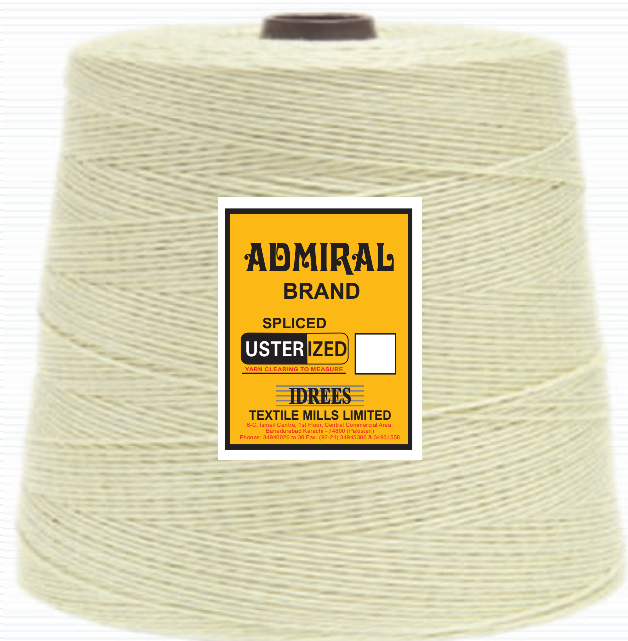
IDREES
TEXTILE MILLS LIMITED

Annual Report 2019



MISSION / VISION STATEMENT

- To concentrate on the changing Yarn/Fabric requirements with higher profitability, both in local as well as in the international market.

- Maximization of profit regardless of the turnover quantum, reducing the cost at all levels.

- Customer satisfaction is our priority and good return to the shareholders is our aim, while maintaining friendly and congenial environment for our employee.

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Muhammad Idrees Allawala	- Chairman
	Mr. S. M. Mansoor Allawala	- CEO
	Mr. Kamran Idrees Allawala	- Director
	Mr. Naeem Idrees Allawala	- Director
	Mr. Omair Idrees Allawala	- Director
	Mr. Rizwan Idrees Allawala	- Director
	Mr. Muhammad Israil	- Director
	Mr. Muhammad Saeed	- Director
AUDIT COMMITTEE	Mr. Muhammad Saeed	- Chairman
	Mr. Rizwan Idrees Allawala	- Member
	Mr. Muhammad Israil	- Member
	Syed Shahid Sultan	- Secretary
COMPANY SECRETARY	Syed Shahid Sultan	
CHIEF FINANCIAL OFFICER	Mr. Muhammad Jawaid	
AUDITORS	M/s. Deloitte Yousuf Adil Chartered Accountants	
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Muhammad Saeed	- Chairman
	Mr. Kamran Idrees Allawala	- Member
	Mr. Rizwan Idrees Allawala	- Member
BANKERS	National Bank of Pakistan Bank Alfalah Limited Habib Metropolitan Bank Ltd. Soneri Bank Limited Silk Bank Ltd. Meezan Bank Ltd. Bank of Punjab Ltd. BankIslami Pakistan Ltd. MCB Islamic Bank Ltd. Dubai Islamic Bank Pakistan Ltd. J.S Bank Ltd. Samba Bank Limited	
REGISTERED OFFICE	6-C, Ismail Centre, 1st Floor, Central Commercial Area, Bahadurabad, Karachi - 74800.	
SHARES REGISTRAR	M/S. NI Associates (Pvt) Ltd.	
MILLS	Kot Shah Mohammad, Tehsil Nankana, District Nankana, Punjab. www.idreestextile.com	

Notice is hereby given that the 30^{th} Annual General Meeting of the Shareholders of Idrees Textile Mills Ltd. will be held on Monday, October 28, 2019 at 12.30 pm at Sadabahar, 53 Kokan Society, Alamgir Road/Hyder Ali Road, Karachi to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the last Annual General Meeting held on October 27, 2018.

2. To receive, consider and adopt Reports of Directors and Auditors together with Audited financial statements of the Company for the year ended June 30, 2019

3. To appoint Auditors for the year ending June 30, 2020 and fix their remuneration. The retiring auditors M/s Deloitte Yousuf Adil Chartered Accountants , being eligible, offer themselves for re-appointmen

4. To transact any other business that may be placed before the meeting with the permission of the Chair.

By order of the Board

October 04, 2019
Karachi

SYED SHAHID SULTAN
Company Secretary

Notes:

(i) Shareholders are advised to promptly notify any change in their addresses.

(ii) Share Transfer Books of the Company will remain closed from October 24, 2019 to October 30, 2019 (both days inclusive) to determine the names of members entitled to receive the Cash dividend and to attend the Meeting.

(iii) A member eligible to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend, and vote for him/her. Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of holding the Meeting.

(iv) Shareholders of the Company whose shares are registered in their account/sub-account with Central Depository System (CDS) are requested to bring original CNIC along with account number in CDS and participant's ID number for verification. In case of appointment of proxy by such account holders and sub-account holders the guidelines laid down in Circular No. 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan shall be followed.

(v) Members who have not yet submitted photocopies of their CNIC and NTN certificate to the Company's Registrar, are requested to send the same at the earliest.

(vi) If Members holding ten (10) percent of the total paid up capital, reside in a city, such Members, may demand the Company to provide them the facility of video-link for attending the Meeting. The Company will arrange video conference facility in the city subject to availability of such facility in that city.

If you wish to take this facility, please fill the form appearing below and submit it to the Company at its registered address at least ten (10) days prior to the date of the Meeting.

The company will intimate members regarding venue of video conference facility at least 5 days before the date of meeting along with complete information necessary to enable them to access such facility.

I/We __________________ of __________________, being a member of the Idrees Textile Mills Ltd. holder of ____________ Ordinary Share(s) as per Register CDC Account no/Folio no. __________ hereby opt for video conference facility at __________________.

Signature of Member

(vii) Pursuant to SECP Companies (E-voting) Regulations, 2016, Members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of the meeting to the Company on the appointment Executive Officer by the intermediary as Proxy**.**

(viii) Members are requested to provide their International Banking Account Number (IBAN) together with a copy of the Computerized National Identity Card (CNIC) to update our records. In case of non-submission all future dividend payments may be withheld.

The Directors are pleased to present the audited financial statements of your Company for the year ended June 30, 2019.

FINANCIALAND OPERATIONAL OVERVIEW

The principal activity of the Company is manufacturing, processing and sale of yarn and fabric. During the year under review, there has not been any material change in the Company's business activities.

During the financial year under review, the Company's turnover amounted to Rs. 3471.6 million as compared to Rs. 2,881.1million in the previous year. Gross profit amounted to Rs. 395 million compared to Rs. 237.3 million for the last year and profit after tax amounted to Rs. 32.3 million against Rs. 78.4 million in the comparable period.

Besides an increase of 30.13% in local sales of yarn, your Company continued the momentum of the last year whereby exports during the year have also increased by 6.46%. There has been a massive increase in Policy Rate by the State Bank of Pakistan (SBP) during FY19. The Policy Rate re ached 12.25% by the end of FY19 from 6.50% at the beginning of the year. This resulted in a significant increase in the Company's finance cost which negatively affected the bottom-line. With a view to help the textile industry in competing against other regional players in the international market, the Government's decision to provide Re-gasified Liquefied Natural Gas (RLNG) to the industry @ USD 6.5 per MMBTU and electricity @ US Cents 7.5 per unit is a step that has been greatly appreciated by the textile sector. However, the benefit of these tariffs eroded to a considerable extent due to a sharp decline in the value of Pak Rupee against USD. The exchange rate plunged from Rs. 121 to a Dollar at the beginning of the year to Rs. 164 to a Dollar at the end of the financial year under review. Due to sharp rise in the price of imported raw material, the management ensured that procurement is wisely timed in order to manage cost. On the negative side, the Government did not extend duty drawback benefit on yarn in FY19. Moreover, due to inflationary pressure, purchasing power of consumers has reduced to a great extent. It resulted in slowdown in the domestic markets. On the international fro nt, ongoing trade war between the US and China has affected export orders from China which is the biggest buyer of our yarn.

EARNING PER SHARE

The earnings per share for the year under review worked pit to Rs. 1.63 as compared to Rs. 4.34 for the corresponding year.

DIVIDEND

Keeping in view of nominal profit for the year and foreseeing the challenging condition faced by the textile spinning sector in the year ahead, the Board have decided not to recommend any dividend this year.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

(a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

(b) Proper books of account of the Company have been maintained.

(c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.

(d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.

(e) The Board understands its responsibility to ensure that adequate and effective internal financial controls are in place. The internal audit department regularly reviews the design and effectiveness of the controls and corrective action is taken to address the weakness, if found. We believe that the system of internal control is sound in design and has been effectively implemented.

(f) There are no significant doubts upon the Company's ability to continue as a going concern.

(g) There has been no material departure from the best practices of corporate governance, as detailed in the regulation of PSX rule book.

(h) The book value of investments made by the Employees' Provident Fund, being operated for head office employees, only, as per audited financial statements of the Fund as at June 30, 2018 was Rs. 21,699,826/- (2017 Rs. 19,053,398/-)

Mills employees are entitled to gratuity as per law and appropriate provision has been made in the financial statements.

(i) As required by the Code, we have included the following information in this report:
- Statement of Pattern of Shareholding.
- Statement of Shares held by associated undertaking and related parties.
- Key operating and financial statistics for last six years.
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(i) During the year under review, eight Board of Directors, six Audit Committee and one Human Resource & Remuneration Committee (HR & RC) meetings were held and attended as follows:

Name of Directors	Board of Directors	Audit Committee	HR & RC
Mr. Muhammad Idrees Allawala	08	N/A	N/A
Mr. S.M. Mansoor Allawala	08	N/A	N/A
Mr. Kamran Idrees Allawala	05	N/A	-
Mr. Naeem Idrees Allawala	05	N/A	N/A
Mr. Rizwan Idrees Allawala	08	06	1
Mr. Omair Idrees Allawala	08	N/A	N/A
Mr. Muhammad Israil	08	06	N/A
Mr. Muhammad Saeed	08	06	1

(k) During the year under review, there has been no trading in shares of the Company by CEO, Directors and their Spouses & minor children except as given below:

Opening Balance Bonus Balance as on

Name of Directors	As on July 01, 2018	Share	Gift in	Gift out	June 30,2019
Mr. Muhammad Idrees Allawala	500	50	-	-	550
Mr. S.M. Mansoor Allawala	1,910,966	191,096	4,442,267	4,000,000	2,544,329
Mr. Kamran Idrees Allawala	2,512,838	251,283	1,265,000	4,029,121	0
Mr. Naeem Idrees Allawala	4,038,424	403,842	-	-	4,442,266
Mr. Rizwan Idrees Allawala	881,239	88,123	-	-	969,362
Mr. Omair Idrees Allawala	881,239	88,123	4,000,000	-	4,969,362
Mr. Muhammad Israil	2,000	200	-	-	2,200
Mr. Muhammad Saeed	80,000	8,000	-	-	80,800
Mrs. Saba Kamran	375,588	37,558	-	413,146	0

(l) We have an audit committee the members of which are from the board of directors and the chairman is a non-executive director

(m) We have prepared and circulated a statement of ethics and business strategy amongst directors and employees.

(n) The board has adopted a mission statement and a statement of overall corporate strategy.

BOARD OF DIRECTORS

The total number of Directors are seven as per the following:

a. **Male:** **7** **(Mr. Kamran Idrees Allawala has resigned from the Board on 16th May 2019)**
b. **Female:** **Non**

The Composition of Board as follows:

Category	Names
a) Independent Director	i. Mr. Muhammad Saeed
b) Non-executive Directors	i. Mr. Muhammad Idrees Allawala
	ii) Mr. Rizwan Idrees Allawala
	iii) Mr.Kamran Idrees Allawala
	iv). Mr. Muhammad Israil
c) Executive Directors	i) Mr. S. M. Mansoor Allawala
	ii) Mr. Omair Idrees Allawala
	iii) Mr. Naeem Idrees Allawala

BOARD COMMITTEES

The Board of Directors has formed the Audit Committee and Human Resource and Remuneration Committee in line with the requirements of the Code of Corporate Governance.

The members of Audit Committee is as follows:

Mr. Muhammad Saeed	Chairman
Mr. Rizwan Idrees Allawala	Member
Mr. Muhammad Israil	Member

The member of Human Resource and Remuneration Committee is as follows:

Mr. Muhammad Saeed	Chairman
Mr. Kamran Idees Allawala	Member
Mr. Muhammad Israil	Member

CAUSUAL VACANCY

During the year under review Mr. Kamran Idrees Allawala resigned from the Board w.e.f May16, 2019.Subsequently to the year ended, Mr. Muhammad Iqbal has been appointed as director in his place.

BOARD EVALUATION

As required under the Code of Corporate Governance Regulations 2017, an annual evaluation of performance of the Board, members of the Board and its Committees was carried out to ensure that Board's overall performance and effectiveness is measured against the objectives set for the company. For that purpose, Board has developed a mechanism for evaluation of Board's own performance, members of the Board and its Committees. Based on the evaluation, overall performance of the Board, its members and Committees of the Board for the year under review is satisfactory.

REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS

Non-executive and independent directors are entitled only to a fee for attending Company meetings.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Idrees Textile Mills Ltd. being a good corporate citizen contributing for the welfare of the people in our society and fulfillment of its corporate social responsibility. During the year under review the Company contributed Rs. 1.7 million to various organizations serving the mankind in the health and education sectors.

PRINCIPAL RISKS AND UNCERTAINTIES

Despite the fact that the Company's performance has remained satisfactory during the year yet some uncertainties remain resulting from level of cotton production in the country, local and international cotton pricing, international yarn pricing, impact of trade war between US and China interest rate and exchange rate fluctuations may have an impact on the future financial results of the Company.

FUTURE OUTLOOK

Government's adherence to the special energy tariffs for textile sector shall be instrumental in maintaining spinning sector's competitiveness. Expeditious release of duty drawback claims and payme nt of technology up gradation support should also be ensured to boost liquidity in the textile chain. Tax credit under section 65B has been abolished on investments made after 30th June 2019. It must be restored as an incentive for new investments. After withdrawal of SRO 1125, sales tax zero rating is no longer available to the textile chain. Consequently, the prices of textile articles have significantly increased and for a vast segment of our society, these have gone beyond affordability. To control the cost of energy, the Government should rationalize cross-subsidy and eradicate theft in the distribution system. Continuation of the China Pakistan Economic Corridor (CPEC) is highly promising for our country given that it has full political support from its very start. Inclusion of Saudi Arabia in CPEC will augment its momentum and its planned benefits may soon start flowing to the people of our country. Government's efforts to attract foreign direct investment, bailout package from The International Monetary Fund (IMF) and financial assistance from friendly countries have played an important role in addressing our balance of payment issue. Furthermore, in order to increase our global market share, Pakistan needs to transform and be globally promoted as an environment friendly manufacturer.

