value through other comprehensive income and accordingly classified as 'financial assets at fair value through other comprehensive income [FVTOCI]'

- All other financial instruments are subsequently measured at fair value through profit or loss and accordingly classified as 'financial assets at fair value through profit or loss [FVTPL]'

Despite the foregoing, the Company may make an irrevocable election/designation at initial recognition of financial asset:

- To present subsequent changes in fair value of an equity instrument that is not held for trading nor contingent consideration recognized by an acquirer in a business combination in other comprehensive income and classify it as FVTOCI

- To designate a debt instrument that meets the amortized cost or FVTOCI criteria as measured art FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

When a financial asset measured at FVTOCI is derecognized, the cumulative gain or loss recognized in other comprehensive income is reclassified to profit or loss as a reclassification adjustment except for equity instruments measured at FVTOCI, where the cumulative gain or loss previously recognized in other comprehensive income is subsequently transferred to accumulated profits.

The Company has reviewed and assessed the existing financial assets as at June 30, 2019 based on facts and circumstances that existed at that date and concluded that initial application of IFRS 9 has had the following impact on the Company's financial assets as regards their classification and measurement.

	IAS 39	IFRS 9
Loan from directors and family members	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Long term finances	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Liabilities against assets subject to finance lease	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Long term deposits	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Short term borrowings	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Accrued interest/markup	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Trade creditors	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Accrued liabilities	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Bills payable	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Unclaimed dividend	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Long term deposits	Loans and receivables	Financial assets at amortized cost
Trade receivables	Loans and receivables	Financial assets at amortized cost
Advances to employees	Loans and receivables	Financial assets at amortized cost
Bank balances	Loans and receivables	Financial assets at amortized cost

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Therefore, it is no longer necessary for a credit loss to have occurred before the same is recognized.

IFRS 9 requires the Company to measure the loss allowance for financial instrument at an amount equal to lifetime expected credit losses if the credit risk has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition, except for a purchased or originated credit-impaired financial asset, the Company is required to measure the loss allowance for that financial asset at an amount equal to 12-months expected credit loss. IFRS also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, contract assets and lease receivables in certain circumstances.

3.2 IFRS 15 - Revenue from Contracts with Customers

IFRS 15 - Revenue from Contracts with Customers' supersedes IAS 11 - Construction Contracts, IAS 18 - Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The Company has reviewed it existing accounting policy for revenue recognition in light of the requirements of IFRS 15 and has concluded that it is already in line with the requirements of the new standard and thus no change in accounting policy or to the amounts reported in these financial statements is required.

3.3 Clarifications to IFRS 15 - Revenue from Contracts with Customers

IFRS 15 - Revenue from Contracts with Customers have been amended to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

3.4 IFRIC 22 - Foreign Currency Transactions and Advances Consideration

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances

3.5 Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 - Share-based Payment)

IFRS 2 - Share-based Payment have been amended to clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

3.6 Applying IFRS 9 - Financial Instruments with IFRS 4 - Insurance Contracts (Amendments to IFRS 4 - Insurance Contracts)

IFRS 4 Insurance Contracts have been amended to provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
- an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

3.7 Transfers of Investment Property (Amendments to IAS 40 - Investment Property)

IAS 40 - Investment Property have following amendments:

- Paragraph 57 have been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

- The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

3.8 Annual Improvements to IFRS Standards 2014–2016 Cycle (IFRS 1 - First-time Adoption of International Financial Reporting Standards and IAS 28 - Investments in Associates and Joint Ventures)

Annual improvements makes amendments to the following standards:

- IFRS 1 - Deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose.

- IAS 28 - Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	Effective date (annual periods beginning on or after)
IFRS 16 - Leases (2016)	January 01, 2019
IFRS 17 - Insurance contracts (2017)	January 01, 2021
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
IFRIC 23 - Uncertainty over Income Tax Treatments	January 01, 2019
Prepayment Features with Negative Compensation (Amendments to IFRS 9 - Financial Instruments)	January 01, 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28 - Investments in Associates and Joint Ventures)	January 01, 2019
Annual Improvements to IFRS Standards 2015 – 2017 Cycle	January 01, 2019
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19 - Employee Benefits)	January 01, 2019
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
Definition of a Business (Amendments to IFRS 3 - Business Combinations)	January 01, 2020
Definition of Material (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)	January 01, 2020

Other than afore mentioned standards, interpretations and amendments, IABS has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan ['SECP']:

IFRS 1 - First Time Adoption of International Financial Reporting Standards
IFRS 14 - Regulatory Defferal Accounts
IFRS 17 – Insurance contracts (2017)

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company's financial statements other than in presentation/disclosures.

5 CHANGES IN ACCOUNTING POLICIES

The adoption of new and revised standards, interpretations and amendments effective during the year has resulted in changes to accounting policies as follows:

Previous accounting policy	New accounting policy
Impairment of financial assets	
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. An impairment loss 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 recognizes a loss allowance for expected credit losses on financial assets carried at amortized cost on date of inital recognition. The amount of expected credit losses is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial asset. 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 twelve months' expected credit losses, with the exception of trade debts, for which the Company recognises lifetime expected credit losses estimated using internal credit risk grading based on the Company's historical credit loss experience, adjusted for factors that are specific to debtors, 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 profit or loss. An impairment loss 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 profit or loss.

6 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the changes referred to in note 5.

6.1 Property, plant and equipment

6.1.1 Operating fixed assets

Operating fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land, which is stated at revalued amount, and buildings on freehold land and plant and machinery which are carried at revalued amounts less accumulated depreciation. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.

Major renewals and improvements to operating fixed assets are recognized in the carrying amount if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of operating fixed assets are recognized in profit or loss as incurred.

The Company recognizes depreciation in profit or loss by applying reducing balance method over the useful life of each operating fixed asset using rates specified in note 19.1 to the financial statements. Depreciation on additions to operating fixed assets is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which is disposed or classified as held for disposal.

An operating fixed asset is de-recognized when permanently retired from use. Any gain or loss on disposal of operating fixed assets is recognized in profit or loss.

6.1.2 Capital work in progress

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

6.1.3 Spare parts held exclusively for capitalization

These are carried at cost less accumulated impairment. Cost is determined using moving average, except for items in transit, which are carried at invoice price plus related costs incurred upto the reporting date.

6.2 Surplus / deficit arising on revaluation of property, plant and equipment

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognised, net of tax, in other comprehensive income and accumulated in surplus on revaluation of property, plant and equipment in share capital and reserves. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the surplus on revaluation of property, plant and equipment to accumulated profit.

6.3 Stores, spares and loose tools

These are generally held for internal use and are valued at cost. Cost is determined on the basis of weighted average except for items in transit, which are valued at invoice price plus related cost incurred up to the reporting date. For items which are considered obsolete, the carrying amount is written down to nil. Spare parts held exclusively for capitalization are classified as property, plant and equipment.

6.4 Stock in trade

These are valued at lower of cost and net realizable value, with the exception of stock of waste which is valued at net realizable value. Cost

Raw material	Average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Stock in transit	Invoice price plus related cost incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and an appropriate proportion of manufacturing overheads.

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

6.5 Employee benefits

6.5.1 Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment permitted or required by the accounting and reporting standards as applicable in Pakistan. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

6.5.2 Post-employment benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its employees who have completed the minimum qualifying service period. Liability is adjusted on each reporting date to cover the obligation and the adjustment is charged to profit or loss with the exception of remeasurements which are recognized in statement of comprehensive income. The amount recognized on statement of financial position represents the present value of defined benefit obligation. The details of the scheme referred to in note 11 to the financial statements.

6.6 Financial instruments

6.6.1 Recognition

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

6.6.2 Classification

The Company classifies its financial assets on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial liabilities are classified in accordance with the substance of contractual provisions. The Company determines the classification of its financial instruments at initial recognition as follows:

(a Financial assets at amortized cost

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

(d Financial liabilities at amortized cost

These are financial liabilities which are not derivates, financial guarantee contracts, commitments to provide loans at below-market interest rate, contingent consideration payable to an acquirer in a business combination or financial liabilities that arise when transfer of a financial asset does not qualify for derecognition.

6.6.3 Measurement

The particular measurement methods adopted are disclosed in individual policy statements associated with each financial instrument.

6.6.4 Derecognition

A financial asset is derecognized when the Company's contractual rights to the cash flows from the financial assets expire or when the Company transfers the financial asset to another party without retaining control of substantially all risks and rewards of the financial asset. A financial liability is derecognized when the Company's obligations specified in the contract expire or a discharged or cancelled.

6.6.5 Off-setting

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

6.6.6 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 in the market place. Regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

6.7 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

6.8 Loans and borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of the borrowings on an effective interest basis.

6.9 Finance leases

Leases in terms of which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are classified as 'operating fixed assets'. On initial recognition, these are measured at cost, being an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, these are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation, subsequent expenditure, de-recognition, and gains and losses on de-recognition are accounted for in accordance with the respective policies for operating fixed assets. Liabilities against assets subject to finance lease are classified as 'financial liabilities at amortized cost' ' respectively, however, since they fall outside the scope of measurement requirements of IFRS 9, these are measured in accordance with the requirements of IAS 17. On initial recognition, these are measured at cost, being their fair value at the date of commencement of lease, less attributable transaction costs. Subsequent to initial recognition, minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Deposits against finance leases, subsequent to initial recognition are carried at cost.

6.10 Operating leases

Leases that do not transfer substantially all risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight line basis over the lease term.

6.11 Ijarah transactions

Ujrah payments under an ijarah are recognized as an expense in profit or loss on straight line basis unless another systematic basis are representative of the time pattern of user's benefit.

6.12 Trade and other payables

6.12.1 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 profit or loss.

6.12.2 Non-financial liabilities

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

6.13 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

6.14 Trade and other receivables

6.14.1 Financial assets

These are classified as 'financial assets at amortized cost'. On initial recognition, these are measured at fair value at the date of transaction, plus attributable transaction costs, except for trade debts that do not have a significant financing compenent, which are measured at undiscounted invoice price. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

6.14.2 Non-financial assets

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

6.15 Revenue

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognized when the goods are provided, and thereby the performance obligations are satisfied. Revenue consists of sale of yarn. 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 recognised at that point in time, as the control has been transferred to the customers.

6.16 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by accounting and reporting standards as applicable in Pakistan, and is presented in 'statement of comprehensive income'.

6.17 Borrowing costs

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

6.18 Income tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in statement of comprehensive income.

6.18.1 Current taxation

Current tax is the amount of tax payable on taxable income for the year and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

6.18.2 Deferred taxation

Deferred tax is accounted for using the' balance sheet approach' providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by The Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

6.19 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 profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

6.20 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at banks. Interest income on cash and cash equivalents is recognized using effective interest method.

6.21 Foreign currency transactions and balances

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at exchange rate prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate prevailing at the date the fair value is determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to functional currency at exchange rate prevailing at the date of initial recognition. Any gain or loss arising on translation of foreign currency transactions and balances is recognized in profit or loss.

6.22 Impairment

6.22.1 Financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets carried at amortized cost on date of inital recognition. The amount of expected credit losses is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial asset.

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 twelve months' expected credit losses, with the exception of trade debts, for which the Company recognises lifetime expected credit losses estimated using internal credit risk grading based on the Company's historical credit loss experience, adjusted for factors that are specific to debtors, 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 profit or loss. An impairment loss 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 profit or loss.

6.22.2 Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used in determining the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

6.23 Dividend distribution to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

		2019	2018
		Rupees	*Rupees*
7	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**		
	Ordinary shares of Rs. 10 each		
	13,275,000 (2018: 13,275,000) ordinary shares issued for cash	**132,750,000**	132,750,000
	16,565,607 (2018: 16,565,607) ordinary shares issued as consideration on merger	**165,656,070**	165,656,070
		298,406,070	298,406,070
8	**SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**		
	As at beginning of the year	**59,676,306**	60,421,236
	Incremental depreciation transferred to accumulated profits		
	Incremental depreciation for the year	**(1,387,614)**	(1,460,647)
	Deferred taxation	**402,408**	438,194
		(985,206)	(1,022,453)
	Deferred tax adjustment attributable to changes in tax rates	**-**	277,523
	As at end of the year	**58,691,100**	59,676,306

9 LOAN FROM DIRECTORS AND FAMILY MEMBERS

This represents loan obtained from directors of the Company and their family members. The loan is unsecured.

The loan is subordinate to long term finances (see note 10) and short term borrowings (see note 16) of the Company. Accordingly the loan matures on March 31, 2021 being the date before which the lenders cannot demand repayment of this loan under the subordination agreement.

The loan carries interest at one year KIBOR plus 2.5% per annum payable on maturity. The lenders may at their sole discretion waive the payment of interest. During the year, interest amounting to Rs. 26.67 million (2018: Rs. 23.80 million) was waived by the lenders at their sole discretion.

	Note	2019	2018
		Rupees	*Rupees*

10 LONG TERM FINANCES - *SECURED*

	Note	2019	2018
These represent long term finances utilized under interest/markup arrangements from banking companies			
Term Finance	10.1	**228,132,505**	269,611,142
Current maturity presented under current liabilities	17	**(41,478,637)**	(41,478,637)
		186,653,868	228,132,505

10.1 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company, subordination of loan from directors and their family members and personal guarantees of the Company's Directors. The finance carries markup at three months KIBOR plus 2.5% per annum (June 30, 2018: three months KIBOR plus 2.5% per annum) payable quarterly. The finance is repayable in twenty eight unequal installments with the first installment due on January 2018.

10.2 For mortgages and charges on assets as security for liabilities, refer to note 44 to the financial statements.

11 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE -*SECURED*

	Note	2019	2018
		Rupees	*Rupees*
Present value of minimum lease payments	11.1 & 11.2	**21,791,313**	30,377,073
Current portion presented under current liabilities	11.1 & 11.2	**(9,897,332)**	(8,605,918)
		11,893,981	21,771,155

11.1 These represent machinery acquired under finance lease arrangements. The leases are priced at three to six months KIBOR plus 3.5% per annum (2018: six months KIBOR plus 3.5% per annum). Lease rentals are payable monthly over a tenure of three to four years. Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to finance lease are borne by the Company. The Company also has the option to acquire these assets at the end of lease terms and intends to exercise the option.

11.2 The amount of future payments under the finance lease arrangements and the period in which these payments will become due are as follows:

	2019	2018
	Rupees	*Rupees*
Not later than one year	**11,664,291**	30,413,991
Later than one year but not later than five years	**12,436,059**	13,330,324
Total future minimum lease payments	**24,100,350**	43,744,315
Finance charge allocated to future periods	**(2,309,037)**	(13,367,242)
Present value of future minimum lease payments	**21,791,313**	30,377,073
Not later than one year	**(9,897,332)**	(8,605,918)
Later than one year but not later than five years	**11,893,981**	21,771,155

12 LONG TERM DEPOSITS

These represent interest free security deposits from yarn dealers and are repayable on cancellation or withdrawal of dealership. These are being utilized by the Company in accordance with the terms of dealership agreements. These are classified as 'financial liabilities at amortized cost' under IFRS 9 'Financial Instruments' which are required to be carried at amortized cost. However, since the date of repayment cannot be reasonably ascertained, these deposits have been are carried at cost as their amortized cost is impracticable to determine.

13 EMPLOYEES RETIREMENT BENEFITS

The Company operates an unfunded gratuity scheme, a defined benefit plan, for all its employees who have completed the minimum qualifying service period. Under the scheme, the Company pays a lump-sum benefit equal to last drawn monthly gross salary for each year of service to scheme members whereas the members of the scheme are not required to make any contributions to the scheme. The scheme is administered by the management of the Company under the supervision and directions of the Board of Directors of the Company. The amount recognized on statement of financial position represents present value of defined benefit obligation.

	Note	**2019**	2018
		Rupees	*Rupees*
13.1 Movement in present value of defined benefit obligation			
As at beginning of the year		**69,489,015**	59,307,597
Charged to profit or loss for the year	*13.2*	**22,411,487**	21,413,347
Benefits paid during the year		**(19,707,272)**	(17,357,540)
Remeasurements recognized in other comprehensive income	*13.4*	**3,003,456**	6,125,611
As at end of the year		**75,196,686**	69,489,015
13.2 Charge to profit or loss			
Current service cost		**17,789,745**	17,742,757
Interest cost		**4,621,742**	3,670,590
		22,411,487	21,413,347
13.3 The charge to profit or loss has been allocated as follows			
Cost of sales	*29.2*	**17,209,492**	16,510,924
Selling and distribution expenses	*30.1*	**470,053**	405,906
Administrative and general expenses	*31.1*	**4,731,942**	4,496,517
		22,411,487	21,413,347
13.4 Remeasurements recognized in other comprehensive income			
Actuarial loss arising from changes in:			
Demographic assumptions		**-**	-
Financial assumptions		**-**	-
Experience adjustments		**3,003,456**	6,125,611
		3,003,456	6,125,611

13.5 Principal actuarial assumptions

Present value of defined benefit obligation has been determined using projected unit credit method. The liability as at the reporting date is based on actuarial valuation carried out by independent actuaries. The principal assumptions used in determining present value of defined benefit obligation are:

	2019	2018
Discount rate	**14.25%**	7.75%
Expected rates of increase in salary	**13.25%**	6.75%

13.6 Average duration of the defined benefit obligation

The average duration of the defined benefit obligation is nine years.

13.7 Expected charge to profit or loss for the next financial year

The expected charge to profit or loss for the year ending June 30, 2020 amounts to Rs. 27.085 million.

13.8 Sensitivity analysis

An analysis of sensitivity for discount rate and expected rate of increase in salary used to determine the present value of defined benefit obligation as at the reporting date showing how the defined benefit obligation would have been affected by changes in relevant actuarial assumption that were reasonably possible at that date is as follows:

	2019		2018	
	Change in actuarial assumption	**Defined benefit obligation**	Change in actuarial assumption	Defined benefit obligation
		Rupees		*Rupees*
Discount rate	+ 1%	68,507,010	+ 1%	62,708,514
	- 1%	83,138,182	- 1%	77,617,901
Expected rate of increase in salary	+ 1%	83,138,182	+ 1%	77,617,901
	- 1%	68,397,590	- 1%	62,591,373

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 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.

13.9 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 government 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 the defined benefit liability.

Longevity risk: The present value of defined benefit obligation is calculated by reference to the best estimate of the expected remaining working lives of 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 employees. An increase in salary of employees will increase the defined benefit obligation.