The trade war between the two economic giants, i.e., US and China has badly hampered international trade which is hurting many developing economies around the world, including Pakistan. Early end of this impasse is key to restoration of global economic activity at optimum level

AUDITORS

The retiring Auditors M/s. Deloitte Yousuf Adil, Chartered Accountants being eligible have offered themselves for re-appointment for the ensuing year 2019-2020.The audit committee in its meeting held on October 2, 2019 has recommended the appointment of the retiring auditors.

ACKNOWLEDGEMENT

The directors are thankful to the bankers, suppliers and customers of the Company for their continued support and appreciate the hard work by the employees of the Company.

For and on behalf of the Board

Muhammad Idrees Allawala
Chairman

Karachi: October 04, 2019

S. M. MANSOOR ALLAWALA
Chief Executive

It is my pleasure to present before you a review of the Company and its Board of Directors for the year ended 30th June 2019.

During the year under review, the Board duly discharged its responsibilities in respect of the overall management of the Company, formulation of significant policies, monitoring its own performance and that of the Board's Committees. Through appropriate oversight and vigilance, compliance with the applicable laws and regulations was duly ensured.

For the year under review, based on the evaluation, the overall performance and effectiveness of the Board has been assessed as Satisfactory. During the financial year 2018-19, Eight Board meetings were convened. The Board has duly formulated a vision and mission statement. It closely monitors the Company's performance and remains committed to uphold ethical behavior, development of skillful resources, product quality, good governance and stable operations. During the year, the board considered and approved, among other things, quarterly and annual ?nancial statements, appointment of external auditors, distribution of dividend and financing matters. Evaluation of the Board of Directors is aimed to measure the Board's overall performance and conduct of the Company's affairs in accordance with the best practices of corporate governance.

On the economic front, the ongoing trade war between the two largest economies of the world, i.e., the US and China has shaken the global economy and the developing countries, in particular, are painfully facing the brunt and witnessing shrinkage in their exports. On the positive side, energy and other infrastructure projects, planned under the framework of 'China-Pakistan Economic Corridor' (CPEC), are likely to boost our GDP in the years to come. Other persistent business issues such as heavy duties and taxes on the textile chain, pending duty drawback claims & technology upgradation support, rising interest rates and devaluation of Pak Rupee remain key areas that need to be addressed.

I would like to express my appreciation of the services rendered by the Company's employees and of the trust and support of the shareholders, customers, suppliers and bankers.

Muhammad Idrees Allawala
Chairman of the Board

Karachi
October 04, 2019

	2014	2015	2016	2017	2018	2019
Sales	2,901,068,553	2,306,871,955	1,586,062,979	2,215,268,509	2,881,059,482	3,471,595,641
Cost of goods sold	(2,687,542,978)	(2,114,097,785)	(1,463,856,118)	(1,984,882,334)	(2,643,744,807)	(3,076,553,332)
Gross Profit	213,525,575	192,774,170	122,206,861	230,386,175	237,314,675	395,042,309
Other operating Income/loss	8,772,603	3,590,645	33,176,150	62,665,832	35,358,695	3,528,691
	222,298,178	196,364,815	155,383,011	293,052,007	272,673,370	398,571,000
Distribution Cost	(17,520,357)	(22,100,541)	(11,538,415)	(8,170,378)	(15,241,548)	(18,679,321)
Administration expenses	(65,360,402)	(64,211,617)	(61,391,867)	(62,913,405)	(68,988,440)	(77,463,297)
Other operating expenses	(7,725,995)	(15,491,593)	(20,355,264)	(16,467,315)	(16,520,530)	(27,268,831)
Finance cost	(106,021,261)	(94,073,566)	(97,348,847)	(96,819,649)	(113,629,274)	(209,034,475)
	(196,628,015)	(195,877,317)	(190,634,393)	(184,370,747)	(214,379,792)	(332,445,924)
Profit/(Loss) before taxation	25,670,163	487,498	(35,251,382)	108,681,260	58,293,578	66,125,076
Taxation	5,634,909	4,680,745	23,649,372	(21,394,127)	20,111,096	(33,811,567)
Profit/(Loss) after taxation	31,305,072	5,168,243	(11,602,010)	87,287,133	78,404,674	32,313,509
Other Comprehensive income for the year	65,152	485,406	2,967,482	(36,800)	33,776,110	(33,316,294)
Total comprehensive income for the year	31,370,224	5,653,649	8,634,528	87,250,333	112,180,784	(1,002,785)
Earning/(Loss) per shares	1.73	0.29	(0.64)	4.84	4.34	1.63

Name of Company: **IDREES TEXTILE MILLS LIMITED**
Year Ended: **JUNE 30, 2019**

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

1. The total number of directors are eight as per the following:

   a) Male: Eight;
   b) Female: Nil.

2. The composition of board is as follows:

Category	Name
Independent Directors	Mr. Muhammad Saeed
Executive Directors	Mr. S. M. Mansoor Allawala Mr. Omair Idrees Allawala Mr. Naeem Idrees Allawala
Non-Executive Directors	Mr. Muhammad Idrees Allawala Mr. Rizwan Idrees Allawala Mr. Muhammad Israel Mr. Kamran Idrees Allawala*

*resigned on May 16, 2019

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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board has arranged Directors' Training program for the following:

   a. Mr. Omair Idrees Allawala (Executive Director)
   b. Mr. Rizwan Idrees Allawala (Non-Executive Director)

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

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

    a) Audit Committee

       i. Mr. Muhammad Saeed (Chairman)
       ii. Mr. Rizwan Idrees Allawala
       iii. Mr. Muhammad Israil
       iv. Mr. Syed Shahid Sultan

    b) Human Resource and Remuneration Committee

       i. Mr. Muhammad Saeed (Chairman)
       ii. Mr. Rizwan Idrees Allawala
       iii. Mr. Kamran Idrees Allawala
       iv. Mr. Syed Shahid Sultan

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

14. The frequency of meetings of the committee were as per following:

Committee	**Frequency of meetings**
Audit Committee	Quarterly
HR and Remuneration Committee	Yearly

15. The board has set up an effective internal audit function. Internal audit personnel are 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 Institute of Chartered Accountants of Pakistan (ICAP) and are registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

18. We confirm that all other requirements of the Regulations have been complied with except the following:

i) It is mandatory to ensure that by June 30, 2019, at least half of the directors on the board have acquire certification under any director training program unless exempted as per the requirement of regulation 20 (1). However, the Company has not filed any application to the Securities and Exchange Commission of Pakistan (SECP) to obtain exemption certificate as per the requirement of regulation 20 (2). Subsequent to the year end, the Company has filed the required application to the SECP.

ii) The remuneration policy of non-executive directors, including independent director as required by regulation 38(1) was stated only in the director report relating to the annual financial statement for the year ended June 2018, and it was not included in the report relating to the Half yearly and quarterly financial statements as there was neither any change in the policy nor any remuneration was paid to them.

For and on behalf of the Board

S M MANSOOR ALLAWALA
Chief Executive
Dated: October 04, 2019

MUHAMMAD IDREES ALLAWALA
CHAIRMAN

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 **Idrees Textile Mills Limited** (the Company) for the year ended June 30, 2019in accordance with the requirements of Regulation 40 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and uponrecommendation 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 instance and non-complinace with the requirments of the Regulation as reflected in paragraph reference where these are stated in the Statement of Compliance:

a) Paragraph (i) It is mandatory to ensure that by June 30, 2019, at least half of the directors on the board have acquire certification under any director training program unless exempted as per the requirement of regulation 20 (1). However, the Company has not filed any application to the Securities and Exchange Commission of Pakistan (SECP) to obtain exemption certificate as per the requirement of regulation 20 (2). Subsequent to the year end, the Company has filed the required application to the SECP.

b) Paragraph (ii) The remuneration policy of non-executive directors, including independent director as required by regulation 38(1) was stated only in the director report relating to the annual financial statement for the year ended June 2018, and it was not included in the report relating to the Half yearly and quarterly financial statements as there was neither any change in the policy nor any remuneration was paid to them.

Deloitte Yousuf Adil

Chartered Accountants
Date: October 04, 2019
Place: Karachi

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Idrees Textile Mills Limited** (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss, statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit, the 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 Matter

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

Following are the key audit matters:

S. No.	Key audit matters	How the matters were addressed in our audit
1.	**Contingencies** The Company is subject to material litigations involving different courts pertaining to GID Cess, which requires management to make assessment and judgements with respect to likelihood and impact of such litigations on the financial statements of the Company. Management engaged independent legal counsels on these matters. The assessment of provisioning against such litigations is a complex exercise and require significant judgements to determine the level of certainty on these matters. The details of contingencies along with management's assessment are disclosed in note 24.1.2 to the financial statements.	In response to this matter, our audit procedures included: Discussing legal cases with the internal legal department to understand the management's view point and obtaining and reviewing the litigation documents in order to assess the facts and circumstances. Obtaining independent opinion of legal council's dealing with such cases in the form confirmations. We also evaluated the possible outcome of these legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets. The disclosures of legal exposures and provisions were assessed for completeness and accuracy.
2.	**Revaluation of freehold land, buildings and labor colony on freehold land, plant and machinery, electric installations and factory equipment** As disclosed in note 4.4 to the accompanying financial statements, leasehold land, buildings on leasehold land, plant and machinery and electric installations are carried at revaluation model. The revaluation exercise performed by the management external valuer (the expert) during the year has resulted in a net increase of Rs. 157.4 million versus carrying value of Rs. 170.9 million. We have considered the above matters to be a key audit matter due to the judgements inherent within the valuation exercise.	Our audit procedures to address the revaluation of freehold land, buildings and labor colony on freehold land, plant and machinery, electric installations and factory equipmentincluded the following: Ensured that the management's expert is approved by the Pakistan Bank's Association; Evaluated the competence, capabilities, and objectivity of the management's expert; Checked the relevance, completeness and accuracy of source data; Assessed the accounting implications in accordance with the applicable financial reporting standards; and Evaluated the appropriateness of the expert's work as audit evidence.

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

Management is responsible for the other information. The other information comprises the report of audit committee, directors' report, Chairman's review, analysis on financial performance, comments on the financial results, key performance indicators, analysis of cost and statement of value additions and its distribution.

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 not been provided with the other information and therefore, do not report on it.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

x 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.

x 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.

x Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

x 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.

x 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 other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadiq.

Deloitte Yousuf Adil

Chartered Accountants

Date:
Place: Karachi

As at June 30, 2019

	Note	June 30, 2019 Rupees	June 30, 2018 Rupees
ASSETS			
Non-current Assets			
Property, plant and equipment	4	1,729,414,258	1,538,521,703
Long-term deposits	5	28,341,906	24,117,597
		1,757,756,164	1,562,639,300
Current Assets			
Stores, spares and loose tools	6	41,034,311	37,512,448
Stock-in-trade	7	1,182,882,722	1,105,256,039
Trade debts	8	829,317,743	793,764,967
Loans and advances	9	66,866,638	91,084,275
Deposits and short-term prepayments	10	4,990,158	4,454,488
Other receivables	11	90,310,941	103,989,572
Other financial assets	12	64,651,035	46,746,710
Sales tax refund bond	13	14,700,000	-
Cash and bank balances	14	21,322,858	2,421,886
		2,316,076,406	2,185,230,385
Total Assets		4,073,832,570	3,747,869,685
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized			
22,000,000 ordinary shares of Rs.10/- each		220,000,000	220,000,000
Issued, subscribed and paid-up capital	15	198,528,000	180,480,000
Capital reserves	16	636,590,008	587,175,174
Revenue reserves		819,754,481	722,602,891
Total Equity		1,654,872,489	1,490,258,065
Non-current Liabilities			
Long-term finance	17	147,827,565	78,636,596
Liabilities against assets subject to finance lease	18	41,767,501	33,674,548
Deferred tax liability	19	243,928,956	175,938,695
Retirement benefit obligation	20	39,047,141	37,818,751
		472,571,163	326,068,590
Current Liabilities			
Trade and other payables	21	188,769,599	154,050,001
Accrued mark-up	22	49,416,428	23,047,265
Short-term borrowings	23	1,607,996,360	1,593,140,347
Current portion of long-term finance	17	27,390,008	114,117,063
Current portion of liabilities against assets subject to finance lease	18	31,169,451	19,444,611
Unclaimed dividend		2,424,885	2,424,885
Provision for taxation		39,222,187	25,318,858
		1,946,388,918	1,931,543,030
Total Liabilities		2,418,960,082	2,257,611,620
Total Equity and Liabilities		4,073,832,570	3,747,869,685
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes 1 to 44 form an integral part of these financial

Chief Executive	Chief Financial Officer	Director

	Note	June 30, 2019 Rupees	June 30, 2018 Rupees
Sales - net	25	3,471,595,641	2,881,059,482
Cost of sales	26	(3,076,553,332)	(2,643,744,807)
Gross profit		395,042,309	237,314,675
Distribution cost	27	(18,679,321)	(15,241,548)
Administrative expenses	28	(77,463,297)	(68,988,440)
		(96,142,618)	(84,229,988)
		298,899,691	153,084,687
Finance cost	29	(209,034,475)	(113,629,274)
Other operating expenses	30	(27,268,831)	(16,520,530)
		62,596,385	22,934,883
Other income	31	3,528,691	35,358,695
Profit before taxation		66,125,076	58,293,578
Taxation	32	(33,811,567)	20,111,096
Profit for the year		32,313,509	78,404,674
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified to profit or loss			
Adjustment of surplus on revaluation of property, plant and equipment due to change in tax rate		(36,231,058)	32,411,015
Remeasurement of retirement benefit obligation		3,750,915	1,713,665
Related tax		(836,147)	(348,570)
		2,914,768	1,365,095
		(33,316,290)	33,776,110
Total comprehensive income for the year		(1,002,781)	112,180,784
Earnings per share - basic and diluted	33	1.63	4.34

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Executive	Chief Financial Officer	Director