	Note	**2019**	2018
		Rupees	*Rupees*
14 DEFERRED TAXATION			
Deferred tax liability on taxable temporary differences	*14.1*	**237,187,293**	228,695,182
Deferred tax asset on deductible temporary differences	*14.1*	**(93,129,501)**	(84,455,604)
		144,057,792	144,239,578

14.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2019			
	As at July 01, 2018	**Recognized in profit or loss**	**Recognized in equity**	**As at June 30, 2019**
	Rupees	***Rupees***	***Rupees***	***Rupees***
Deferred tax liabilities				
Operating fixed assets - owned	**222,170,646**	**(198,839)**	**-**	**221,971,807**
Operating fixed assets - leased	**6,524,536**	**8,690,950**	**-**	**15,215,486**
	228,695,182	**8,492,111**	**-**	**237,187,293**
Deferred tax assets				
Employees retirement benefits	**(20,151,814)**	**(784,223)**	**(871,002)**	**(21,807,039)**
Unused tax losses and credits	**(64,303,790)**	**(5,716,448)**	**-**	**(70,020,238)**
Impairment allowance for expected credit losses	**-**	**(1,302,224)**	**-**	**(1,302,224)**
	(84,455,604)	**(7,802,895)**	**(871,002)**	**(93,129,501)**
	144,239,578	**689,216**	**(871,002)**	**144,057,792**

	2018			
	As at July 01, 2017	Recognized in profit or loss	Recognized in equity	As at June 30, 2018
	Rupees	*Rupees*	*Rupees*	*Rupees*
Deferred tax liabilities				
Operating fixed assets - owned	229,059,413	(6,611,244)	(277,523)	222,170,646
Operating fixed assets - leased	10,753,933	(4,229,397)	-	6,524,536
	239,813,346	(10,840,641)	(277,523)	228,695,182
Deferred tax assets				
Employees retirement benefits	(17,792,279)	(583,108)	(1,776,427)	(20,151,814)
Unused tax losses and credits	(69,071,307)	4,767,517	-	(64,303,790)
Impairment allowance for expected credit losses	-	-	-	-
	(86,863,586)	4,184,409	(1,776,427)	(84,455,604)
	152,949,760	(6,656,232)	(2,053,950)	144,239,578

14.2 Deferred tax has been calculated at 29% (2018: 29%) of the timing differences so determined based on tax rates notified by the Government of Pakistan for future tax years.

	Note	**2019**	2018
		Rupees	*Rupees*
15 TRADE AND OTHER PAYABLES			
Trade creditors	*15.1*	**97,961,221**	122,276,552
Accrued liabilities		**125,634,303**	87,274,807
Advances from customers		**89,507,929**	30,644,452
Bills payable		**24,918,955**	46,185,724
Workers' Profit Participation Fund	*15.2*	**5,343,610**	2,516,291
Workers' Welfare Fund	*15.3*	**2,030,572**	1,518,631
Deductions against vehicle scheme	*15.4*	**2,601,380**	2,896,715
Other payables	*15.5*	**24,042,261**	20,122,177
		372,040,231	313,435,349

15.1 Trade creditors include an amount of Rs. 2,052,978 (2018: 1,079,765) due to a related party against rent of generator.

	Note	2019	2018
		Rupees	*Rupees*
15.2 Workers' Profit Participation Fund			
As at beginning of the year		**2,516,291**	1,480,213
Interest on funds utilized by the Company	*15.2.1*	**236,351**	93,747
Charged to profit or loss for the year	*34*	**5,343,610**	2,516,291
Paid during the year		**(2,752,642)**	(1,573,960)
As at end of the year		**5,343,610**	2,516,291

15.2.1 Interest is charged at 13.34% (2018: 11.86%) per annum.

	Note	2019	2018
15.3 Workers' Welfare Fund			
As at beginning of the year		**1,518,631**	562,440
Charged to profit or loss for the year	*34*	**2,030,572**	956,191
Paid during the year		**(1,518,631)**	-
As at end of the year		**2,030,572**	1,518,631

15.4 These represent deductions from employees' salaries on account of vehicle scheme whereby the Company and employees share a portion of the cost of vehicle. The vehicles are registered in the name of employee or leasing company in case of leased vehicles. The cost of vehicles is borne by the Company initially and is recovered from employees on monthly basis.

15.5 These represents withholding tax payable amounting to Rs. 24.04 million (2018: Rs. 20.12 million).

	Note	2019	2018
		Rupees	*Rupees*
16 SHORT TERM BORROWINGS			
Secured			
These represent short term finances utilized under interest/markup arrangements from banking companies			
Running finances	*16.1*	**343,855,358**	275,599,837
Term loans	*16.1*	**71,567,000**	112,710,078
		415,422,358	388,309,915
Unsecured			
Loan from director	*16.2*	**102,000,000**	102,000,000
		517,422,358	490,309,915

16.1 These facilities have been obtained from various banking companies for working capital requirements and are secured by charge over current assets and operating fixed assets of the Company, pledge of stock, subordination of loan from directors and their family members and personal guarantees of the Company's Directors.

These finances carry markup at rates ranging from one to three months KIBOR plus 2 % to 2.25% per annum (2018: one to three months KIBOR plus 2 % to 7.25% per annum), payable quarterly.

The aggregate available short term funded facilities amounts to Rs. 795 million (2018: Rs. 795 million) out of which Rs. 380 million (2018: Rs. 407 million) remained unavailed as at the reporting date.

16.2 This represents temporary loan obtained from director of the Company. The loan is unsecured and interest free.

	Note	2019	2018
		Rupees	*Rupees*
17 CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Long term finances	*10*	**41,478,637**	41,478,637
Liabilities against assets subject to finance lease	*11*	**9,897,332**	8,605,918
		51,375,969	50,084,555

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

18.1.1 Guarantees issued by banks on behalf of the Company amount to Rs. 80.98 million (2018: Rs. 80.98 million)

18.1.2 The Company may have to indemnify its Directors for any loss that may arise due to personal guarantees given by them for securing the debts of the Company, in case the Company defaults.

18.2 Commitments

	Note	2019	2018
		Rupees	*Rupees*
18.2.1 Commitments under irrevocable letters of credit for:			
- purchase of raw material		**129,070,673**	143,246,527
- purchase of stores, spare and loose tools		**6,332,287**	877,219
		135,402,960	144,123,746

18.2.2 Commitments under operating leases

The Company has rented office premises under operating lease arrangements. Lease agreement covers a period of one years and is renewable/extendable on mutual consent. Commitments for payments in future periods under the lease agreement are as follows:

	2019	2018
	Rupees	*Rupees*
- payments not later than one year	**2,064,652**	1,807,920
- payments later than one year	**-**	-
	2,064,652	1,807,920

18.2.3 Commitments under operating leases

The Company has rented generator under operating lease arrangements. Lease agreement covers a period of one year and is renewable/extendable on mutual consent. Commitments for payments in future periods under the lease agreement are as follows:

	Note	2019	2018
		Rupees	*Rupees*
- payments not later than one year		**8,000,000**	8,000,000
- payments later than one year		**-**	-
		8,000,000	8,000,000

19 PROPERTY, PLANT AND EQUIPMENT

	Note	2019	2018
Operating fixed assets	*19.1*	**1,256,485,282**	1,272,842,512
Capital work in progress	*19.2*	**-**	25,291,375
		1,256,485,282	1,298,133,887

19.1 Operating fixed assets

	2019										
	COST / REVALUED AMOUNTS					DEPRECIATION					Net book value as at June 30, 2019
	As at July 01, 2018	Additions	Disposals	Transfers	As at June 30, 2019	Rate	As at July 01, 2018	For the year	Adjustment	As at June 30, 2019	
	Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*	%	*Rupees*	*Rupees*	*Rupees*	*Rupees*	*Rupees*
Assets owned by the Company											
Freehold land	99,418,125	-	-	-	99,418,125	-	-	-	-	-	99,418,125
Buildings	326,906,844	-	-	-	326,906,844	5	168,897,426	7,900,471	-	176,797,897	150,108,947
Plant and machinery	1,675,262,915	-	-	21,036,397	1,696,299,312	5	731,440,494	47,530,102	-	778,970,596	917,328,716
Services and other equipment	2,976,737	-	-	-	2,976,737	10	2,308,802	66,794	-	2,375,596	601,141
Office equipment	8,666,607	442,813	-	-	9,109,420	10	7,315,377	172,024	-	7,487,401	1,622,019
Furniture and fixtures	7,627,523	-	-	-	7,627,523	10	6,666,979	96,054	-	6,763,033	864,490
Scooters and cycles	49,355	-	-	-	49,355	20	48,907	90	-	48,997	358
Arms and ammunitions	122,790	-	-	-	122,790	10	67,907	5,488	-	73,395	49,395
Vehicles	39,363,733	143,105	(1,543,990)	-	37,962,848	20	23,681,699	3,088,718	(1,041,154)	25,729,263	12,233,585
	2,160,394,629	585,918	(1,543,990)	21,036,397	2,180,472,954		940,427,591	58,859,741	(1,041,154)	998,246,178	1,182,226,776
Assets subject to finance lease											
Plant and machinery	67,101,229	-	-	25,291,375	92,392,604	5	14,225,755	3,908,343	-	18,134,098	74,258,506
	2,227,495,858	585,918	(1,543,990)	46,327,772	2,272,865,558		954,653,346	62,768,084	(1,041,154)	1,016,380,276	1,256,485,282