		Note	June 30, 2019 Rupees	June 30, 2018 Rupees
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
	Profit before taxation		66,125,076	58,293,578
	Adjustments for :			
	Depreciation		83,424,434	80,162,096
	Provision for retirement benefit obligation		14,795,245	12,674,156
	Finance cost		209,034,475	113,629,274
	Provision for doubtful trade debts		-	2,423,911
	Provision for slow moving stores, spares and loose tools		976,014	3,168,730
	Unrealized loss / (gain) on investments		235,900	(298,000)
	Gain on disposal of property, plant and equipment		(348,952)	(206,033)
	Operating cash flows before working capital changes		374,242,192	269,847,712
	Decrease / (Increase) in current assets			
	Stores, spares and loose tools		(4,497,877)	1,204,595
	Stock-in-trade		(77,626,683)	(421,787,126)
	Trade debts		(35,552,776)	(86,257,531)
	Loans and advances		35,090,096	(32,749,641)
	Deposits and short-term prepayments		(535,670)	12,094,409
	Other receivables		13,678,631	(49,508,105)
	(Decrease) / Increase in current liabilities			
	Trade and other payables		32,522,408	(78,909,248)
	Working capital changes		(36,921,871)	(655,912,647)
	Cash generated / (used in) operations		337,320,321	(386,064,935)
	Finance cost paid		(173,544,402)	(106,208,252)
	Retirement benefit obligation paid		(7,618,750)	(7,644,930)
	Income tax paid		(36,191,317)	(31,185,085)
	Long-term deposits - net		(4,224,309)	(15,201,611)
	Net cash generated / (used in) operating activities		115,741,543	(546,304,813)
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
	Additions to property, plant and equipment		(118,005,644)	(101,793,329)
	Proceeds from disposal of property, plant and equipment		1,408,000	24,384,000
	Other financial assets - net		(18,140,225)	(5,898,000)
	Sales tax refund bond		(14,700,000)	-
	Net cash used in investing activities		(149,437,869)	(83,307,329)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
	Long-term finance repaid		(20,704,295)	-
	Long-term finance obtained		38,627,787	90,240,268
	Liabilities against assets subject to finance lease - net		19,817,793	(49,844,704)
	Dividend paid		-	(8,806,697)
	Net cash generated in financing activities		37,741,285	31,588,867
	Net increase / (decrease) in cash and cash equivalents (A+B+C)		4,044,959	(598,023,275)
	Cash and cash equivalents at the beginning of the year		(1,590,718,461)	(992,695,186)
	Cash and cash equivalents at the end of the year	34	(1,586,673,502)	(1,590,718,461)

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Executive	Chief Financial Officer	Director

	Note	Share capital	Capital reserve Surplus on revaluation of property, plant and equipment - net of tax	Revenue reserve Unappropriated profit	Total
		----------------------------	---------- Rupees	----------	----------------------------
Balance as at July 1, 2017 - as previously reported		180,480,000	591,088,750	615,532,531	1,387,101,281
Total comprehensive income for the year					
Profit for the year		-	-	78,404,674	78,404,674
Other comprehensive income for the year		-	32,411,015	1,365,095	33,776,110
		-	32,411,015	79,769,769	112,180,784
Transfer from surplus on revaluation of property, plant and equipment on account of					
- incremental depreciation charged thereon - net of tax	16	-	(33,071,249)	33,071,249	-
- disposal - net of tax	16	-	(3,253,342)	3,253,342	-
Transaction with owners recognized directly in equity					
Final cash dividend for the year ended June 30, 2017 @ Re. 0.5 per share to minority shareholders		-	-	(9,024,000)	(9,024,000)
Balance as at June 30, 2018		**180,480,000**	**587,175,174**	**722,602,891**	**1,490,258,065**
Total comprehensive income for the year					
Profit for the year		-	-	32,313,509	32,313,509
Other comprehensive income for the year		-	(36,231,058)	2,914,768	(33,316,290)
		-	(36,231,058)	35,228,277	(1,002,781)
Transfer to / from surplus on revaluation of property, plant and equipment on account of					
- revaluation surplus as at June 30, 2019 - net of tax	16	-	121,036,717	-	121,036,717
- incremental depreciation charged thereon - net of tax	16	-	(35,390,825)	35,390,825	-
- disposals - net of tax	16	-	-	-	-
Unamortized portion of interest free loan		-	-	44,580,488	44,580,488
Transaction with owners recognized directly in equity					
10% bonus shares issued for the year ended June 30, 2018		18,048,000	-	(18,048,000)	-
Balance as at June 30, 2018		**198,528,000**	**636,590,008**	**819,754,481**	**1,654,872,489**

* This includes unamortized portion of interest free loan obtained from related parties amounting to Rs. 44,580,488 (2018: Rs. 9,120,910), which is not available for distribution.

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

1. STATUS AND NATURE OF BUSINESS

1.1 Idrees Textile Mills Limited (the Company) was incorporated in Pakistan as an unquoted public limited company on June 5, 1990 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 6-C, Ismail Centre, 1st floor, Central Commercial Area, Bahadurabad, Karachi in the Province of Sindh. The principal activity of the Company is manufacturing, processing and sale of fabrics and all kinds of yarn.

Following are the geographical location and address of all business units of the Company:

Karachi	**Purpose**
6-C, Ismail Centre, 1st floor, Central Commercial Area, Bahadurabad	Head Office
Nankana Sahib	**Purpose**
Kot Shah Muhammad, Tehsil & District Nankana Punjab	Regional Office and Production Plant / Factory

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention except that certain categories of property, plant and equipment are stated at revalued amounts, other financial assets at fair value through profit or loss and the Company's liability under defined benefit plan (gratuity) is stated at present value of defined benefit obligation.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistani Rupees has been rounded off to the nearest rupee.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of the accounting and reporting standards, as applicable in Pakistan, that have a significant effect on the financial statements and estimates with significant risk of material judgment in the next financial year are set forth below:

- assumptions and estimates used in accounting for defined benefit plan (notes 3.11.1 and 20.1);
- assumptions and estimates used in determining residual values, useful lives and recoverable amount of property, plant and equipment (notes 3.1, 3.7.2 and 4.1);
- assumptions and estimates used in determining provision for taxation including deferred taxation (notes 3.12, 19 and 32);
- assumptions and estimates used in determining the provision for slow moving stores and spares (notes 3.2 and 6.1); and
- assumptions and estimates used in writing down items of stock-in-trade to their net realizable value (notes 3.3 and 7).

2.5 Changes in accounting standards and interpretations

2.5.1 New accounting standards, amendments to published accounting standards and new IFRS interpretations that are not yet effective

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

	Effective from accounting period beginning on or after
- Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions.	January 01, 2018
- IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 01, 2018
An entity choosing to apply the overlay approach retrospectively to qualifying - IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01, 2018
- IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' -	January 1, 2019
- Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property.	January 01, 2018
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018

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

2.5.2 New accounting standards and amendments that are not yet effective

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

	Effective from accounting period beginning on or after:
- Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business.	January 01, 2020
- Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 01, 2019
- Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture.	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.

	Effective from accounting period beginning on or after:
- IFRS 1 – First Time Adoption of International Financial Reporting Standards.	January 01, 2019
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
- Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
- IFRIC 23 'Uncertainty over Income Tax Treatments' - Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019
- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material.	January 01, 2020
- Amendments to References to the Conceptual Framework in IFRS Standards.	January 01, 2020

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2018 except for the change in the policy for revenue recognition, financial assets recognition and measurement due to adoption of IFRS-15 and IFRS-9 respectively. The implications of these standards have insignificant impact on these financial statements of the Company.

3.1 Property, plant and equipment

3.1.1 Owned assets

Property, plant and equipment are stated as follows:

- Land is stated at revalued amount less impairment loss, if any;
- Building, Labour colony, plant and machinery, electric installations and mill equipment are stated at revalued amounts less accumulated depreciation and impairment losses, if any; and
- Office equipment, furniture and fixtures and vehicles are stated at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of an asset including borrowing costs, if any. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are included in an asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. Cost incurred to replace a component of an item of property, plant and equipment is capitalized and the asset so replaced is derecognized. Normal repairs and maintenance are charged to the statement of profit or loss during the period in which they are incurred.

Depreciation is charged to the statement of profit or loss on a straight line basis at the rates specified in note 4.1. Depreciation on additions is charged from the month an asset is available for use upto the month prior to its disposal.

Depreciation methods, useful lives and residual values of each item of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed and adjusted, if appropriate at each reporting date.

Surplus on revaluation of assets is recognized in statement of other comprehensive income (OCI) and presented as a separate component of equity as "surplus on revaluation of property, plant and equipment", except that it reverses a revaluation deficit for the same asset previously recognised in the statement of profit or loss, in which case the surplus is credited to the statement of profit or loss to the extent of the deficit charged previously. Deficit on revaluation of assets is recognized in the statement of profit or loss, except that it reverses a revaluation surplus for the same asset previously recognized in statement of other comprehensive income, in which case the deficit is charged to other comprehensive income to the extent of the surplus credited previously. The revaluation reserve is not available for distribution to the Company's shareholders.

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the estimated fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of assets (net of deferred taxation) is transferred directly to retained earnings (unappropriated profit). Further, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings (unappropriated profit).

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized in other income / other expenses in the statement of profit or loss. When revalued assets are sold, any related amount included in the surplus on revaluation is transferred to retained earnings (unappropriated profit).

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment loss, if any, and consists of expenditure incurred and advances made in respect of assets in the course of their acquisition, construction and installation. Transfers are made to relevant asset categories as and when assets are available for intended use.

3.1.2 Leased assets

Leases which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item are classified as finance leases and are capitalized at the inception of the lease at the fair value of leased assets or, if lower, at the present value of the minimum lease payments. Other leases are classified as operating leases.

Plant and machinery acquired under finance lease is stated at revalued amounts less accumulated depreciation and impairment losses, if any. Vehicles acquired under finance lease are stated at cost less accumulated depreciation and impairment losses, if any. Assets acquired under finance lease are depreciated over the useful life of the assets commencing from the year in which the leased assets are put into operation. Depreciation and other policies are same as for the owned assets described above.

3.2 Stores, spares and loose tools

These are stated at lower of moving average cost and net realizable value, less allowance for obsolete and slow moving items (if any). Items in transit are stated at cost comprising invoice value plus other charges incurred thereon upto the reporting date. Provision for obsolete and slow moving stores, spares and loose tools is determined based on the management's estimate regarding their future usability.

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

3.3 Stock-in-trade

These are stated at lower of cost and net realizable value applying the following basis:
Cost signifies in relation to:

- Raw material (imported)	Lower of cost and net realizable value (NRV) - specific identification basis
- Raw material (local)	Lower of cost (weighted average) and NRV
- Stock-in-transit	Cost accumulated up to reporting date
- Work-in-process and finished goods	Lower of cost (weighted average) and NRV
- Waste	Net realizable value (NRV)

Cost in relation to work-in-process and finished goods represents annual average manufacturing cost which consists of prime cost and appropriate manufacturing overheads.

Net realizable value (NRV) signifies the estimated selling price in the ordinary course of business less the net estimated costs necessary to be incurred to make the sale.

3.4 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less loss allowance, if any. The Company always measures the loss allowance for trade debts at an amount equal to lifetime expected credit losses (ECL). The expected credit losses on trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Trade debts and other receivables considered irrecoverable are written off.

3.5 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit or loss.

3.5.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognized on a trade date basis. 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 marketplace. All recognised financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Financial assets at amortized cost

Instruments that meet the following conditions are measured subsequently at amortized cost:

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at fair value through the statement of profit or loss (FVTPL). Specifically:

- Investments In equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, Debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. the Company has not designated any Debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the statement of profit or loss.

3.5.2 Impairment

The Company recognises a loss allowance for ECL (ECL) on trade debts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

The Company always recognises lifetime ECL for trade debts. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as 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.

For financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

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 before the amount becomes past due.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,

(2) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and

(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

The Company employs statistical models to analyze the data collected and generate estimates of probability of default (“PD”) of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event (see (ii) above);

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery."

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

3.5.3 Financial liabilities at FVTPL

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in the statement of the statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in the statement the statement of profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch statement of in the statement of profit or loss. The remaining amount of change in the fair value of liability is recognised in statement of the statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in statement of other comprehensive income are not subsequently reclassified to statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Company that are designated by the Company as at FVTPL are recognised in the statement of profit or loss.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in the statement of profit or loss.

3.5.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only where there is legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.6 Impairment of Non-financial assets

The carrying amounts of non-financial assets, other than inventories and deferred tax asset, are reviewed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the statement of profit or loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.7 Foreign currency translation

Transactions in foreign currencies are translated into Pakistani Rupees at the rates of exchange approximating those prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing on the reporting date.

Exchange differences are included in the statement of profit or loss currently.

3.8 Provisions

Provisions are recognized in the statement of financial position when the Company has a present, legal or constructive obligation as a result of a past event, it is probable that an 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. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.9 Cash and cash equivalents

Cash and cash equivalents used in statement of cash flows include cash in hand and balances with banks in current and deposit accounts. Short-term borrowings availed by the Company, which are payable on demand and form an integral part of the Company's cash management, are included as part of cash and cash equivalents for the purpose of the statement of cash flows.

3.10 Retirement benefit obligation

3.10.1 Defined benefit plan

The Company operates an unfunded gratuity scheme covering all its factory workers who have completed the minimum qualifying period of service as defined under the scheme. The Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses are recognized immediately in other comprehensive income.

The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and current service cost are recognized in the statement of profit or loss. The most recent valuation of the scheme was carried out as at June 30, 2019. Details of the scheme are given in note 20.2 of these financial statements.

3.10.2 Defined contribution plan

The Company operates an approved funded contributory provident fund scheme for all head office staff. Equal monthly contributions are made both by the Company and the employees at the rate of 8.33% of basic salary per annum.

3.11 Taxation

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

3.11.1 Current tax

Provision for current taxation is based on the taxability of certain income streams of the Company under the Final Tax Regime at the applicable tax rates and the remaining income streams chargeable at current rate of taxation under the Normal Tax Regime after taking into account available tax credits and tax rebates, if any, or on turnover at the specified rate or Alternate Corporate Tax as defined in section 113C of the Income Tax Ordinance, 2001, whichever is higher. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessment framed / finalized during the year.

3.11.2 Deferred tax

Deferred tax is recognized using the liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date.

The Company recognizes a deferred tax asset to the extent that it is probable that taxable profits in the foreseeable future will be available against which the assets can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Further, the Company also recognizes a deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

3.12 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

3.13 Markup bearing borrowings

Markup bearing borrowings are recognized initially at fair value, less attributable transaction cost. Subsequent to initial recognition, markup bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the statement of profit or loss over the period of borrowings on an effective interest basis.

3.14 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as liabilities against assets subject to finance lease. Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to statement of profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's policy on borrowing costs.

3.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of the respective assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in statement of profit or loss in the period in which they are incurred.

3.16 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable in the normal course of business.

Interest income is recognized on a time proportionate basis using the effective rate of return.

3.17 Dividend income

Dividend income is recognised when the Company's right to receive payment have been established and is recognized in statement of profit or loss and included in other income.

3.18 Dividend and appropriation to / from reserves

Dividend distribution to the Company's shareholders and appropriations to / from reserves is recognized in the period in which these are approved.

3.19 Earnings per share

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

	Note	2019 Rupees	2018 Rupees
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets			
Owned	4.1.1	**1,623,334,819**	1,478,057,956
Leased	4.1.2	**106,079,439**	60,163,857
		1,729,414,258	1,538,221,813
Capital work-in-progress - civil work	4.1.1	**-**	299,890
		1,729,414,258	1,538,521,703

4.1 OPERATING FIXED ASSETS

2019												
	Cost / reveluation					Accumulated Depreciation					Written Down Value	Dep. Rate
Particulars	**July 1,2018**	**Additions/ (disposal)**	**Transfers**	**Revaluation adjustment**	**As at July 1,2019**	**As at July 1,2018**	**Depreciation/ (disposals) for the year**	**Transfers**	**Revaluation adjustment**	**As at July 1,2019**	**June 30, 2019**	**%**
4.1.1 Owned assets												
Land - free hold	90,140,625	-	-	20,031,250	110,171,875	-	-	-	-	-	110,171,875	-
Mill building												
on freehold land	178,614,028	256,503	299,890	(35,207,320)	143,963,101	28,814,144	14,411,169	-	(43,225,313)	-	143,963,101	5%
Labour colony										-		
on freehold land	25,489,252	-	-	(4,587,752)	20,901,500	4,472,665	2,294,032	-	(6,766,697)	-	20,901,500	5%
Plant and machinery	1,242,351,588	65,845,747		(36,107,735)	1,272,089,600	101,171,832	53,877,157	-	(155,048,989)	-	1,272,089,600	5%
		-	-			-	-		-	-		
Electric installations	36,972,989	-	-	(8,459,389)	28,513,600	5,657,963	2,799,293	-	(8,457,256)	-	28,513,600	5%
Factory equipment	9,930,785	-	-	(3,443,286)	6,487,499	2,044,993	660,071	-	(2,705,064)	-	6,487,499	5%
Office equipment	12,742,984	79,000	-	-	12,821,984	10,248,077	497,665	-	-	10,745,742	2,076,242	10%
Furniture and fixtures	3,725,803	66,658	-	-	3,792,461	3,647,620	16,691	-	-	3,664,311	128,150	10%
Vehicle	96,554,523	10,327,236 (4,937,000)	-	-	101,944,759	62,407,327	4,412,132 (3,877,952)	-	-	62,941,507	39,003,252 -	20%
	1,696,522,577	76,575,144 (4,937,000)	299,890	(67,774,232)	1,700,686,379	218,464,621	78,968,210 (3,877,952)	-	(216,203,319)	77,351,560	1,623,334,819	
4.1.2 Leased assets												
Plant and machinery	38,219,970	11,500,000	-	5,546,030	55,266,000	2,248,115	1,147,163	-	(3,395,278)	-	55,266,000	5%
Vehicle	26,192,000	29,930,500	-	-	56,122,500	1,999,998	3,309,063	-	-	5,309,061	50,813,439	20%
	64,411,970	41,430,500	-	5,546,030	111,388,500	4,248,113	4,456,226	-	(3,395,278)	5,309,061	106,079,439	
Total June 30, 2019	1,760,934,547	118,005,644 (4,937,000)	299,890	(62,228,202)	1,812,074,879	222,712,734	83,424,435 (3,877,952)	-	(219,598,597)	82,660,621	1,729,414,258	

Operating fixed assets

	2018											
	Cost / revaluation					Accumulated Depreciation					Written Down Value	Dep. Rate
Particulars	As at July 01, 2017	Additions/ (disposal)	Transfers	Revaluation adjustment	As at June 30, 2018	As at July 01, 2017	Depreciation / (disposals) for the year	Transfers*	Revaluation adjustment	As at June 30, 2018	June 30, 2018	%
	Rupees											
Owned assets												
Land - freehold	90,140,625	-	-	-	90,140,625	-	-	-	-	-	90,140,625	-
Mill building on freehold land	178,614,028	-	-	-	178,614,028	14,407,070	14,407,074	-	-	28,814,144	149,799,884	5-10
Labour colony on freehold land	25,489,252	-	-	-	25,489,252	2,178,633	2,294,032	-	-	4,472,665	21,016,587	10
Plant and machinery	1,077,896,873	85,380,271	94,543,194	-	1,242,351,588	48,441,219	49,245,065	4,055,314	-	101,171,832	1,141,179,756	4-10
		(15,468,750)	-				(569,766)					
Electric installations	41,609,487	(4,636,498)	-	-	36,972,989	3,246,264	3,141,947	-	-	5,657,963	31,315,026	5-10
							(730,248)					
Mill equipment	9,930,785	-	-	-	9,930,785	1,320,768	724,225	-	-	2,044,993	7,885,792	5-10
Office equipment	12,604,570	138,414	-	-	12,742,984	9,764,131	483,946	-	-	10,248,077	2,494,907	10
Furniture and fixtures	3,725,803	-	-	-	3,725,803	3,634,446	13,174	-	-	3,647,620	78,183	10
Vehicles	77,626,523	15,974,754	9,952,500	-	96,554,523	56,175,274	4,732,324	3,126,250	-	62,407,327	34,147,196	20
		(6,999,254)	-				(1,626,521)					
	1,517,637,946	101,493,439 (27,104,502)	104,495,694	-	1,696,522,577	139,167,805	75,041,787 (2,926,535)	7,181,564	-	218,464,621	1,478,057,956	
Leased assets												
Plant and machinery	117,763,164	15,000,000	(94,543,194)	-	38,219,970	3,055,928	3,247,501	(4,055,314)	-	2,248,115	35,971,855	4-10
Vehicles	16,615,500	19,529,000	(9,952,500)	-	26,192,000	3,253,440	1,872,808	(3,126,250)	-	1,999,998	24,192,002	20
	134,378,664	34,529,000	(104,495,694)	-	64,411,970	6,309,368	5,120,309	(7,181,564)	-	4,248,113	60,163,857	
Total June 30, 2018	1,652,016,610	136,022,439 (27,104,502)	-	-	1,760,934,547	145,477,173	80,162,096 (2,926,535)	-	-	222,712,734	1,538,221,813	

		Note	2019 Rupees	2018 Rupees
4.2	Depreciation for the year has been allocated as under			
	Cost of sales	26	**75,188,884**	73,059,847
	Administrative expenses	28	**8,235,550**	7,102,249
			83,424,434	80,162,096

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

Description	Cost / Revaluation	Accumulated Depreciation	Carrying Value	Sale Proceeds	Gain / (loss)	Relationship of purchaser with Company	Mode of Disposal	Particulars of purchaser
Vehicle	43,000	43,000	-	8,000	8,000	Third party	Negotiation	Khaliqur Rehman
Vehicle	2,447,000	1,855,495	591,505	1,000,000	408,495	Third party	Negotiation	M.Umair
Vehicle	2,447,000	1,979,457	467,543	400,000	(67,543)	Third party	Negotiation	M.Hussain
June 30, 2019	**4,937,000**	**3,877,952**	**1,059,048**	**1,408,000**	**348,952**			
June 30, 2018	27,104,502	2,926,535	24,177,967	24,384,000	206,033			

4.4 The Company carries its land, building, labour colony, plant and machinery, electric installations and mill equipment at revalued amounts under IAS 16 'Property, Plant and Equipment'. The latest revaluation of these assets was carried out as at June 30, 2019 by M/s Arif Evaluators (an independent valuer located in Karachi) on the basis of present market values, which resulted in surplus on revaluation amounting to Rs. 157.4 million.

The Company commissioned independent valuations of land, building, labour colony, plant and machinery, electric installations and mill equipment during the years ended June 30, 2006, June 30, 2010, June 30, 2013, June 30, 2016 and June 30, 2019. The resulting revaluation surpluses have been disclosed in notes 16 and 4.1 to the financial statements and have been credited to the revaluation surplus account net of their related tax effect.

The carrying amount of the aforementioned assets as at June 30, 2019, if the said assets had been carried at historical cost, would have been as follows:

	2019			2018		
	Cost	**Accumulated Depreciation**	**Carrying Value**	Cost	Accumulated Depreciation	Carrying Value
	Rupees					
Land - freehold	**8,772,600**	**-**	**8,772,600**	8,772,600	-	8,772,600
Mills building on freehold land	**140,916,043**	**(101,855,292)**	**39,060,751**	140,359,650	(101,851,197)	38,508,453
Labour colony on freehold land	**18,571,950**	**(15,901,109)**	**2,670,841**	18,571,950	(15,901,109)	2,670,841
Plant and machinery	**1,423,561,000**	**(657,123,483)**	**766,437,517**	1,346,215,253	(656,158,546)	690,056,707
Electric installations	**44,260,582**	**(25,644,532)**	**18,616,050**	44,260,582	(25,644,532)	18,616,050
Mill equipment	**7,083,976**	**(4,729,605)**	**2,354,371**	7,083,976	(4,729,605)	2,354,371
	1,643,166,151	**(805,254,021)**	**837,912,130**	1,565,264,011	(804,284,989)	760,979,022

4.5 Forced sale values as per the latest revaluation report as of June 30, 2019 as mentioned in note 4.4 are as follows:

Asset Class	**Rupees**
Land - freehold	93,646,094
Mills building on freehold land	122,368,635
Labour colony on freehold land	17,766,275
Plant and machinery	1,061,884,480
Electric installations	22,810,880
Mill equipment	5,190,000

4.6 Particulars of immovable asset of the Company are as follows:

Location	**Addresses**	**Usage of immovable property**	**Total Area (Acres)**
Nankana Sahib	Kot Shah Muhammad, Tehsil & District Nankana Punjab	Production Plant	20.03

		Note	2019 Rupees	2018 Rupees
5.	**LONG-TERM DEPOSITS**			
	Deposits			
	- lease		**14,925,850**	10,790,450
	- others		**16,979,757**	14,502,998
			31,905,607	25,293,448
	Less: current portion	10	**(3,563,701)**	(1,175,851)
			28,341,906	24,117,597
6.	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		**32,744,111**	27,527,771
	Spares		**13,787,704**	13,787,704
	Stores and spares in transit		**812,732**	1,531,195
	Loose tools		**64,585**	64,585
			47,409,132	42,911,255
	Less: provision for slow moving items	6.1	**(6,374,821)**	(5,398,807)
			41,034,311	37,512,448
6.1	**Movement in provision for slow moving items**			
	Balance as at July 1,		**5,398,807**	2,230,077
	Provision made during the year	26	**976,014**	3,168,730
	Balance as at June 30,		**6,374,821**	5,398,807
7.	**STOCK-IN-TRADE**			
	Raw material			
	- In hand		**885,317,158**	726,124,754
	- In transit		**159,442,745**	219,842,972
	Work-in-process		**26,053,631**	25,248,274
	Finished goods		**107,833,462**	117,757,732
	Waste		**4,235,726**	16,282,307
			1,182,882,722	1,105,256,039
8.	**TRADE DEBTS**			
	Considered good	8.1	**829,317,743**	793,764,967
	Considered doubtful		**12,413,215**	12,413,215
			841,730,958	806,178,182
	Less: Provision for doubtful debts	8.2	**(12,413,215)**	(12,413,215)
			829,317,743	793,764,967

8.1 Trade debts are non-interest bearing and are generally on 60 to 90 days terms. Trade debts are unsecured other than export related trade debts as mentioned in note 8.6 which are secured against letters of credit.

		Note	2019 Rupees	2018 Rupees
8.2	**Movement in provision for doubtful debts**			
	Balance as at July 1,		**12,413,215**	9,989,304
	Provision made during the year	28	**-**	2,423,911
	Balance as at June 30,		**12,413,215**	12,413,215

		2019 Rupees	2018 Rupees
8.3	**Ageing of trade debts past due but not impaired**		
	0 - 90 days	**617,668,924**	388,788,586
	91-180 days	**202,367,886**	292,219,050
	181 - 360 days	**17,224,617**	124,782,824
	Above 360 days	**4,469,531**	387,722
		841,730,958	806,178,182

8.4 Following are the details for export sales outstanding as at reporting date.

	Foreign Jurisdiction	Mode of arrangement	Amount in Rupees
June 30, 2019	**China**	**Confirmed LC**	**22,246,389**
June 30, 2018	China	Confirmed LC	43,716,788

		Note	2019 Rupees	2018 Rupees
9.	**LOANS AND ADVANCES**			
	Considered good			
	Loans to employees - unsecured	9.1	**195,004**	216,000
	Advance to employees	9.1	**924,481**	7,556,981
	Advances - unsecured			
	- to suppliers		**10,461,886**	34,593,719
	- for expenses		**510,790**	4,815,557
			10,972,676	39,409,276
	Advance income tax		**54,774,477**	43,902,018
			66,866,638	91,084,275

9.1 This represents unsecured, interest free, short-term loan and advance given to employees of the Company.

		Note	2019 Rupees	2018 Rupees
10.	**DEPOSITS AND SHORT-TERM PREPAYMENTS**			
	Current portion of long-term deposits	5	**3,563,701**	1,175,851
	Prepayments		**1,426,457**	3,278,637
			4,990,158	4,454,488
11.	**OTHER RECEIVABLES**			
	Sales tax			
	- considered good		**58,193,829**	54,007,174
	- considered doubtful		**-**	2,507,844
	Export rebate - considered doubtful		**2,194,344**	2,194,344
	Duty draw back receivable		**19,754,787**	33,408,226
	Cotton quality and weight claims			
	- considered good		**11,355,648**	14,333,369
	- considered doubtful		**-**	122,785
	Profit on deposits		**2,790,009**	1,855,666
	Others		**847,297**	385,137
			95,135,914	108,814,545
	Less: provision for doubtful receivables	11.1	**(4,824,973)**	(4,824,973)
			90,310,941	103,989,572

		Note	2019 Rupees	2018 Rupees
11.1	**Provision for doubtful receivables**			
	As at July 01, 2018		**4,824,973**	4,824,973
	Provision recognized during the year		**-**	-
	As at June 30, 2019		**4,824,973**	4,824,973
12.	**OTHER FINANCIAL ASSETS**			
	Investments at fair value through profit or loss	12.1	**3,373,275**	1,196,000
	Term deposit receipts	12.2	**61,277,760**	45,550,710
			64,651,035	46,746,710

12.1 This represents investment in shares of listed companies (Lottee Chemicals Pakistan Limited and Fauji Cement Company Limited). These are stated at fair value at the year-end, using the year-end share price quoted at the stock exchange. The cost of these shares is Rs. 898,000 for Lottee Chemicals Pakistan Limited and Rs. 2,413,175 for Fauji Cement Company Limited respectively while the unrealized gain and loss as at reporting date amounts to Rs. 627,000 and Rs 564,900 respectively.