	2018										
	COST / REVALUED AMOUNTS					DEPRECIATION					Net book value as at June 30, 2018 Rupees
	As at July 01, 2017 Rupees	Additions Rupees	Disposals Rupees	Transfers Rupees	As at June 30, 2018 Rupees	Rate %	As at July 01, 2017 Rupees	For the year Rupees	Adjustment Rupees	As at June 30, 2017 Rupees	
Assets owned by the Company											
Freehold land	99,418,125	-	-	-	99,418,125	-	-	-	-	-	99,418,125
Buildings	326,906,844	-	-	-	326,906,844	5	160,581,140	8,316,286	-	168,897,426	158,009,418
Plant and machinery	1,656,587,216	-	-	18,675,699	1,675,262,915	5	682,442,123	48,998,371	-	731,440,494	943,822,421
Services and other equipment	2,976,737	-	-	-	2,976,737	10	2,234,586	74,216	-	2,308,802	667,935
Office equipment	8,666,607	-	-	-	8,666,607	10	7,165,240	150,137	-	7,315,377	1,351,230
Furniture and fixtures	7,627,523	-	-	-	7,627,523	10	6,560,252	106,727	-	6,666,979	960,544
Scooters and cycles	49,355	-	-	-	49,355	20	48,795	112	-	48,907	448
Arms and ammunitions	122,790	-	-	-	122,790	10	61,809	6,098	-	67,907	54,883
Vehicles	37,540,623	2,827,300	(1,004,190)	-	39,363,733	20	20,882,099	3,470,738	(671,138)	23,681,699	15,682,034
	2,139,895,820	2,827,300	(1,004,190)	18,675,699	2,160,394,629		879,976,044	61,122,685	(671,138)	940,427,591	1,219,967,038
Assets subject to finance lease											
Plant and machinery	67,101,229	-	-	-	67,101,229	5	11,442,836	2,782,919	-	14,225,755	52,875,474
	2,206,997,049	2,827,300	(1,004,190)	18,675,699	2,227,495,858		891,418,880	63,905,604	(671,138)	954,653,346	1,272,842,512

19.1.1 Freehold land of the Company is located at District Kasur with a total area of 311 Kanal 18 Marla (2018: 311 Kanal 18 Marla).

19.1.2 Transfers represent transfers from capital work in progress on related assets becoming available for use and those from assets subject to finance lease on transfer of title to the Company at the end of lease term.

19.1.3 Disposal of operating fixed assets

	2019						
	Cost/revalued amount *Rupees*	**Accumulated depreciation** *Rupees*	**Net book value** *Rupees*	**Disposal proceeds** *Rupees*	**Gain/(loss) on disposal** *Rupees*	**Mode of disposal**	**Particulars of buyer**
Vehicles							
Honda City	**1,367,740**	**896,994**	**470,746**	**470,746**	**-**	**Book value**	**Mohammad Aziz** ***(Ex Company Employee), Khushab.***
Honda CD - 70	**64,000**	**53,262**	**10,738**	**10,738**	**-**	**Book value**	**Amant Ali** ***(Company Employee), Sheikhupura.***
Honda CD - 70	**64,000**	**53,262**	**10,738**	**10,738**	**-**	**Book value**	**Yousaf Ikram** ***(Company employee), Lahore.***
Honda CD - 70	**48,250**	**37,636**	**10,614**	**10,614**		**Book value**	**Boota** ***(Company employee), Lahore.***
	1,543,990	**1,041,154**	**502,836**	**502,836**	**-**		

	2018						
	Cost/revalued amount *Rupees*	Accumulated depreciation *Rupees*	Net book value *Rupees*	Disposal proceeds *Rupees*	Gain/(loss) on disposal *Rupees*	Mode of disposal	Particulars of buyer
Vehicles							
Suzuki Cultus	1,004,190	671,138	333,052	333,052	-	Book value	Abdus Salam, Faisalabad*(Company employee)*
	1,004,190	671,138	333,052	333,052	-		

	Note	2019	2018
		Rupees	*Rupees*

19.1.4 The depreciation charge for the year has been allocated as follows:

	Note	2019	2018
Cost of sales	*29*	**59,405,710**	60,171,792
Administrative and selling expenses	*31*	**3,362,374**	3,733,812
		62,768,084	63,905,604

19.1.5 Most recent valuation of land, building, plant and machinary was carried out by an independent valuer Messrs Star Tech Consultants as on June 30, 2016. For basis of valuation and other fair value measurement disclosures, refer to note 43.

Had there been no revaluation, the cost, accumulated depreciation and net book values of revalued items would have been as follows:

	2019		
	Cost	**Accumulated depreciation**	**Net book value**
	Rupees	***Rupees***	***Rupees***
Freehold land	**59,445,942**	**-**	**59,445,942**
Buildings on freehold land	**243,357,241**	**119,612,964**	**123,744,277**
Plant and machinery	**1,774,932,639**	**758,035,774**	**1,016,896,865**

	2018		
	Cost	Accumulated depreciation	Net book value
	Rupees	*Rupees*	*Rupees*
Freehold land	59,445,942	-	59,445,942
Buildings on freehold land	243,357,241	113,100,107	130,257,134
Plant and machinery	1,728,604,867	706,597,329	1,022,007,538

19.1.6 As per most recent valuation, forced sale values of freehold land, buildings on freehold land and pland and machinery are as follows:

	Rupees
Freehold land	**79,534,500**
Building on freehold land	**126,780,000**
Plant and machinery	**743,175,000**
	949,489,500

19.2 Capital work in progress

	2019			
	As at July 01, 2018	**Additions**	**Transfers**	**As at June 30, 2019**
	Rupees	***Rupees***	***Rupees***	***Rupees***
Plant and machinery	**25,291,375**	**21,036,397**	**(46,327,772)**	**-**
	25,291,375	**21,036,397**	**(46,327,772)**	**-**

	2018			
	As at July 01, 2017	Additions	Transfers	As at June 30, 2018
	Rupees	*Rupees*	*Rupees*	*Rupees*
Plant and machinery	-	43,967,074	(18,675,699)	25,291,375
	-	43,967,074	(18,675,699)	25,291,375

	Note	2019	2018
		Rupees	*Rupees*
20 LONG TERM DEPOSITS			
Financial institutions		**14,402,371**	14,588,096
Others	*20.1*	**13,336,410**	13,336,410
		27,738,781	27,924,506

20.1 These have been deposited with various utility companies and regulatory authorities. These are classified as 'financial assets at amortized cost' under IFRS 9 which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

21 LONG TERM INVESTMENTS

These represent 188 sale tax refund bonds issued by FBR Refund Settlement Company (Private) Limited, having a maturity period of three years. These bonds carry profit at 10% per annum payable on maturity. These have been classified as 'financial assets at amortised cost'.The details are as follows.

	Note	2019	2018
		Rupees	*Rupees*
Face value		**18,835,922**	-
Accrued profit		**82,568**	-
		18,918,490	-

	Note	2019	2018
		Rupees	*Rupees*
22 STORES, SPARES AND LOOSE TOOLS			
Stores		**17,728,150**	15,621,157
Spares		**5,345,386**	5,330,005
Loose tools		**3,919**	3,874
		23,077,455	20,955,036

22.1 There are no spare parts exclusively held for capitalization as at the reporting date.

23 STOCK IN TRADE

	Note	2019	2018
Raw material	*23.1*	**448,301,893**	378,548,092
Work in process		**41,852,207**	37,522,780
Finished goods	*23.2*	**75,281,067**	150,869,988
		565,435,167	566,940,860

23.1 These include stock in transit valued at Rs. 26,702,513 (2018: Rs. 18,599,612).

23.2 Stock of finished goods include stock of waste valued at net realizable value of Rs. 4,817,960 (2018: Rs. 8,029,658).

23.3 Entire stock in trade, with exception of stock of waste, is carried at cost being lower than net realizable value.

23.4 Details of stock pledged as security are referred to in note 44 to the financial statements.

	Note	2019	2018
		Rupees	*Rupees*
24 TRADE RECEIVABLES			
Trade receivables		**153,588,730**	56,584,024
Impairment allowance for expected credit losses	*24.1*	**(4,490,427)**	-
		149,098,303	56,584,024

		Note	2019	2018
			Rupees	*Rupees*
24.1	**Impairment allowance for expected credit losses**			
	As at beginning of the year		**-**	-
	Recognized during the year	*34*	**4,490,427**	-
	As at end of the year		**4,490,427**	-
25	**ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advances to suppliers		**1,702,414**	344,445
	Advances to employees	*25.1*	**7,404,216**	7,533,928
	Prepayments		**2,824,395**	2,281,530
	Letters of credit		**4,342,067**	50,090,641
	Sales tax refundable		**38,220,970**	35,181,811
			54,494,062	95,432,355

25.1 These represent advances to employees against future salaries and post employment benefits in accordance with the Company policy. No advances have been given to any of the directors of the Company.

		2019	2018
		Rupees	*Rupees*
26	**CURRENT TAXATION**		
	Advance income tax/income tax refundable	**66,665,094**	92,038,701
	Provision for taxation	**(41,581,422)**	(35,548,249)
		25,083,672	56,490,452
27	**CASH AND BANK BALANCES**		
	Cash in hand	**467,049**	474,847
	Cash at banks		
	current accounts in local currency	**152,037,224**	49,509,033
	current accounts in foreign currency	**4,533,925**	3,455,019
		156,571,149	52,964,052
		157,038,198	53,438,899
28	**SALES - *NET***		
	Yarn	**3,441,164,078**	2,944,708,329
	Waste	**53,640,904**	48,557,170
		3,494,804,982	2,993,265,499

28.1 Payments from customers against sale of goods is typically due at the end of credit period ranging from 30 days to 120 days.

28.2 Sales for the year include Rs. 344,445 (2018: Rs. 406,941) against advances from customers at the beginning of the year.

	Note	2019	2018
		Rupees	*Rupees*
29 COST OF SALES			
Raw material consumed	*29.1*	**2,253,300,745**	2,041,530,594
Power and fuel		**408,811,928**	381,706,607
Stores, spares and loose tools consumed		**97,331,661**	97,422,730
Salaries, wages and benefits	*29.2*	**313,442,711**	293,480,447
Entertainment		**737,477**	671,950
Insurance		**3,766,472**	3,882,200
Repair and maintenance		**23,961,952**	18,082,004
Traveling and conveyance		**282,483**	726,060
Vehicle running and maintenance		**3,151,396**	2,746,730
Depreciation	*19.1.4*	**59,405,710**	60,171,792
Others		**940,426**	944,566
Manufacturing cost		**3,165,132,961**	2,901,365,680
Work in process			
As at beginning of the year		**37,522,780**	38,534,085
As at end of the year		**(41,852,207)**	(37,522,780)
		(4,329,427)	1,011,305
Cost of goods manufactured		**3,160,803,534**	2,902,376,985
Finished goods			
As at beginning of the year		**150,869,988**	63,355,593
As at end of the year		**(75,281,067)**	(150,869,988)
		75,588,921	(87,514,395)
		3,236,392,455	2,814,862,590

29.1 Raw material consumed

	2019	2018
As at beginning of the year	**378,548,092**	445,798,577
Purchased during the year	**2,323,054,546**	1,974,280,109
As at end of the year	**(448,301,893)**	(378,548,092)
	2,253,300,745	2,041,530,594

29.2 These include charge in respect of employees retirement benefits amounting to Rs. 17,209,492 (2018: Rs. 16,510,924).

	Note	2019	2018
		Rupees	*Rupees*
30 SELLING AND DISTRIBUTION EXPENSES			
Salaries and benefits	*30.1*	**2,693,653**	2,585,181
Commission		**3,752,345**	3,813,730
Vehicle running and maintenance		**151,529**	125,455
Others		**253,197**	222,362
		6,850,724	6,746,728

30.1 These include charge in respect of employees retirement benefits amounting to Rs. 470,053 (2018: Rs. 405,906).

	Note	2019	2018
		Rupees	*Rupees*

31 ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2019 Rupees	2018 Rupees
Directors' meeting fee		**40,000**	40,000
Salaries and benefits	*31.1*	**28,687,461**	25,430,600
Rent, rates and utilities		**4,636,910**	4,565,817
Printing and stationery		**734,588**	792,115
Communication		**1,094,102**	1,464,483
Repair and maintenance		**799,320**	432,270
Vehicles running and maintenance		**2,561,693**	2,319,117
Fee and subscription		**838,195**	1,095,745
Traveling and conveyance		**2,125,999**	549,133
Legal and professional		**255,000**	517,000
Auditor's remuneration	*31.2*	**917,500**	786,250
Entertainment		**653,680**	560,581
Insurance		**1,255,488**	1,343,405
Depreciation	*19.1.4*	**3,362,374**	3,733,812
Others		**2,690,402**	1,928,660
		50,652,712	45,558,988

31.1 These include charge in respect of employees retirement benefits amounting to Rs. 4,731,942 (2018: Rs. 4,496,517).

	2019	2018
	Rupees	*Rupees*

31.2 Auditor's remuneration

	2019 Rupees	2018 Rupees
Annual statutory audit	**708,750**	577,500
Limited scope review	**131,250**	131,250
Review report on corporate governance	**52,500**	52,500
Out of pocket expenses	**25,000**	25,000
	917,500	786,250

32 OTHER INCOME

Gain on financial instruments

	Note	2019 Rupees	2018 Rupees
Exchange gain		**1,092,741**	474,818
Profit on long term investment	*21*	**82,568**	-
		1,175,309	474,818

33 FINANCE COST

	Note	2019 Rupees	2018 Rupees
Interest/markup on:			
loan from directors and family members		**26,668,262**	23,796,704
long term finances		**28,835,231**	26,124,466
liabilities against assets subject to finance lease		**2,306,830**	1,235,041
short term borrowings		**60,728,539**	45,630,026
Interest/markup waived	*33.1*	**(26,668,262)**	(23,796,704)
		91,870,600	72,989,533
Ijara rentals paid		**-**	-
Interest on workers' profit participation fund		**236,351**	93,747
Bank charges and commission		**3,326,593**	3,249,160
		95,433,544	76,332,440

33.1 This represents interest on loan obtained from directors and their family members which has been waived off by the lenders at their sole discretion.

		Note	2019 Rupees	2018 Rupees
34	**OTHER CHARGES**			
	Loss on financial instruments			
	Impairment allowance for expected credit losses	*24.1*	**4,490,427**	-
	Other expenses			
	Workers' Profit Participation Fund	*15.2*	**5,343,610**	2,516,291
	Workers' Welfare Fund	*15.3*	**2,030,572**	956,191
	Donations	*34.1*	**15,000**	7,500
			7,389,182	3,479,982
			11,879,609	3,479,982

34.1 None of the directors or their spouses had any interest in donees.

		Note	2019 Rupees	2018 Rupees
35	**TAXATION**			
	Current taxation			
	for current year	*35.1*	**41,581,422**	35,548,249
	for prior year		**-**	-
			41,581,422	35,548,249
	Deferred taxation	*14.1*		
	for current year		**689,216**	(1,835,430)
	adjustment attributable to changes in tax rates		**-**	(4,820,802)
			689,216	(6,656,232)
			42,270,638	28,892,017

35.1 Provision for taxation has been made under section 113 (2018: section 113) of the Income Tax Ordinance, 2001 ['the Ordinance']. There is no relationship between tax expense and accounting profit. Accordingly, no numerical reconciliation has been presented.

35.2 The income tax assessments of the Company up to and including tax year 2018 have been completed by the concerned income tax authorities or are deemed to have been so completed under the provisions of section 120 of the Ordinance except as referred to in note 35.3 and 35.4.

35.3 The Company's case for Tax Year 2015 was selected for audit in terms of section 177 of the Ordinance in September 2016. On conclusion of audit proceedings, the Assistant Commissioner Inland Revenue ['ACIR'] through order passed under section 122(1) of the Ordinance in July 2018 made certain additions to taxable income amounting to Rs. 21.83 million. The Company filed an appeal before Commissioner Inland Revenue (Appeals) ['CIR (A)'] against this order which is pending adjudication.

35.4 In respect of Tax Year 2017, the Company received notice under section 161(1A) of the Income Tax Ordinance, 2001 dated March 2019, In compliance to notice, the case was adjourned on written request of the Company. However, the concerned officials were changed and no notice from new officers is yet received. The proceedings are still under process.

		Unit	2019	2018
36	**EARNING PER SHARE - BASIC AND DILUTED**			
	Profit attributable to ordinary shareholders	*Rupees*	**52,500,609**	17,867,572
	Weighted average number of ordinary shares outstanding during the year	*No. of shares*	**29,840,607**	29,840,607
	Earning per share - *Basic*	*Rupees*	**1.76**	0.60

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

	Note	2019	2018
		Rupees	*Rupees*

37 CASH GENERATED FROM OPERATIONS

	Note	2019	2018
Profit before taxation		**94,771,247**	46,759,589
Adjustments for non-cash and other items			
Interest/markup on borrowings		**91,870,600**	72,989,533
Foreign exchange gain		**(1,092,741)**	(474,818)
Provision for employees retirement benefits		**22,411,487**	21,413,347
Impairment allowance for expected credit losses		**4,490,427**	-
Profit on long term investment		**(82,568)**	-
Depreciation		**62,768,084**	63,905,604
		180,365,289	157,833,666
Operating profit before changes in working capital		**275,136,536**	204,593,255
Changes in working capital			
Stores, spares and loose tools		**(2,122,419)**	(1,414,408)
Stock in trade		**1,505,693**	(19,252,605)
Trade receivables		**(97,004,706)**	42,306,233
Advances, deposits, prepayments and other receivables		**22,102,371**	(12,077,523)
Trade and other payables		**58,604,882**	48,789,935
		(16,914,179)	58,351,632
Cash generated from operations		**258,222,357**	262,944,887

38 CASH AND CASH EQUIVALENTS

	Note	2019	2018
Cash and bank balances	*27*	**157,038,198**	53,438,899
		157,038,198	53,438,899

39 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated companies, directors and their family members and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. The details of Company's related parties, with whom the Company had transactions during the year or has balances outstanding as at the reporting date are as follows:

Name of related party	Nature of relationship	Basis of relationship	Aggregate %age of shareholding in the Company
Kohinoor Power Company Limited	Associated company	Common directorship	N/A
Samir Iqbal Saigol	Key management personnel	Chief Executive Officer	0.004%
M. Naseem Saigol	Key management personnel	Director	27.27%
M. Murad Saigol	Key management personnel	Director	8.37%
M. Zeid Yousuf Saigol	Key management personnel	Director	8.39%
Syed Haroon Rashid	Key management personnel	Director	N/A
Amber Haroon Saigol	Close family member of director	Spouse of director	13.81%

Transactions with directors and their family members are limited to provision of long term and temporary short term loans to the Company. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction.