12.2 These represents term deposit receipts with various banks for a period ranging from six months to one year carrying mark-up at the rates ranging from 4.35% to 7.50% (2018: 4.35% to 7.00%) per annum. The banks have lien on these term deposit receipts on account of guarantees provided by such banks as disclosed in note 24.1.1 to the financial statements. These will mature upto May 28, 2020 (2018: June 26, 2019).

13. Sales tax refund bond

Sales tax refund bonds are issued by the Federal Board of Revenue (FBR) against sales tax refundable of Rs. 14.7 million. The bonds so issued bear profit @ 10% per annum and will mature at the end of three years.

		Note	2019 Rupees	2018 Rupees
14.	**CASH AND BANK BALANCES**			
	Cash in hand		**77,002**	87,062
	Cash at banks			
	- in current accounts	14.1	**21,209,566**	2,230,563
	- in savings account	14.2	**36,290**	104,261
			21,322,858	2,421,886

14.1 This includes an amount of Rs. 3.58 million on which the bank has created lien on account of guarantee provided by such bank as disclosed in note 24.1.1 to the financial statements.

14.2 It carries markup of 5.5% (2018: 3.87%) per annum.

15. SHARE CAPITAL

2019 Number of shares	2018 Number of shares		2019 Rupees	2018 Rupees
		Authorized		
22,000,000	22,000,000	Ordinary shares of Rs. 10/- each	**220,000,000**	220,000,000
		Issued, subscribed and paid-up		
19,852,800	18,048,000	Ordinary shares of Rs. 10/- each fully paid in cash	**198,528,000**	180,480,000

15.1 The Company has one class of ordinary shares which carry equal voting rights but no right to fixed income. Voting rights, board selection etc. are in proportion to their shareholding.

	Note	2019 Rupees	2018 Rupees
16. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax			
As at July 1,		**716,330,503**	765,055,641
Surplus arising during the year		**157,370,393**	-
Less: transferred to unappropriated profit on account of:			
- incremental depreciation - net of tax		**(35,390,825)**	(33,071,249)
- related deferred tax liability		**(10,623,874)**	(11,289,916)
- disposals - net of tax		**-**	(3,253,342)
- related deferred tax liability		**-**	(1,110,631)
		(46,014,698)	(48,725,138)
As at June 30, 2019		**827,686,198**	716,330,503
Less: related deferred tax liability on:			
Revaluation surplus as at July 1,		**129,155,329**	173,966,891
Surplus arising during the year	19	**36,333,676**	-
Adjustment due to change in tax rate	19	**36,231,058**	(32,411,015)
Incremental depreciation charged during the year		**(10,623,874)**	(11,289,916)
Assets disposed-off during the year		**-**	(1,110,631)
	19	**191,096,190**	129,155,329
As at June 30, 2019		**636,590,008**	587,175,174

17. LONG-TERM FINANCE

	Note	2019 Rupees	2018 Rupees
Long Term finance			
Banking companies - secured	17.1	**115,368,060**	101,544,568
Less: current portion shown under current liabilities		**(27,390,008)**	(22,907,972)
		87,978,052	78,636,596
Related Parties - unsecured	17.2	**104,430,001**	100,330,001
Less: present value adjustment		**(44,580,488)**	(9,120,910)
Less: current portion shown under current liabilities		**-**	(91,209,091)
		59,849,513	-
		147,827,565	78,636,596

17.1 This represents long-term finance facilities obtained by the Company for the purpose of procurement of machinery. The facilities carry markup at KIBOR + 2.5% per annum and are payable in fixed monthly installments within a period of 4 to 5 years. The loan is secured against first exclusive charge over the assets (imported Gen set and Compact Spinning and locally purchased carding machines) with 0% to 25% margin.

17.2 On June 04, 2019, the Company renewed the agreements with various related parties (directors / shareholders and their closed family members) in their capacity as sponsors, whereby the repayment of the loan obtained in the previous years was deferred for a further period of four years from the date of the renewed agreement. These loans are interest free, unsecured and are expected to be repaid by the end of June 03, 2023 further extendable by mutual agreement. Using the discount rate of 15% per annum, the fair value of the loans was estimated at Rs. 59.85 million as at June 30, 2019. The difference of Rs. 44.58 million between the gross proceeds and the fair value of the loan was recognized in equity through a transfer to unappropriated profit (the unamortized portions are not available for distribution). The interest (i.e., unwinding of the difference between present value on initial recognition and the amount received) is being recognized on the loan in the statement of profit or loss using the effective interest method.

	Note	2019 Rupees	2018 Rupees
18 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Present value of minimum lease payments	18.1	**72,936,952**	53,119,159
Less: current portion shown under current liabilities		**(31,169,451)**	(19,444,611)
		41,767,501	33,674,548

18.1 These represent plant and machinery and vehicles acquired under finance leases (and musharaka arrangement) from leasing companies and financial institutions. Future minimum lease payments under lease together with the present value of the net minimum lease payments are as follows:

	2019			2018		
	Minimum lease payments	**Finance cost**	**Present value**	Minimum lease payments	Finance cost	Present value
	--------	--------	--------	Rupees	--------	--------
Not later than one year	**34,484,158**	**3,314,707**	**31,169,451**	22,759,318	3,314,707	19,444,611
Later than one year but not later than five years	**46,163,572**	**4,396,071**	**41,767,501**	35,070,619	1,396,071	33,674,548
Total minimum lease payments	**80,647,730**	**7,710,778**	**72,936,952**	57,829,937	4,710,778	53,119,159

The rates of mark-up ranges from 8.50% to 12.50% (2018: 8.52% to 10.39%) per annum and are used as discounting factor. The lease terms are upto 5 years. The Company intends to exercise its option to purchase the leased assets upon completion of the lease period. Liabilities are secured against leased assets, demand promissory notes and security deposits.

	Note	2019 Rupees	2018 Rupees
19. Deferred taxation - net			
Balance as at July 1,		**175,938,695**	253,330,223
Reversal to profit or loss	32	**(5,410,620)**	(45,329,083)
Charged to other comprehensive income		**836,147**	348,570
Adjustment to the related deferred tax liability on revaluation surplus	16	**36,333,676**	-
Tax rate adjustment on surplus	16	**36,231,058**	(32,411,015)
Balance as at June 30,		**243,928,956**	175,938,695
This comprises of the following:			
Deductible temporary differences:			
- accelerated depreciation on property, plant and equipment		**141,757,669**	110,948,603
- surplus on revaluation of property, plant and equipment	16	**191,096,190**	129,155,329
		332,853,859	240,103,932
Taxable temporary differences:			
- provision for doubtful trade debts		**3,599,832**	3,599,832
- provision for stores and spares		**1,319,528**	1,104,184
- provision for doubtful other receivables		**1,399,242**	1,399,242
- provision for staff gratuity		**11,110,494**	8,384,269
- minimum tax		**71,495,806**	49,677,710
		(88,924,903)	(64,165,237)
		243,928,956	175,938,695

20. Retirement benefit obligation

	Note	2019 Rupees	2018 Rupees
Mill	20.2	**38,794,769**	37,566,379
Head office	20.10	**252,372**	252,372
		39,047,141	37,818,751

20.1 Retirement benefit obligation - defined benefit plan

The Projected Unit Credit Method based on following significant assumptions was used for valuation of the scheme. The basis of recognition together with details as per actuarial valuation are as under:

	2019	2018
The principal assumptions used are as follows:		
- Discount rate	**14.25%**	9.00%
- Expected rate of salary increase	**13.25%**	8.00%
- Mortality rate	**SLIC 2001-2005 set back one year**	SLIC 2001-2005 set back one year

		Note	2019 Rupees	2018 Rupees
20.2	**Liability recognized in the statement of financial position**			
	Present value of retirement benefit obligation (RBO)	20.3	**38,794,769**	37,566,379
20.3	**Movement in Retirement benefit obligation (RBO) during the year**			
	Balance as at July 1,		**37,566,379**	33,497,927
	Expense recognized in profit or loss	20.4	**14,795,245**	12,674,156
	Total remeasurements recognized in other comprehensive income	20.5	**(3,750,915)**	(1,713,665)
	Benefits paid		**(5,022,270)**	(4,666,650)
	Benefits due but not yet paid		**(4,793,670)**	(2,225,389)
			38,794,769	37,566,379
20.4	**Expense recognized in profit or loss**			
	Current service cost		**11,855,988**	10,345,133
	Interest cost		**2,939,257**	2,329,023
			14,795,245	12,674,156
20.5	**Total remeasurements recognized in other comprehensive income**			
	Actuarial loss / (gain) on liability arising on			
	- financial assumptions		**657,737**	160,201
	- demographic assumptions		**-**	-
	- experience adjustments		**(4,408,652)**	(1,873,866)
			(3,750,915)	(1,713,665)

20.6 Sensitivity analysis

The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

	Change in assumption	Increase / (decrease) in defined benefit obligation due to	
		Increase in assumption Rupees	Decrease in assumption Rupees
Discount rate	**1%**	**(2,048,591)**	**2,331,458**
Salary growth rate	**1%**	**2,439,102**	**(2,183,594)**

20.7 The gratuity scheme exposes the Company to the following risks:

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

Salary increase risk: The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risk: The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the defined benefit obligation. The movement of the liability can go either way.

20.8 The weighted average duration of the defined benefit obligation as at June 30, 2019 is 6 years (2018: 6 years).

20.9 Number of employees covered by the scheme are 648 (2018: 705) employees.

20.10 Retirement benefit obligation - head office	**Note**	**2019 Rupees**	2018 Rupees
Balance as at July 1		**252,372**	252,372
Paid during the year		**-**	-
Balance as at June 30	20.11	**252,372**	252,372

20.11 This amount relates to the unfunded gratuity scheme for the head office staff which has been freezed since 2002, as per the Company policy.

21. TRADE AND OTHER PAYABLES	**Note**	**2019 Rupees**	2018 Rupees
Creditors	21.1	**43,935,628**	26,456,462
Accrued liabilities		**46,016,306**	43,502,846
Bills payable		**-**	2,276,244
Advance from customers		**14,186,315**	15,957,025
Workers' profit participation fund	21.2	**3,716,099**	3,139,851
Workers' welfare fund		**14,182,206**	12,767,976
Infrastructure cess	21.3	**51,445,392**	35,604,949
Payable to provident fund		**364,567**	375,847
Gratuity due but not yet paid	21.4	**5,597,770**	3,400,580
Withholding tax payable		**9,325,316**	10,568,221
		188,769,599	154,050,001

21.1 Trade payables are non-interest bearing and are normally settled on 90-days term.

21.2 Workers' profit participation fund	**Note**	**2019 Rupees**	2018 Rupees
Balance as at July 1,		**3,139,851**	5,874,267
Allocation during the year	30	**3,716,099**	3,139,851
Interest on funds utilized in Company's business	29	**240,312**	322,541
		7,096,262	9,336,659
Paid during the year		**(3,380,163)**	(6,196,808)
Balance as at June 30,		**3,716,099**	3,139,851

21.3 The Government of Sindh through Sindh Finance Act, 1994 provided for imposition of an infrastructure fee for the development and maintenance of infrastructure on goods entering or leaving the Province through air or sea at prescribed rates. The levy was challenged by the Company along with other companies in the High Court of Sindh through civil suits which were dismissed by the single judge of the High Court of Sindh through its decision in October 2003. On appeal filed there against, the High Court of Sindh has held through an order passed in September 2008 that the levy as imposed through the Sindh Finance Act, 1994 (amended time to time) was not valid till December 28, 2006, however, thereafter on account of an amendment in the Sindh Finance (Amendment) Ordinance, 2006, it had become valid and is payable by the Appellants. The Company, along with other companies, filed an appeal in the Supreme Court of Pakistan against the aforementioned order of the High Court of Sindh. The Supreme Court granted stay by passing an interim order on January 22, 2009. The order passed by the High Court of Sindh was set aside by the Supreme Court vide its order dated May 20, 2011. Consequently, a new petition has been filed in the High Court of Sindh. Through the interim order passed on May 31, 2011, the High Court has ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure fee should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed.

The Management is confident for a favorable outcome. However, as a matter of prudence, the Company has made provision as follows:

	Note	2019 Rupees	2018 Rupees
Balance as at July 1,		**35,604,949**	23,587,865
Charge for the year		**24,034,168**	24,034,168
		59,639,117	47,622,033
Payments made during the year		**(12,017,084)**	(12,017,084)
Balance as at June 30,		**47,622,033**	35,604,949

21.4 Movement in gratuity due but not yet paid

	Note	2019 Rupees	2018 Rupees
Balance as at July 1,		**3,400,580**	4,153,471
Add: transfer from RBO during the year	20.3	**4,793,670**	2,225,389
Less: payments made during the year		**(2,596,480)**	(2,978,280)
		5,597,770	3,400,580

22. ACCRUED MARK-UP

		2019 Rupees	2018 Rupees
Long-term finance		**-**	1,488,316
Short-term borrowings		**49,416,428**	21,558,949
		49,416,428	23,047,265

23. SHORT-TERM BORROWINGS

Banking companies - secured

	Note	2019 Rupees	2018 Rupees
Running finance		**618,093,821**	614,697,259
Cash finance		**218,945,955**	266,756,798
Finance against Imported Merchandise (FIM)		**770,956,584**	711,686,290
	23.1	**1,607,996,360**	1,593,140,347

23.1 Facilities for running finance, cash finance, FIM and Murabaha are available from various banks up to Rs. 3,088 million (2018: Rs. 2,020 million). These facilities are subject to mark-up at the rates 3 month KIBOR plus 1% to 3% (2018: 3 month KIBOR plus 1% to 3%) per annum payable quarterly. These are secured against various assets including first pari passu hypothecation charge over present and future stock-in-trade, pledge of cotton, first hypothecation charge over present and future book debts, ranking charge on the stocks and receivables of the Company, equitable mortgage on various properties and personal guarantees of all directors of the Company.

The aggregate unavailed short-term borrowing facilities amounted to Rs. 1,481 million (2018: Rs. 427 million).

24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 Letters of guarantee issued by banks on behalf of the Company to:

	2019 Rupees	2018 Rupees
- Lahore Electric Supply Company Limited	**15,310,568**	15,310,568
- Sui Northern Gas Pipelines Limited	**24,314,000**	24,314,000
- Excise and Taxation Office	**43,258,600**	27,258,600

24.1.2 In August 2013, the Oil and Gas Regulatory Authority (OGRA) vide its S.R.O. # 726(I)/2015 notified the sale price for sale of natural gas at Rs. 573.28/MMBTU for captive power consumption (CPP) with immediate effect. Subsequent to the said S.R.O., the Company received gas bills at Rs. 573.28/MMBTU, being considered as CPP by the utility company. The Company, considering itself as industrial consumer paid gas charges at the rate applicable before August 2013 on the basis of the stay order obtained from the Court.

Subsequently, on September 1, 2015, OGRA vide its S.R.O. # 876(I)/2015 notified the price for sale of natural gas at Rs. 600/MMBTU for industrial consumers and on captive power consumption, with effect from September 1, 2015. Aggrieved by the notification, the Company filed a suit in the Lahore High Court contending that the mandatory procedures as laid down in the OGRA Ordinance, 2002 and Rules made thereunder were not fulfilled while issuing the notification. Hence, the Company paid / accrued gas charges at rates applicable before the above S.R.O. # 726(I)/2015 on the basis of stay orders obtained from Lahore high Court, Multan bench, from time to time, until November 2015 (refer note 24.1.3)

From December 2015, the gas company has started supplying imported Liquefied Natural Gas (LNG) resulting in the change in rates over which no dispute has been raised by the Company.

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

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

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

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

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

In view of the above aforementioned developments, the Company has filed various law suits in Sindh and Lahore High Courts against charge of Gas Infrastructure Development Cess. The Company expects the final outcome to be in its favour. The management on prudent basis has recognized provision of Rs. 2.675 million (2018: Rs. Nil million) in respect of GIDC upto October, 2018 as Sui Northern Gas Pipelines Limited (SNGPL) has stopped charging GID cess (due to consumption of RLNG).

	2019 Rupees	2018 Rupees
24.2 Commitments		
Letters of credit opened and outstanding for import of:		
- plant and machinery	**-**	-
- raw material	**154,682,685**	331,427,976
- stores and spares	**1,447,131**	1,353,895
	156,129,816	332,781,871

25 SALES - NET

	2019	2018
Yarn		
- Local	**2,423,805,147**	1,862,597,787
- Export	**709,273,945**	666,259,298
	3,133,079,092	2,528,857,085
Raw material - Local	**199,190,480**	263,756,960
Fabric - Local	**-**	-
Waste - Local	**152,181,219**	101,939,936
	3,484,450,791	2,894,553,981
Less:		
Sales tax	**-**	-
Brokerage and commission	**(12,855,150)**	(13,494,499)
	3,471,595,641	2,881,059,482

26. COST OF SALES

	Note	2019 Rupees	2018 Rupees
Raw material consumed	26.1	**2,212,672,212**	1,780,550,471
Salaries, wages and benefits	26.2	**147,050,788**	135,591,195
Fuel and power		**326,445,084**	330,043,011
Depreciation	4.2	**75,188,884**	73,059,847
Stores, spares and loose tools consumed		**39,532,529**	42,683,830
Packing material		**45,288,013**	37,875,251
Insurance		**10,759,469**	6,276,045
Repairs and maintenance		**4,131,867**	4,750,787
Provision on slow moving stores, spares and loose tools	26	**976,014**	3,168,730
Vehicles running and maintenance		**1,593,843**	1,604,196
Other manufacturing overheads		**4,384,584**	4,019,146
		655,351,075	639,072,038
		2,868,023,287	2,419,622,509
Work-in-process			
Opening stock		**25,248,274**	23,177,686
Closing stock		**(26,053,631)**	(25,248,274)
		(805,357)	(2,070,588)
Cost of goods manufactured		**2,867,217,930**	2,417,551,921
Finished goods			
Opening stock		**134,040,039**	133,996,832
Yarn purchased		**-**	-
Fabric purchased		**-**	-
Closing stock		**(112,069,188)**	(134,040,039)
		21,970,851	(43,207)
Cost of raw material sold		**187,364,551**	226,236,093
		3,076,553,332	2,643,744,807

26.1 Raw material consumed

	2019 Rupees	2018 Rupees
Opening stock	**726,124,754**	405,242,968
Purchases - net	**2,371,864,616**	2,101,432,257
	3,097,989,370	2,506,675,225
Closing stock	**(885,317,158)**	(726,124,754)
	2,212,672,212	1,780,550,471

26.2 Salaries, wages and benefits include Rs. 14.79 million (2018: Rs. 12.67 million) in respect of retirement benefit obligations.

27. DISTRIBUTION COST

	2019 Rupees	2018 Rupees
Freight and octroi	**6,630,314**	5,563,321
Commission and other charges	**2,419,726**	1,809,414
Clearing and forwarding	**3,723,930**	3,771,268
Business promotion expenses	**4,072,287**	2,557,067
Export development surcharge	**1,833,064**	1,540,478
	18,679,321	15,241,548

28. ADMINISTRATIVE EXPENSES

	Note	2019 Rupees	2018 Rupees
Salaries and benefits	28.1	**46,622,849**	42,158,091
Fees, subscription and periodicals		**1,740,244**	1,577,457
Entertainment		**918,958**	769,657
Traveling and conveyance		**3,562,981**	2,246,295
Postage and telephone		**1,383,540**	1,865,168
Electricity, gas and water		**2,970,685**	2,284,360
Vehicles running and maintenance		**4,533,334**	4,232,056
Depreciation	4.2	**8,235,550**	7,102,249
Provision for doubtful trade debts	8.2	**-**	2,423,911
Legal and professional		**1,436,509**	413,500
Auditors' remuneration	28.2	**1,078,000**	997,000
Printing and stationery		**359,738**	371,709
Computer		**124,450**	109,000
Rest house		**404,850**	407,544
Advertisement		**80,340**	183,600
Donation	28.3	**1,740,000**	1,030,000
Others		**2,271,269**	816,843
		77,463,297	68,988,440

28.1

Salaries and benefits include Rs. 1.30 million (2018: Rs. 1.23 million) in respect of employer's contribution to provident fund.

28.2 Auditors' remuneration

	Note	2019 Rupees	2018 Rupees
Audit Services			
Annual audit fee		**800,000**	685,000
Half year review fee		**130,000**	130,000
Review of code of corporate governance		**50,000**	50,000
Other services		**-**	50,000
Out of pocket expenses		**98,000**	82,000
		1,078,000	997,000

28.3 No director or their spouse had any interest in the donees' fund. Furthermore, no donation exceeding Rs. 500,000 has been given to a single party.

29. FINANCE COST

	Note	2019 Rupees	2018 Rupees
Markup / interest on:			
Long-term finance		**10,368,489**	3,095,884
Short-term borrowings		**163,956,417**	89,426,021
Finance lease arrangements		**4,370,187**	3,675,125
Unwinding of discount on long-term finance from related parties		**9,120,910**	8,291,736
Workers' profit participation fund	21.2	**240,312**	322,541
Bank charges, guarantee commission and other related charges		**20,978,160**	8,817,967
		209,034,475	113,629,274

30. OTHER OPERATING EXPENSES

	Note	2019 Rupees	2018 Rupees
Workers' profit participation fund	21.2	**3,716,099**	3,139,851
Workers' welfare fund		**1,414,230**	1,363,595
Infrastructure cess		**15,840,443**	12,017,084
Exchange Loss		**6,298,059**	-
		27,268,831	16,520,530

	Note	2019 Rupees	2018 Rupees
31. OTHER INCOME			
Income from financial assets			
Profit on deposits		**3,022,514**	2,167,859
Unrealized gain on financial assets	12.1	**(235,900)**	298,000
Dividend income		**238,125**	20,000
Income from assets other than financial assets			
Exchange gain		**-**	353,324
Duty drawback on export		**-**	31,693,647
Gain on disposal of property, plant and equipment		**348,952**	206,033
Sale of scrap		**155,000**	619,832
		3,528,691	35,358,695

32. TAXATION

	Note	2019 Rupees	2018 Rupees
Current			
- for the year		**39,222,187**	25,318,858
- prior year		**-**	(100,871)
		39,222,187	25,217,987
Deferred	19	**(5,410,620)**	(45,329,083)
		33,811,567	(20,111,096)

32.1 Relationship between tax expense and accounting profit

The numerical reconciliation between the average tax rate and applicable tax rate has not been presented in these financial statements as the total income of the company attracts minimum tax under section 113 of the Income Tax Ordinance, 2001 and its export sales fall under final tax regime.

32.2 Management had a practice of recording tax expense based on the generally accepted interpretation of tax laws and accordingly sufficient provision in respect of taxation for last three years has been provided in these financial statements.

32.3 Subsequent to the amendment of section 5(A) of the Income tax Ordinance, 2001, tax at the applicable rate shall be imposed on every public company which derives profit for the year. However, this tax shall not apply in case of a company which distributes at least specified percentage of after tax profits within six months of the end of the tax year in the form of cash dividend. During the year the Company has obtained stay order from Sindh High Court in respect of application of such clause.

33. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company which is based on:

		2019	2018
Profit for the year	Rupees	**32,313,509**	78,404,674
Weighted average number of ordinary shares outstanding during the year		**19,852,800**	18,048,000
Earnings per share	Rupees/ Share	**1.63**	4.34

34. CASH AND CASH EQUIVALENTS

	Note	2019 Rupees	2018 Rupees
Cash and bank balances	14	**21,322,858**	2,421,886
Short-term borrowings	23	**(1,607,996,360)**	(1,593,140,347)
		(1,586,673,502)	(1,590,718,461)

35. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, key management personnel and post employment contribution plan. Long-term loans obtained from directors and associated undertakings (and unwinding of discount thereon) and remuneration of Chief Executive Officer, directors and executives are disclosed in note 7, note 28 and note 36 respectively. Other significant transaction with a related party is as follows:

Relationship with the Company	Nature of transaction	Note	2019 Rupees	2018 Rupees
Key Management Personnel	Remuneration paid		**8,647,704**	6,257,180
	Post employment benefits		**161,172**	219,909
Post employment contribution plan	Contribution to employees' provident fund	28.1	**1,300,492**	1,231,244

35.1 Details of related parties of the Company

Name of related party	Basis of relationship and percentage holding
Muhammad Idrees Allawala	Key Management Personnel holds 0.003% shares
S.M. Mansoor Idrees Allawala	Key Management Personnel holds 12.816% shares
Naeem Idrees Allawala	Key Management Personnel holds 22.376% shares
Rizwan Idrees Allawala	Key Management Personnel holds 4.883% shares
Omair Idrees Allawala	Key Management Personnel holds 25.031% shares
Muhammad Saeed	Key Management Personnel holds 0.443% shares
Muhammad Israil	Key Management Personnel holds 0.011% shares
Ambreen Mansoor	Spouse of S.M. Mansoor Allawala holds 2.022% shares
Jawaid Patni	Key Management Personnel
Muhammad Anis	Key Management Personnel
Syed Shahid Sultan	Key Management Personnel
Ayyaz Khan	Key Management Personnel

36. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	30-Jun-19				30-Jun-18			
		Directors				Directors		
	Chief Executive	**Executive**	**Non-executive**	**Executives**	Chief Executive	Executive	Non-executive	Executives
	Rupees							
Remuneration	**1,820,000**	**2,640,000**	**-**	**4,187,704**	1,280,004	2,160,000	-	2,817,176
House rent allowance	**546,000**	**792,000**	**-**	**1,256,311**	384,000	648,000	-	875,180
Utilities	**182,000**	**264,000**	**-**	**418,770**	127,992	216,000	-	135,164
Medical	**182,000**	**264,000**	**-**	**418,770**	128,004	216,000	-	281,716
	2,730,000	**3,960,000**	**-**	**6,281,556**	1,920,000	3,240,000	-	4,109,236
Number of persons	**1**	**2**	**1**	**3**	1	2	1	2

The Chief Executive, directors and some executives are provided with free use of Company maintained cars.

As per revised requirement of the Act, executive means an employee, other than chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year. Therefore, comparative figures have been changed in light of change in t he definition of executive as per the Act.

37. PLANT CAPACITY AND ACTUAL PRODUCTION

	2019 Rupees	2018 Rupees
Installed production capacity 20/s count - yarn in kgs.	**14,795,745**	14,795,745
Actual production during the year at 20/s count - yarn in Kgs.	**17,371,599**	13,957,634

It is difficult to precisely describe the production capacity and compare it with actual production in the textile industry since it fluctuates widely depending upon various factors such as count of yarn spun, spindles speeds, twists per inch, raw material used, etc.

38. NUMBER OF EMPLOYEES

The total and average number of employees during the year and as at June 30, 2019 and 2018 respectively are as follows:

	2019	2018
Total number of employees of the Company as at reporting date	**690**	747
Average number of employees of the Company during the year	**651**	708
Employee's working in Company's factory as at reporting date	**648**	705
Average number of employees working in Company's factory during the year	**609**	666

39. PROVIDENT FUND

The financial information of the Fund is as follows:

	2019 Rupees	2018 Rupees
a) Size of the fund - Net assets	**28,752,469**	26,386,961
Cost of investments made	**24,291,265**	20,241,446
Fair value of investments	**24,187,876**	21,269,384
Percentage of investments made (%)	**84.12%**	80.61%

b) The break-up of fair value of investments is:

	30-Jun-19		30-Jun-18	
	Rupees	%	Rupees	%
Bank balances	**5,350,332**	**22.12**	3,217,914	15.13
Fixed income securities	**13,000,000**	**53.75**	12,000,000	56.42
Mutual funds	**5,837,544**	**24.13**	6,051,469	28.45
	24,187,876	**100.00**	19,053,398	100.00

39.1 The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified thereunder.

40. FINANCIAL INSTRUMENTS BY CATEGORY

	30-Jun-19 Rupees	30-Jun-18 Rupees
Financial assets as per statement of financial position		
Loans and receivables		
Security deposits	**31,905,607**	25,293,448
Trade debts	**829,317,743**	793,764,967
Loans and advances	**1,119,485**	7,772,981
Other receivables	**14,992,954**	16,574,172
Other financial assets	**64,651,035**	46,746,710
Cash and bank balances	**21,322,858**	2,421,886
	963,309,682	892,574,164

Financial liabilities as per statement of financial position	**30-Jun-19 Rupees**	30-Jun-18 Rupees
At amortized cost		
Long-term financing		
- from banking company	**115,368,060**	101,544,568
- from related parties	**104,430,001**	91,209,091
Liabilities against assets subject to finance lease	**72,936,952**	53,119,159
Trade and other payables	**95,914,271**	76,011,979
Unclaimed dividend	**2,424,885**	2,424,885
Mark-up accrued	**49,416,428**	23,047,265
Short-term borrowings	**1,607,996,360**	1,593,140,347
	2,048,486,957	1,940,497,294

41. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

41.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk of the Company arises principally from the trade debts, security deposits, loans and advances, other financial assets and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	Note	**30-Jun-19 Rupees**	30-Jun-18 **Rupees**
Security deposits	41.1.1	**31,905,607**	25,293,448
Trade debts	41.1.2	**829,317,743**	793,764,967
Loans and advances	41.1.3	**1,119,485**	7,772,981
Other receivables		**14,992,954**	16,574,172
Other financial assets	41.1.4	**64,651,035**	45,550,710
Bank balances	41.1.4	**21,322,858**	2,334,824
		963,309,682	891,291,102

41.1.1 Deposits

Deposits primarily include deposits given to leasing companies / financial institutions for lease of plant and machinery and vehicles. These deposits are usually adjusted at the end of lease term against the purchase of leased asset.