Details of transactions and balances with related parties is as follows:

			2019	2018
			Rupees	*Rupees*
39.1	**Transactions with related parties**			
	Nature of relationship	**Nature of transactions**		
	Key management personnel	Short-term employee benefits	**4,660,000**	4,660,000
		Post employment benefits	**385,000**	358,050
	Associated company	Generator rent	**12,000,000**	12,000,000
39.2	**Balances with related parties**			
	Nature of relationship	**Nature of balance**		
	Directors and their family members	Long term loans	**265,884,966**	265,884,966
		Short term borrowings	**102,000,000**	102,000,000
	Key management personnel	Short-term employee benefits payable	**770,000**	770,000
		Post employment benefits payable	**7,700,000**	6,767,145
	Associated company	Generator rent payable	**2,052,987**	1,079,765

40 FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial instruments by class and category are as follows:

		Note	2019	2018
			Rupees	*Rupees*
40.1	**Financial assets**			
	Cash in hand	*27*	**467,049**	474,847
	Financial assets at amortized cost			
	Long term deposits	*20*	**27,738,781**	27,924,506
	Trade receivables	*24*	**149,098,303**	56,584,024
	Advances to employees	*25*	**7,404,216**	7,533,928
	Bank balances	*27*	**156,571,149**	52,964,052
			341,279,498	145,481,357
40.2	**Financial liabilities**			
	Financial liabilities at amortized cost			
	Loan from directors and family members	*9*	**265,884,966**	265,884,966
	Long term finances	*10*	**228,132,505**	269,611,142
	Liabilities against assets subject to finance lease	*11*	**21,791,313**	30,377,073
	Long term deposits	*12*	**6,010,000**	8,000,000
	Short term borrowings	*16*	**517,422,358**	490,309,915
	Accrued interest/markup		**24,716,864**	12,804,441
	Trade creditors	*15*	**97,961,221**	122,276,552
	Accrued liabilities	*15*	**125,634,303**	87,274,807
	Bills payable	*15*	**24,918,955**	46,185,724
	Unclaimed dividend		**485,351**	485,351
			1,312,957,836	1,333,209,971

41 FINANCIAL RISK EXPOSURE AND MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). These risks affect revenues, expenses and assets and liabilities of the Company.

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The management team of the Company is responsible for administering and monitoring the financial and operational financial risk management throughout the Company in accordance with the risk management framework.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

41.1 Credit risk

Credit risk is the risk of financial loss to the Company, if the counterparty to a financial instrument fails to meet its obligations.

41.1.1 Credit risk management practices

In order to minimise credit risk, the Company has adopted a policy of only dealing with creditworthty counterparties and limiting significant exposure to any single counterparty. The Company only transacts with counterparties that have reasonably high external credit ratings. Where an external rating is not available, the Company uses an internal credit risk grading mechanism. Particularly for customers, a dedicated team responsible for the determination of credit limits uses a credit scoring system to assess the potential as well as existing customers' credit quality and assigns or updates credit limits accordingly. The ageing profile of trade receivables and individually significant balances, along with collection activities are reviewed on a regular basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis.

The Company reviews the recoverable amount of each financial asset on an individual basis at each reporting date to ensure that adequate loss allowance is made in accordnace with the assessment of credit risk for each financial asset.

The Company considers a financial asset to have low credit risk when the asset has reasonably high external credit rating or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has no past due amounts or otherwise there is no significant increase in credit risk if the amounts are past due in the normal course of business based on history with the counterparty.

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial asset at the reporting date with the risk of a default occurring on the financial asset at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward?looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise. This is usually the case with various customers of the Company where the Company has long standing business relationship with these customers and any amounts that are past due by more than 30 days in the normal course of business are considered 'performing' based on history with the customers. Therefore despite the foregoing, the Company considers some past due trade receivables to have low credit risk where the debtor has a good history of meeting its contractual cash flow obligations and is expected to maintain the same in future.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk.

The Company considers 'default' to have occurred when the financial asset is credit-impaired. A financial asset is ocnsidered to be credit?impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

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.

The Company's credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing ECL
Performing	The counterparty has low credit risk	Trade receivables: Lifetime ECL Other assets: Twelve month ECL
Doubtful	Credit risk has increased significantly since initial recognition	Lifetime ECL
In default	There is evidence indicating the assets is credit-impaired	Lifetime ECL
Write-off	There is no realistic prospect of recovery	Amount is written-off

41.1.2 Exposure to credit risk

Credit risk principally arises from debt instruments held by the Company as at the reporting date. The maximum exposure to credit risk as at the reporting date is as follows:

	Note	**2019**	2018
		Rupees	*Rupees*
Financial assets at amortized cost			
Long term deposits	*20*	**27,738,781**	27,924,506
Trade receivables	*24*	**153,588,730**	56,584,024
Advances to employees	*25*	**7,404,216**	7,533,928
Bank balances	*27*	**156,571,149**	52,964,052
		345,302,876	145,006,510

41.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to internal credit risk grading. The credit quality of the Company's financial assets exposed to credit risk is as follows:

	Note	**External credit rating**	**Internal credit risk grading**	**12-month or life-time ECL**	**Gross carrying amount**	**Loss allowance**
Long term deposits	*20*	N/A	N/A	12-month ECL	27,738,781	-
Trade receivables	*24*	N/A	Performing	Lifetime ECL	153,588,730	4,490,427
Advances to employees	*25*	N/A	Performing	Lifetime ECL	7,404,216	-
Bank balances	*27*	A3 - A1+	N/A	12-month ECL	156,571,149	-
					345,302,876	**4,490,427**

(a) **Long term deposits**

Long term deposits comprise security deposits placed with various utility companies and regulatory authorities. These deposits are substantially perpetual with no determinable maturity date and will be due for refund only if the Company is wound up. Therefore, no credit risk has been associated with these financial assets and acordingly no loss allownace has been made

(b) **Trade receivables**

For trade receivables, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on trade receivables by using internal credit risk gradings. As at the reporting date, all trade receivables are considered 'performing' including those past due as there is no significant increase in credit risk in respect of these receivables since initial recognition. The ageing analysis of trade receivables as at the reporting date is as follows:

	Note	**2019**	2018
		Rupees	*Rupees*
Neither past due nor impaired		**122,806,258**	20,425,200
Past due by upto 30 days		**15,469,060**	22,706,968
Past due by 31 days to 180 days		**10,925,741**	6,825,164
Past due by 180 days or more		**4,387,671**	6,626,692
		153,588,730	56,584,024

(c) Advanes to employees

Advances to employees have been given against future salaries and post-employment benefits. Accordingly, these are considered to have no credit risk.

(d) Bank balances

The bankers of the Company have reasonably high credit ratings as determined by various indpendent credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect any credit loss.

41.1.4 Concentrations of credit risk

There are no significant concentrations of credit risk, except for trade receivables. The Company's two (2018: four) significant customers account for Rs. 78.16 million (2018: Rs. 35.28 million) of trade receivables as at the reporting date, apart from which, exposure to any single customer does not exceed 10% (2018: 10%) of trade receivables as at the reporting date. These significant customers have long standing business relationships with the Company and have a good payment record and accordingly non-performance by these customers is not expected.

41.1.5 Collateral held

The Company does not hold any collateral to secure its financial assets.

41.1.6 Changes in impairment allowance for expected credit losses

The changes in impairment allowance for expected credit losses have been presented in note 24.1.

41.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

41.2.1 Liquidity risk management

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational cash flows, including servicing of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. The Company also maintains various lines of credit with banking companies.

41.2.2 Exposure to liquidity risk

The following presents the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The analysis have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay and includes both interest/markup and principal cash flows. To the extent that interest/markup flows are floating rate, the undiscounted amount is derived from interest/markup/profit rate curves at the reporting date.

	2019				
	Carrying amount	**Contractual cash flows**	**One year or less**	**One to five years**	**More than five years**
	Rupees	***Rupees***	***Rupees***	***Rupees***	***Rupees***
Loan from directors and family members	**265,884,966**	**265,884,966**	**-**	**265,884,966**	**-**
Long term finances	**228,132,505**	**317,577,614**	**70,540,146**	**247,037,468**	**-**
Liabilities against assets subject to finance lease	**21,791,313**	**24,100,350**	**11,664,291**	**12,436,059**	**-**
Long term deposits	**6,010,000**	**6,010,000**	**-**	**6,010,000**	**-**
Short term borrowings	**517,422,358**	**522,229,538**	**522,229,538**	**-**	**-**
Accrued interest/markup	**24,716,864**	**24,716,864**	**24,716,864**	**-**	**-**
Trade creditors	**97,961,221**	**97,961,221**	**97,961,221**	**-**	**-**
Accrued liabilities	**125,634,303**	**125,634,303**	**125,634,303**	**-**	**-**
Bill payable	**24,918,955**	**24,918,955**	**24,918,955**	**-**	**-**
Unclaimed dividend	**485,351**	**485,351**	**485,351**	**-**	**-**
	1,312,957,836	**1,409,519,162**	**878,150,669**	**531,368,493**	**-**

	2018				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*
Loan from directors and family members	265,884,966	265,884,966	-	265,884,966	-
Long term finances	269,611,142	344,903,010	63,256,376	281,646,634	-
Liabilities against assets subject to finance lease	30,377,073	43,744,315	30,413,991	13,330,324	
Long term deposits	8,000,000	8,000,000	-	8,000,000	-
Short term borrowings	490,309,915	496,793,276	496,793,276	-	-
Accrued interest/markup	12,804,441	12,804,441	12,804,441	-	-
Trade creditors	122,276,552	122,276,552	122,276,552	-	-
Accrued liabilities	87,274,807	87,274,807	87,274,807	-	-
Bill payable	46,185,724	46,185,724	46,185,724	-	-
Unclaimed dividend	485,351	485,351	485,351	-	-
	1,333,209,971	1,428,352,442	859,490,518	568,861,924	-

41.3 Market risk

41.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from sales, purchases and resulting balances that are denominated in a currency other than functional currency.

(a) Currency risk management

The Company manages its exposure to currency risk through continuous monitoring of expected/forecast committed and non-committed foreign currency payments and receipts. Reports on forecast foreign currency transactions, receipts and payments are prepared on monthly basis, exposure to currency risk is measured and appropriate steps are taken to ensure that such exposure is minimized while optimizing return. This includes matching of foreign currency liabilities/payments to assets/receipts and using source inputs in foreign currency.

(b) Exposure to currency risk

The Company's exposure to currency risk as at the reporting date is as follows:

	2019			
	CHF	***EUR***	***USD***	***Total***
	Rupees	***Rupees***	***Rupees***	***Rupees***
Financial assets				
Cash and bank balances	**-**	**-**	**4,533,925**	**4,533,925**
Financial liabilities	**-**	**-**	**-**	**-**
Net balance sheet exposure	**-**	**-**	**4,533,925**	**4,533,925**
Foreign currency commitments	**(1,747,929)**	**(3,951,352)**	**(129,703,679)**	**(135,402,960)**
Net exposure	**(1,747,929)**	**(3,951,352)**	**(125,169,754)**	**(130,869,035)**

	2018			
	CHF	*EUR*	*USD*	*Total*
	Rupees	*Rupees*	*Rupees*	*Rupees*
Financial assets				
Cash and bank balances	-	-	3,455,019	3,455,019
Financial liabilities	-	-	-	-
Net balance sheet exposure	-	-	3,455,019	3,455,019
Foreign currency commitments	(216,501)	(660,718)	(143,246,527)	(144,123,746)
Net exposure	(216,501)	(660,718)	(139,791,508)	(140,668,727)

(c) Exchange rates applied as at reporting date

The following spot exchange rates were applied as at reporting date

	2019	2018
	Rupees	*Rupees*
CHF	**168.03**	164.32
EUR	**186.37**	141.57
USD	**164.00**	121.60

(d) Sensitivity analysis

A ten percent appreciation in Pak Rupee against the US $ would have decreased profit for the year by Rs. 453,393 million (2018: Rs. 0.346 million) . A ten percent depreciation in Pak Rupee would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

41.3.2 Interest rate risk

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

(a) Interest rate risk management

The Company manages interest rate risk by analysing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing.

Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points.

(b) Interest/markup bearing financial instruments

The effective interest/markup rates for interest/markup bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest/markup bearing financial instruments as at the reporting date are as follows:

	2019	2018
	Rupees	*Rupees*
Fixed rate instruments	**-**	-
Variable rate instruments		
Financial assets	**-**	-
Financial liabilities	**767,346,176**	790,298,130

(c) **Cash flow sensitivity analysis for variable rate instruments**

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year by Rs. 7.67 million (2018: Rs. 7.90 million). A decrease of 100 basis points would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

41.3.3 Other price risk

Other price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments. The Company is not exposed to price risk since the fair values of the Company's financial instruments are not based on market prices.

42 CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Any temporary shortfall is met through interest free loans from sponsors. The Board of Directors monitors the return on capital and seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises long term finances, loan from directors and family members and liabilities against assets subject to finance lease including current maturities. Total capital employed includes total equity, as shown in the statement of financial position, plus debt. The Company's strategy is to maintain an optimal capital structure in order to minimize cost of capital. Gearing ratio of the Company as at the reporting date is as follows:

	Unit	**2019**	2018
Total debt	*Rupees*	**515,808,784**	565,873,181
Total equity	*Rupees*	**621,631,344**	571,263,189
		1,137,440,128	1,137,136,370
Gearing	*% age*	**45.35%**	49.76%

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any other externally imposed capital requirements, except those, related to maintenance of debt covenants, commonly imposed by the providers of debt finance and subordination of long term loan from directors and their family members (see note 9).

43 FAIR VALUE MEASUREMENTS

The Company measures some of its financial assets at fair value at the end of each reporting period. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.

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

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value hierarchy of assets measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

43.1 Financial Instruments

There are no recurring or non-recurring fair value measurements as at the reporting date. The management considers the carrying amount of all the financial instruments to approximate their fair values.

43.2 Assets and liabilities other than financial instruments.

43.2.1 Recurring fair value measurements

For recurring fair value measurements, the fair value hierarchy and information about how the fair values are determined is as follows:

	Level 1	Level 2	Level 3	**2019**	2018
				Rupees	*Rupees*
Freehold land	-	99,418,125	-	**99,418,125**	99,418,125
Buildings	-	150,108,947	-	**150,108,947**	158,009,418
Plant and machinery	-	991,587,222	-	**991,587,222**	996,697,895

For fair value measurements categorised into Level 2 and Level 3 the following information is relevant:

	Valuation technique	Significant inputs	Sensitivity
Freehold land	Market comparable approach that reflects recent transaction prices for similar properties	Estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.	A 5% increase in estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition would result in a significant increase in fair value of buildings by Rs. 4.97 million (2018: Rs. 4.97 million).
Buildings	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in an increase in fair value of buildings by Rs. 7.51 million (2018: Rs. 7.9 million).
Plant and machinery	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would results in an increase in fair value of plant and machinery by Rs. 49.58 million (2018: Rs. 49.83 million).

Reconciliation of fair value measurements categorized in Level 3 is presented in note 19.1.

There were no transfers between fair value hierarchies during the year.

43.2.2 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

	2019	2018
	Rupees	***Rupees***
44 RESTRICTION ON TITLE AND ASSETS PLEDGED AS SECURITY		
Mortgages and charges		
Charge over current assets	**1,167,000,000**	1,167,000,000
Charge over operating fixed assets	**1,405,000,000**	1,405,000,000
Pledge		
Raw material	**362,366,162**	306,834,285
Finished goods	**57,484,314**	104,660,897

In addition to the above, the Company has given undertaking to various banking companies to effect that the Company, pursuant to the merger of Azam Textile Mills Limited ['ATML'] into the Company will be liable in respect of all finance facilities availed by ATML in the same manner as ATML was originally liable to the extent of Rs. 720 million.

45 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged to profit or loss in respect of chief executive, directors and executives of the Company on account of managerial remuneration, allowances and perquisites, post employment benefits and the number of such directors and executives is as follows:

	2019		
	Chief Executive	**Directors**	**Executives**
	Rupees	***Rupees***	***Rupees***
Managerial remuneration	**3,080,004**	**-**	**9,115,404**
Allowances and perquisites	**1,539,996**	**-**	**4,557,696**
Meeting fee	**-**	**40,000**	**-**
Post employment benefits	**385,000**	**-**	**1,139,425**
	5,005,000	**40,000**	**14,812,525**
Number of persons	**1**	**1**	**5**

	2018		
	Chief Executive	Directors	Executives
	Rupees	*Rupees*	*Rupees*
Managerial remuneration	3,080,004	-	8,748,204
Allowances and perquisites	1,539,996	-	4,374,112
Meeting fee	-	40,000	-
Post employment benefits	385,000	-	1,016,979
	5,005,000	40,000	14,139,295
Number of persons	1	2	5

45.1 Meeting fee includes Rs. 40,000 (2018: Rs. 40,000) paid to non-executive directors of the Company.

45.2 Executive directors and executives are provided with free use of Company maintained vehicles.

46 SEGMENT INFORMATION

46.1 The Company is a single reportable segment.

46.2 All non-current assets of the Company are situated in Pakistan.

46.3 All sales of the Company have originated from Pakistan.

47 PLANT CAPACITY AND ACTUAL PRODUCTION

	Unit	**2019**	2018
Number of spindles installed	*No.*	**51,840**	51,840
Plant capacity on the basis of utilization converted into 80s count	*Kgs*	**3,054,796**	3,054,796
Actual production converted into 80s count	*Kgs*	**2,604,046**	2,643,817

It is difficult to precisely compare production capacity and the resultant production converted into base count in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw materials used, spindle speed and twist etc. It would also vary according to the pattern of production adopted in a particular year. Further, power shortage in the country has also resulted in lower capacity utilization.

48 NUMBER OF EMPLOYEES

	2019	2018
Total number of employees	**1,200**	1,212
Average number of employees	**1,201**	1,188

49 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

50 GENERAL

50.1 Figures have been rounded off to the nearest rupee.

50.2 Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year.

Lahore
Date : October 04, 2019

CHIEF EXECUTIVE	**CHIEF FINANCIAL OFFICER**	**DIRECTOR**

FORM 34

THE COMPANIES ACT, 2017
(Section 227(2)(f))
PATTERN OF SHAREHOLDING

1.1 Name of the Company **SARITOW SPINNING MILLS LIMITED**

2.1. Pattern of holding of the shares held by the shareholders as at **30-06-2019**

	------Shareholdings------		
2.2 No. of Shareholders	**From**	**To**	**Total Shares Held**
201	1	100	5,096
254	101	500	75,431
209	501	1,000	168,004
248	1,001	5,000	662,774
65	5,001	10,000	504,054
22	10,001	15,000	283,763
18	15,001	20,000	336,786
21	20,001	25,000	484,853
9	25,001	30,000	260,376
6	30,001	35,000	192,573
3	35,001	40,000	116,000
3	40,001	45,000	130,000
5	45,001	50,000	241,000
4	50,001	55,000	210,000
2	60,001	65,000	127,093
1	65,001	70,000	70,000
1	70,001	75,000	75,000
1	75,001	80,000	76,000
1	85,001	90,000	89,500
1	95,001	100,000	100,000
3	100,001	105,000	307,670
2	105,001	110,000	218,000
1	110,001	115,000	111,500
1	130,001	135,000	130,136
2	145,001	150,000	299,745
3	185,001	190,000	568,000
1	190,001	195,000	190,500
2	200,001	205,000	406,000
1	205,001	210,000	210,000
1	245,001	250,000	250,000
2	270,001	275,000	547,000
1	710,001	715,000	713,500
1	930,001	935,000	931,549
1	1,305,001	1,310,000	1,309,435
1	2,175,001	2,180,000	2,179,462
1	2,495,001	2,500,000	2,497,500
1	2,500,001	2,505,000	2,502,500
1	4,120,001	4,125,000	4,121,657
1	8,135,001	8,140,000	8,138,150
1,102			**29,840,607**