41.1.2 Trade debts

The trade debts at year end are primarily due from local customers against local sales. Management assesses the credit quality of customers, taking into account their financial position, past experience and other factors. The Company's exposure to credit risk arising from trade debtors is mainly influenced by the individual characteristics of each customer. The Company has no major concentration of credit risk with any single customer. The Company establishes an allowance for impairment that represents lifetime expected credit losses (ECL) based on analysis of recovery pattern.

41.1.3 Loans and advances

These include loans and advances given primarily to employees against salaries, which will be adjusted against their future salaries or in case of resignation against their post retirement benefit balances.

41.1.4 Other financial assets and balances with banks

The Company deposits its funds and invests in term deposit receipts (other financial assets) with banks carrying good credit standings assessed by reputable credit agencies. These banks are credit rated as follows:

Bank Name	Date of Rating	Rating Agency	Short term	Long term
Bank Al-Falah Limited	28-Jun-19	PACRA	A1+	AA+
Bank Al-Habib Limited	28-Jun-19	PACRA	A1+	AA+
Bank Islami Pakistan Limited	30-Apr-19	PACRA	A1	A+
Dubai Islamic Bank Pakistan	28-Jun-19	JCR-VIS	A1+	AA
Faysal Bank Limited	27-Jun-19	PACRA	A1+	AA
Habib Bank Limited	28-Jun-19	JCR-VIS	A-1+	AAA
Habib Metropolitan Bank Limited	27-Jun-19	PACRA	A1+	AA+
J.S Bank Limited	28-Jun-19	PACRA	A1+	AA-
Meezan Bank Limited	28-Jun-19	JCR-VIS	A-1+	AA+
National Bank of Pakistan	28-Jun-19	PACRA	A1+	AAA
Silk bank Limited	27-Jun-19	JCR-VIS	A-2	A-
Sindh Bank Limited	28-Jun-19	JCR-VIS	A-1	A+
Soneri Bank Limited	19-Jun-19	PACRA	A1+	AA-
The Bank of Punjab	28-Jun-19	PACRA	A1+	AA
MCB Bank Limited	27-Jun-19	PACRA	A1+	AAA
United Bank Limited	28-Jun-19	JCR-VIS	A-1+	AAA

41.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining sufficient cash and bank balances and availability of financing through banking arrangements. The following are the contractual maturities of financial liabilities, including interest payments, excluding the impact of netting agreements:

	June 30, 2019			
	Carrying amount	Contractual maturities	Maturity upto one year	Maturity after one year
	Rupees			
Long-term financing				
- from related parties	59,849,513	104,430,001	-	104,430,001
- from banking company	115,368,060	115,368,060	27,390,008	87,978,052
Liabilities against assets subject to finance lease	72,936,952	80,647,730	34,484,158	46,163,572
Trade and other payables	95,914,271	95,914,271	95,914,271	-
Unclaimed dividend	2,424,885	2,424,885	2,424,885	-
Markup accrued	49,416,428	49,416,428	49,416,428	-
Short-term borrowings	1,607,996,360	1,607,996,360	1,607,996,360	-
	2,003,906,469	2,056,197,735	1,817,626,110	238,571,625

	June 30, 2018			
	Carrying amount	Contractual maturities	Maturity upto one year	Maturity after one year
	Rupees			
Long-term financing				
- from related parties	91,209,091	100,330,001	100,330,001	-
- from banking company	101,544,568	117,936,752	29,215,633	88,721,119
Liabilities against assets subject to finance lease	53,119,159	57,829,937	22,759,318	35,070,619
Trade and other payables	76,011,979	76,011,979	76,011,979	-
Unclaimed dividend	2,424,885	2,424,885	2,424,885	-
Markup accrued	23,047,265	23,047,265	23,047,265	-
Short-term borrowings	1,593,140,347	1,593,140,347	1,593,140,347	-
	1,940,497,294	1,970,721,166	1,846,929,428	123,791,738

41.3 Market risk

Market risk is the risk that changes in market prices, such as share price, foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The Company is primarily exposed to interest rate risk only.

41.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term borrowings, liabilities against assets subject to finance lease, other financial assets and bank balances in saving account.

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

	Carrying Amount	
	2019	2018
	Rupees	Rupees
Fixed rate instruments		
Financial assets	**64,651,035**	45,654,971
Financial liabilities	**175,217,573**	192,753,659
Variable rate instruments		
Financial liabilities - KIBOR based	**1,639,165,811**	1,646,259,506

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in KIBOR based financial liabilities at the reporting date would have increased / (decreased) equity and profit before tax by Rs. 8.19 million (2018: Rs. 8.23 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as in 2018.

41.4 Capital risk management

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

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

The Company is not subject to externally imposed capital requirements.

42. Fair value of financial instruments

IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

IFRS 13 requires the Company to classify financial instruments using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy 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 Company does not have any financial assets and liability measured at fair value other than certain items of property, plant and equipment and investment in shares disclosed below.

The Company's land, building, Labour colony, plant and machinery, electric installations and mill equipment are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of the Company's land, building, Labour colony, plant and machinery, electric installations and mill equipment was performed by M/s Arif Evaluators (an independent valuer), as at June 30, 2019.

'The Company has made investment in shares of a listed company which is stated at fair value at the year-end, using the year-end share price quoted at the stock exchange.

When measuring the fair value of an assets or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Details of fair value hierarchy and information relating to fair value of Company's free hold land, building, electric installations and plant and machinery and investment in listed securities is as follows:

	Level 1	Level 2	Level 3
	Rupees	Rupees	Rupees
As at June 30, 2019			
Investment - at fair value through profit or loss	**3,373,275**	**-**	**-**
Property, plant and equipment			
Land - freehold	**-**	**110,171,875**	**-**
Mills building on freehold land	**-**	**143,963,101**	**-**
Labour Colony on freehold land	**-**	**20,901,500**	**-**
Plant and machinery - owned	**-**	**1,272,089,600**	**-**
Plant and machinery - leased	**-**	**55,266,000**	**-**
Electric installations	**-**	**28,513,600**	**-**
Mill equipment	**-**	**6,487,499**	**-**
	3,373,275	**1,637,393,175**	**-**

As at June 30, 2018	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees
Investment - at fair value through profit or loss	1,196,000	-	-
Property, plant and equipment			
Land - freehold	-	90,140,625	-
Mills building on freehold land	-	149,799,884	-
Labour Colony on freehold land	-	21,016,587	-
Plant and machinery - owned	-	1,141,179,756	-
Plant and machinery - leased	-	35,971,855	-
Electric installations	-	31,315,026	-
Mill equipment	-	7,885,792	-
	1,196,000	1,477,309,525	-

There were no changes in valuation techniques during the year.

42.1 The carrying values of other financial assets and financial liabilities reported in the financial statements approximate their fair values.

43. Reconciliation of liabilities arising from financing activities

	June 30, 2018	**Financing cash inflows**	**Financing cash outflows**	**Non cash changes**	**June 30, 2019**
	Rupees				
Long-term finances	**192,753,659**	**38,627,787**	**(20,704,295)**	**(35,459,576)**	**175,217,575**
Liabilities against assets subject to finance lease	**53,119,159**	**41,392,500**	**(21,574,707)**	**-**	**72,936,952**
Dividend payable	**2,424,885**	**-**	**-**	**-**	**2,424,885**
	248,297,703	**96,699,868**	**(65,111,001)**	**51,844,736**	**248,297,703**

	June 30, 2017	Financing cash inflows	Financing cash outflows	Non cash changes	June 30, 2018
	Rupees				
Long-term finances	94,221,655	96,699,868	(6,459,600)	8,291,736	192,753,659
Liabilities against assets subject to finance lease	68,434,863	-	(49,844,704)	34,529,000	53,119,159
Dividend payable	2,207,582	-	(8,806,697)	9,024,000	2,424,885
	164,864,100	96,699,868	(65,111,001)	51,844,736	248,297,703

44. Date of authorization for issue

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

Chief Executive | Chief Financial Officer | Director

NO. OF SHAREHOLDERS	SHARE-HOLDING FROM	TO	TOTAL SHARES HELD
102	1	100	790
428	101	500	84,835
675	501	1000	374,790
169	1001	5000	307,421
14	5001	10000	90,970
11	10001	15000	130,295
5	15001	20000	87,920
14	20001	25000	306,790
5	25001	30000	136,043
4	30001	35000	129,750
1	35001	40000	35,750
3	55001	60000	175,351
1	60001	65000	64,900
1	70001	75000	71,500
2	80001	85000	163,240
4	85001	90000	353,650
1	105001	110000	110,000
1	120001	125000	121,500
1	130001	135000	130,350
1	180001	185000	181,500
1	190001	195000	191,290
1	240001	245000	243,430
1	325001	330000	330,000
1	400001	405000	401,478
1	470001	475000	470,507
1	490001	495000	495,000
1	670001	675000	672,870
1	965001	970000	969,362
1	1065001	1070000	1,065,561
1	2540001	2545000	2,544,329
1	4440001	4445000	4,442,266
1	4965001	4970000	4,969,362
1,455			**19,852,800**

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	PERCENTAGE
	-	-	-
Directors, CFO & their Spouse & Minor Children	8	13,417,547	67.585
Joint Stock Companies	5	1,930	0.010
Bank, Development Finance Institutions Insurance Companies, Modarabas	3	185,350	0.934
Individuals	1,439	6,247,973	31.471
	1,455	19,852,800	100.00

Categories of Shareholders	No. of Shareholders	Shares held	Percentage
Associated Companies, Undertaking and Related Paraties	-	-	-
Directors, CFO & their Spouse and Minor Children	08		
Mr. S. M. Idrees Allawala		550	0.003
Mr. S. M. Mansoor Allawala		2,544,329	12.816
Mr. Naeem Idrees Allawala		4,442,266	22.376
Mr. Rizwan Idrees Allawala		969,362	4.883
Mr. Omair Idrees Allawala		4,969,362	25.031
Mr. Muhammad Israil		2,200	0.011
Mr. Muhammad Saeed		88,000	0.443
Mrs. Ambreen Mansoor W/o S. M. Mansoor Allawala		401,478	2.022
Executive	-	-	-
Joint Stock Companies	5	1,930	0.010
NIT & ICP	-	-	-
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas & Mutual Funds	3	185,350	0.934
Shareholders holding 5% or more voting interest			
Mr. S. M. Mansoor Allawala		2,544,329	12.816
Mr. Naeem Idrees Allawala		4,442,266	22.376
Mr. Omair Idrees Allawala		4,969,362	25.031
Mr. Muhammad Iqbal		1,065,561	5.367

مجھے خوشی ہے کہ 30 جون 2019 کو ختم ہونے والے سال کیلئے کمپنی اوراس کے بورڈ آف ڈائریکٹرز کا ایک جائزہ آپ کے سامنے پیش کروں۔

زیرِغور سال کے دوران، بورڈ نے کمپنی کی مجموعی نظم ونسق، اہم پالیسیاں تشکیل دینے، اپنی کارکردگی اور بورڈ کی کمیٹیوں کی نگرانی کے سلسلے میں اپنی ذمہ داریاں پوری طرح سے نبھائیں۔مناسب نگرانی اور موثر کارکردگی کے ذریعہ،قابل اطلاق قوانین اورضوابط کی تعمیل کو یقینی بنایا گیا تھا۔

زیر جائزہ سال کے جانچ پڑتال کی بنیاد پر، بورڈ کی مجموعی کارکردگی اورافادیت کا اندازہ اطمینان بخش کے طور پر کیا گیا ہے۔مالی سال 2018-19 کے دوران آٹھ بورڈ کے اجلاس بلائے گئے تھے۔بورڈ نے اپنا نقطہ نظر اور مقاصد کو باقاعدہ وضع کیا ہے۔یہ کمپنی کی کارکردگی پر کڑی نگرانی کرتا ہے اور اخلاقی طرزعمل، ہنرمند وسائل کی ترقی ،مصنوعات کا معیار، گڈ گورننس اور مستحکم کارروائیوں کو برقرار رکھنے کے لئے پرعزم ہے۔سال کے دوران، بورڈ نے دوسری چیزوں کے علاوہ،سہ ماہی اورسالانہ مالیاتی گوشواروں ، بیرونی آڈیٹرز کی تقرری،منافع کی تقسیم اور مالی معاملات کے معاملات پرغوراورمنظوری دی۔ بورڈ آف ڈائریکٹرز کی تشخیص کا مقصد بورڈ کی مجموعی کارکردگی اور کمپنی کے امور کے طرزعمل کو کارپوریٹ گورننس کے بہترین طریقہ کار کے مطابق کرنا ہے۔

معاشی محاذ پر، دنیا کی دوسب سے بڑی معیشتوں ،یعنی، امریکہ اورچین کے مابین جاری تجارتی جنگ نے عالمی معیشت کو ہلا کر رکھ دیا ہے اور خاص طور پر ترقی پزیر ممالک، اپنی برآمدات میں کمی اور رکاوٹ کا سامنا کر رہے ہیں۔مثبت رخ پر، توانائی اور دیگر بنیادی ڈھانچے کے منصوبے، جن کا مقصد چین پاکستان اقتصادی راہداری' (سی پیک) کے فریم ورک کے تحت منصوبہ بنایا گیا ہے، آنے والے سالوں میں ہماری جی ڈی پی کوفروغ دینے کا امکان ہے۔دیگر مستقل کاروباری معاملات جیسے ٹیکسٹائل چین پر بھاری ڈیوٹی اور ٹیکس، زیرالتواء ڈیوٹی واپسی کے دعوے اورٹیکنالوجی کی اپ گریڈیشن سپورٹ، بڑھتی ہوئی شرح سود اور پاک روپیہ کی قدر میں کمی، ایسے اہم معاملات ہیں جن پر توجہ دینے کی ضرورت ہے۔