Catagories of Shareholding required under Listed Companies (Code of Coprorate Governance) Regulations, 2017 as on June 30, 2019

Sr.No.	Name	No. of Shares Held	Percentage
	Associated Companies, Undertakings and Related Parties:	-	-
	Mutual Funds:		
1	PRUDENTIAL STOCK FUND LTD (CDC)	5,000	0.0168
	Directors and their Spouse and Minor Chidren:		
1	MR. M. NASEEM SAIGOL (CDC)	8,138,150	27.2721
2	MR. SAMIR IQBAL SAIGOL	1,123	0.0038
3	MR. MUHAMMAD ZEID YOUSUF SAIGOL	2,503,123	8.3883
4	MR. MUHAMMAD MURAD SAIGOL (CDC)	2,497,500	8.3695
5	MR. MUHAMMAD ATHAR RAFIQ	1,123	0.0038
6	MR. MUHAMMAD OMER FAROOQ	2,881	0.0097
7	SYED HAROON RASHID (NIT NOMINEE)	0	0.0000
8	MRS. SEHYR SAIGOL W/O M. NASEEM SAIGOL (CDC)	2,179,462	7.3037
	Executives:	-	-
	Public Sector Companies & Corporations:	-	-
	Banks, Development Finance Institutions, Non Banking Finance Institution, Insurance Companies, Modarabas and Pension Funds:	272,354	0.9127
	Shareholders holding five percent or more voting intrest in the listed company		
1	MR. M. NASEEM SAIGOL. (CDC)	8,138,150	27.2721
2	MRS. AMBER HAROON SAIGOL (CDC)	4,121,657	13.8122
3	MR. MUHAMMAD ZEID YOUSUF SAIGOL	2,503,123	8.3883
4	MR. MUHAMMAD MURAD SAIGOL (CDC)	2,497,500	8.3695
5	MRS. SEHYR SAIGOL (CDC)	2,179,462	7.3037

All trades in the shares of the listed company, carried out by its Directors, CEO, CFO, Company Secretary, Their spouses and minor children:

S. No.	NAME	SALE	PURCHASE
	NIL		

Categories of Shareholders	No. of Shareholders	Share held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	8	15,323,362	51.3507
Associated Companies, undertakings and related party	-	-	-
NIT and ICP	3	1,349,991	4.5240
Banks Development Financial Institutions Non Banking Financial Institution	8	30,337	0.1017
Insurance Companies	2	108,784	0.3646
Modarabas and Mutual Funds	4	8,097	0.0271
General Public	1,054	12,717,377	42.6177
Others (to be specified)			
Pension Funds	1	130,136	0.4361
Other Companies	1	4,566	0.0153
Joint Stock Companies	14	139,527	0.4676
Foreign Companies	7	28,430	0.0953
	1,102	29,840,607	100.0000

پیٹرن آف شیئر ہولڈنگ

30جون2019

نمبر شمار	کیٹگری آف شیئر ہولڈرز	تعداد حصص داران	تعداد حصص	فیصد
1	ڈائریکٹرز، چیف ایگزیکٹوآفیسر، ان کی بیویاں اور چھوٹے بچے۔	8	15,323,362	51.3507
2	ایسوسی ایٹڈ کمپنیز، انڈرٹیکنگز اور متعلقہ پارٹی۔	-	-	-
3	این آئی ٹی اور آئی سی پی	3	1,349,991	4.5240
4	بینک، ڈیولپمنٹ فنانس انسٹی ٹیوشنز، نان بینکنگ فنانس انسٹی ٹیوشنز	8	30,337	0.1017
5	انشورنس کمپنیز	2	108,784	0.3646
6	مداربہ اور میوچل فنڈز	4	8,097	0.0271
7	عام عوام	1,054	12,717,377	42.6177
8	دوسرے (مخصوص کیا جائے گا)			
	پینشن فنڈز	1	130,136	0.4361
	دوسری کمپنیز	1	4,566	0.0153
	جوائنٹ سٹاک کمپنیز	14	139,527	0.4676
	غیر ملکی کمپنیز	7	28,430	0.0953
	کل تعداد	**1,102**	**29,840,607**	**100.0000**

	تعداد حصص
ایسوسی ایٹڈ کمپنیز، انڈرٹیکنگز اور متعلقہ پارٹی۔	-
میوچل فنڈز	5,000
ڈائریکٹرز، چیف ایگزیکٹوآفیسر، ان کی بیویاں اور چھوٹے بچے۔	15,323,362
ایگزیکٹوز	-
پبلک سیکٹرکمپنیز اور کارپوریشنز	-
بینک، ڈیولپمنٹ فنانس انسٹی ٹیوشنز، نان بینکنگ فنانس انسٹی ٹیوشنز، انشورنس کمپنیز، مداربہ اور پنشن فنڈز	272,354
پانچ فیصد یا اس سے زیادہ کے حصص داران	19,439,892

لسٹڈ کمپنیز میں ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری، ان کی بیویاں اور چھوٹے بچوں کے حصص کی خرید وفروخت

نمبر شمار	نام	فروخت	خرید	رائٹ
		کوئی نہیں		

Form of Proxy

33rd ANNUAL GENERAL MEETING

LEDGER FOLIO ______ SHARES HELD ______

I / We ____________________

of ____________________

hereby appoint ____________________

of ____________________

(or failing him) ____________________

(being a member of the Company) as my / or proxy to attend and vote for me / us and on my / our behalf at the 33rd Annual General Meeting of the Company to be held on October 28, 2019 at 17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore at 10:00 A.M. and at every adjournment thereof, if any.

A witness my / our hand (s) this ____________ day of ______________ 2019.

Signed by the said

____

REVENUE STAMP

Witnesses:

1) Name ____________
Address ____________
CNIC No. ____________

2) Name ____________
Address ____________
CNIC No. ____________

Notes:

1. A member entitled to attend and vote at this Meeting may appoint proxy in accordance with the provisions of Article 52 of the Articles of Association of the Company. Proxies in order to be effective, must be received at 17-Aziz Avenue, Canal Bank Gublerg-V, Lahore, the Registered Office of the Company not later than forty eight hours before the time of holding the meeting and must be duly stamped, signed and witnessed.

2. For CDC Account Holders/ Corporate Entities in addition to above the following requirements have to be met.

   (i) Attested copies of CNIC or the passport of the Beneficial Owners and the Proxy shall be provided with the proxy form.

   (ii) In case of a Corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signatures shall be submitted (unless it has been provided earlier alongwith proxy form to the Company).

   (iii) The Proxy shall produce his original CNIC or original passport at the time of the meeting.

پراکسی فارم

33واں سالانہ عمومی اجلاس عام۔

لیجر فولیو	موجودہ حصص

میں/ہم۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔کا/کے بحیثیت ممبران سار یٹو سپننگ ملز لیمٹیڈ اور حامل عام حصص محترم/محترمہ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔یا ان کے حاضر نہ ہوسکنے کی صورت میں۔۔۔۔۔۔۔۔۔۔۔۔۔۔کو اپنے / ہمارے ایماء پر کمپنی کے 28 اکتوبر 2019 بروز سوموار 10:00 بجے صبح کمپنی کے رجسٹرڈ آفس 17-عزیز ایونیو کینال بنک گلبرگ-V, لاہور میں منعقد ہونے والے 33واں سالانہ عمومی اجلاس عام میں شرکت کرنے حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا بطور نمائندہ (پراکسی) مقرر کرتا/کرتے ہیں۔

بطور گواہ آج بتاریخ۔۔۔۔۔۔۔اکتوبر 2019 میرے/ہمارے دستخط ہوئے۔

گواہان:

(1) نام۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔	(2) نام۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔
پتہ:۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔	پتہ:۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔
قومی شناختی کارڈ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔	قومی شناختی کارڈ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

اہم نکات:

1- کوئی رکن جو اجلاس میں شرکت کرنے اور حق رائے دہی استعمال کرنے کا حقدار ہے کمپنی کے آرٹیکل آف ایسوسی ایشن کے آرٹیکل 52 کے تحت پراکسی کا تقرر کر سکتا ہے۔ پراکسیاں اسی صورت موثر ہیں جو اجلاس کے انعقاد سے 48 گھنٹے پہلے کمپنی کے رجسٹرڈ آفس (17-عزیز ایونیو کینال بنک گلبرگ-V, لاہور) میں موصول ہو جائیں۔ پراکسیوں پر رسیدی ٹکٹ رکن کے دستخط اور گواہان کے دستخط ہونا ضروری ہیں۔

2- سی ڈی سی اکاؤنٹ رکھنے والے/کارپوریٹ ادارے کے لیے

مزید برآں درج ذیل شرائط کا پورا کرنا لازمی ہے۔

(i) پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی فراہم کی جائیں گی۔

(ii) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع دستخط کے نمونے (اگر پہلے جمع نہ کرایا ہو) کمپنی میں پراکسی فارم کے ساتھ جمع کرانی ہوگی۔

(iii) پراکسی کو میٹنگ کے وقت اپنا اصل شناختی کارڈ یا پاسپورٹ دکھانا ہوگا۔


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