اس موقع پر میں یہ کہنا چاہتا ہوں کہ بورڈ ملازمین کے کاموں کو قدر کی نگاہ سے دیکھتا ہے مزید براں شیئر ہولڈرز گاہکوں، سپلائرز اور مالیاتی اداروں کے تعاون اوراعتماد کا مشکور ہے۔

محمد ادریس اللہ والا
چیئرمین

کراچی: 4 اکتوبر 2019

اظہار تشکر

ڈائریکٹران مالیاتی اداروں، مالیاتی اداروں، سپلائرز اور گاہکوں کے تعاون کے مشکور ہیں اور ملازمین کی کاوشوں کی قدر کرتے ہیں۔

4 اکتوبر 2019ء	**محمد ادریس اللہ والا**	**ایس ایم منصور اللہ والا**
کراچی	چیئرمین / ڈائریکٹر	چیف ایگزیکیٹو

بنیادی خدشات اور غیر یقینی صورتحال

اس حقیقت کے باوجود کہ سال کے دوران کمپنی کی کارکردگی تسلی بخش رہی ہے لیکن ملک میں کپاس کی قیمتوں میں اضافے بین الاقوامی دھاگہ کی قیمتوں کے تعین، امریکہ اور چین کے مابین تجارتی جنگ کے اثرات اور شرح سود ارزرمبادلہ کی شرح میں اتار چڑھاؤ کا اثر کمپنی کے مستقبل کے مالی نتائج پر پڑ سکتا ہے۔

مستقبل پر نظر

ٹیکسٹائل کے شعبے کے لئے توانائی کے خصوصی نرخوں پر حکومت کا عمل پیرا ہونا اسپنگ سیکٹر کی مسابقت کو برقرار رکھنے میں مدد گار ثابت ہوگا۔ ٹیکسٹائل چین میں ترسیل زر کو بڑھانے کے لئے ڈیوٹی ڈرابیک دعووں کے تیزی سے ادائیگی اور ٹیکنالوجی اپ گریڈیشن سپورٹ کو بھی یقینی بنایا جائے سیکشن 65جی کے تحت ٹیکس کریڈیٹ 30جون 2019 کے بعد کی جانے والی سرمایہ کاری پر ختم کر دیا گیا ہے اسے نئ سرمایا کاری

کے لئے حوصلہ افزائی کے طور پر بحال کیا جانا چاہیئے ایس آر او 1125 سے دستبرداری کے بعد ٹیکسٹائل چین کو سیلز ٹیکس کی صفر درجہ بندی اب دستیاب نہیں ہے اس کے نتیجے میں ٹیکسٹائل مصنوعات کی قیمتوں میں نمایاں اضافہ ہوا ہے ملک کے وسیع طبقے کے لئے یہ قوت خرید سے بالاتر ہے توانائی کی لاگت پر قابو پانے کے لئے حکومت کو چاہیئے کے وہ سبسیڈی کو معقول بنائے اور تقسیم کے نظام میں چوری کا خاتمہ کرے چائنا پاکستان اکنامک کوریڈور (سی پیک) کا تسلسل ہمارے ملک کے لئے انتہائی امید افزاء کیونکہ اسے ابتداء ہی سے مکمل سیاسی حمایت حاصل ہے سی پیک میں سعودی عرب کو شامل کرنا اس کی افادیت بڑھائے گا اور اسکے طے شدہ فوائد جلد ہی ہمارے ملک کے لوگوں تک پہنچنا شروع ہو جائیں گے براہ راست غیر ملکی سرمایہ کاری، بین الاقوامی مالیاتی فنڈ (IMF) کے بیل آؤٹ پیکج اور دوست ممالک کی مالی مدد کے حوالے سے حکومت کی کوششوں نے ہمارے ادائیگی کے توازن میں استحکام لانے میں اہم کردار ادا کیا ہے مزید ہے کہ ہمارا عالمی منڈی میں مزید حصہ بڑھانے کے لئے پاکستان کو ماحول دوست کارخانہ دار کے طور پر تبدیل کرنے اور عالمی سطح پر ترقی دینے کی ضرورت ہے دو بڑی اقتصادی طاقتوں یعنی امریکہ اور چین کے مابین تجارتی جنگ نے بین الاقوامی تجارت کو بری طرح متاثر کیا ہے جس سے پاکستان سمیت دنیا بھر کی متعدد ترقی پزیر معیشتوں کو نقصان ہو رہا ہے اس صورتحال کا جلد خاتمہ عالمی معاشی سرگرمیوں کی بحالی میں کلیدی کردار ادا کرے گا۔

آڈیٹرز

موجودہ ریٹائر ہونے والے آڈیٹر میسرز ڈیلائٹ یوسف عادل چارٹرڈ اکاؤنٹینٹس نے اہلیت کی بنیاد پر مالی سال 20-2019ء کی بابت دوبارہ تقرری کے لئے اپنی خدمات پیش کی ہیں آڈٹ کمیٹی کی میٹنگ، جو اکتوبر 2019,02، کو منعقد ہوئی تھی میں بھی انکی دوبارہ تقرری کرنے کی تجویز دی گئی ہے۔

بورڈ کی کمیٹیاں

بورڈ آف ڈائریکٹرز نے کارپوریٹ کے کوڈ کے تقاضوں کے مطابق آڈٹ کمیٹی اور ہیومن ریسورسس اور ریمونریشن کمیٹی تشکیل دی ہے۔

آڈٹ کمیٹی کے ممران درج ذیل ہیں

جناب محمد سعید	چیئرمین
جناب رضوان ادریس اللہ والا	ممبر
جناب اسرائیل	ممبر

ہیومن ریسورسس اور ریمونریشن کمیٹی کے ممبران درج ہیں

جناب محمد سعید	چیئرمین
جناب کامران ادریس اللہ والا	ممبر
جناب محمد اسرائیل	ممبر

عارضی آسامی

زیرنظر سال کے دوران 16 مئی 2019 کو جناب کامران ادریس اللہ بورڈ سے مستفی ہوگئے سال کے اختتام کے بعد جناب محمد اقبال کو ان کی جگہ ڈائریکٹر مقرر کیا گیا۔

بورڈ کا جائزہ

کوڈ آف کارپرریٹ گورنس ریگولیشن 2017 کے مطابق بورڈ، بورڈ کے ممبران اوراسکی کمیٹیوں کا جائزہ کیا گیا ہے تاکہ یہ یقینی بنایا جاسکے کے بورڈ کی مجموعی کارکردگی اورافادیت کمپنی کے طے شدہ مقاصد سے ہم آہنگ ہے اس مقصد کے لئے بورڈ نے ایک طریقہ کار طے کیا ہے جسکی بنیاد پر بورڈ اسکے ممبروں اور بورڈ کی کمیٹیوں کی زیر جائزہ سال کے لئے مجموعی کارکردگی تسلی بخش پائی گئی۔

نان ایگزیکٹیوڈائریکٹران کے لئے معاوضہ کی پالیسی کے نکات

نان ایگزیکٹیواورانڈیپینڈنٹ ڈائریکٹرز صرف کمپنی اجلاسوں میں شرکت کی فیس کے حقدار ہیں۔

ادارے کی سماجی ذمہ داری (CSR)

ادریس ٹیکسٹائل ملزلمیٹڈ کے اچھے کارپوریٹ شہری ہونے کے ناطے معاشرے میں لوگوں کی فلاح وبہبوداوراسکی کارپوریٹ معاشرتی ذمہ داری کی تکمیل میں کردارادا کررہا ہے زیر جائزہ سال کے دوران کمپنی نے صحت اور تعلیم کے شعبوں میں انسانیت کی خدمت کرنے والی مختلف تنظیموں کو 17 لاکھ روپے کی ادائیگی کی ہے۔

کامران ادریس اللہ والا	05	06	-
نعیم ادریس اللہ والا	05	-	-
رضوان ادریس اللہ والا	08	06	01
عمیر ادریس اللہ والا	08	-	-
محمد اسرائیل	08	06	-
محمد سعید	08	06	1

اس سال کمپنی سی ای، ڈائریکٹرز اوران کی ازواج اورنابالغ بچوں نے حصص کی کوئی تجارت نہیں کی سوائے اسکے جو ذیل میں درج ہیں

ڈائریکٹر کا نام	شیئر 01-07-2018	بونس شیئر	تحفہ لیا	تحفہ دیا	شیئر 30-06-2019
محمد ادریس اللہ والا	500	50	-	-	550
ایس۔ایم۔منصور اللہ والا	1,910,966	191,096	4,442,267	4,000,000	2,544,329
کامران ادریس اللہ والا	2,512,838	251,283	1,265,000	4,029,121	0
نعیم ادریس اللہ والا	4,038,424	403,842	-	-	4,442,266
رضوان ادریس اللہ والا	881,239	88,123	-	-	969,362
عمیر ادریس اللہ والا	881,239	88,123	4,000,000	-	4,969,362
محمد اسرائیل	2,000	200	-	-	2,200
محمد سعید	80,000	8,000	-	-	80,800
صباء کامران	375,588	37,558	-	413,146	0

بورڈ آف ڈائریکٹرز

مندرجہ ذیل تفصیل کے مطابق ڈائریکٹران کی تعداد 8 ہے

(ا) مرد 08 (کامران ادریس اللہ والا نے 16 مئی 2019 کو بورڈ سے استعفیٰ دے دیا ہے)

(ب) عورت --

ساخت

انڈیپینڈنٹ ڈائریکٹر: محمد سعید

نان ایگزیکٹیو ڈائریکٹرز: محمد ادریس اللہ، رضوان ادریس اللہ، کامران ادریس اللہ والا، محمد اسرائیل

ایگزیکٹیو ڈائریکٹرز: ایس ایم منصور اللہ والا، عمیر ادریس اللہ والا، نعیم ادریس اللہ والا

کارپوریٹ اور مالیاتی رپورٹنگ پر گزارشات

۱۔ مالیاتی گوشوارے جیسا کہ کمپنی کی انتظامیہ نے بنائے کمپنی کے معاملات اس کے نتائج زری معاملات اور ایکویٹی میں تبدیلی کو راست انداز میں پیش کرتے ہیں۔

۲۔ کمپنی کے کھاتوں کے درست حسابات رکھے گئے ہیں۔

۳۔ مالیاتی گوشواروں کی تیاری میں مستقل مناسب اکاؤنٹنگ پالیسیز کا اطلاق کیا گیا ہے اور حسابات کے گوشوارے مناسب عاقلانہ فیصلوں پر مبنی ہیں۔

۴۔ مالیاتی حسابات کی تیاری میں، پاکستان میں مستعمل بین الاقوامی مالیاتی رپورٹینگ کے معیارات (آئی ایف آر ایس) کا خیال رکھا گیا ہے اور ان سے کسی بھی قسم کے انحراف کو مناسب انداز میں ظاہر کیا گیا ہے۔

۵۔ بورڈ نے اپنی ذمہ داری نبھاتے ہوئے انٹرنل فنانشل کنٹرول مناسب اور موثر بنایا ہے۔ انٹرنل آڈٹ ڈیپارٹمنٹ باقاعدگی سے ساخت اور موثر ہونے کا جائزہ لیتا ہے اور کسی بھی کمزوری پر اصلاحاتی کاروائی عمل میں لائی جاتی ہے۔ ہمیں یقین ہے کہ انٹرنل کنٹرول کا نظام ساخت کے اعتبار سے مستحکم ہے اور اس پر موءثر انداز سے عمل درآمد کیا گیا ہے۔

۶۔ کمپنی کے فعال انداز سے کارگزار ہونے کی صلاحیت پر کسی قسم کے کوئی شکوت وشبہات موجود نہیں ہیں۔

۷۔ کارپوریٹ گورننس کے بہترین طریقہ عمل سے کسی قسم کا قابل ذکر انحراف نہیں ہوا ہے، جیسا کہ پی ایس ایکس کی رول بک میں بیان کیا گیا ہے۔

۸۔ ہیڈ آفس اسٹاف کے ایمپلائز پرووڈینٹ فنڈ میں سرمایہ کاری کی مالیت آڈٹ شدہ گوشوارے 2018 کے مطابق صرف 21,699,826 روپے ہے (سال 2017 میں 19,053,398 روپے) مل سٹاف قانونی طور پر گریجوٹی کے حقدار ہیں اور اخراجات مناسب طور پر مالیاتی گوشواروں میں مختص کر لئے گئے ہیں۔

۹۔ کوڈ کے مطابق درج ذیل معلومات اس رپورٹ کے ساتھ منسلک ہیں:

شیئر ہولڈنگ کی ترتیب کا متن

ایسوسی ایٹس ادارے اور متعلقہ پارٹیوں کے شیئر ہولڈنگ کا بیانیہ

چھ سالوں کی کلیدی، مالیاتی وکارگذاری کی شماریات۔

۱۰۔ زیر جائزہ سال میں 8 بورڈ آف ڈائریکٹرز، چھ آڈٹ کمیٹی، اور ایک ہیومن ریسورس اینڈ ریمونریشن کمیٹی (HR & RC) کی میٹنگز ہوئی ہیں جن کی حاضری اور تفصیل درج ذیل ہے۔

ڈائریکٹر کا نام	بورڈ آف ڈائریکٹرز	آڈٹ کمیٹی	ایچ آر آر سی
ایس ایم ادریس اللہ والا	08	-	-
ایس ایم منصور اللہ والا	08	-	-

آپ کی کمپنی کے ڈائیریکٹران 30 جون 2019ء کے ختم ہونے والے سال کے آڈٹ شدہ مالیاتی گوشوارے پیش کرنے میں مسرت محسوس کرتے ہیں۔

عملی اور مالیاتی کارکردگی کا جائزہ:

کمپنی کی بنیادی سرگرمی دھاگے اور کپڑے کی پیداوار اور فروختگی ہے۔زیر جائزہ سال میں کاروباری سرگرمیوں کوئی اہم تبدیلی نہیں ہے۔زیر جائزہ مدت کے دوران خالص فرخت کی مالیت 3471.6 ملین روپے رہی جبکہ تقابلی مدت میں 2,881.1 ملین روپے تھی۔براہ راست منافع 395 ملین روپے رہا جبکہ تقابلی مدت میں 237.3 ملین روپے تھا بعد از ٹیکس منافع 32.3 ملین روپے رہا جبکہ پچھلے سال اسی مدت میں 78.4 ملین روپے تھا۔

دھاگے مقامی فروخت میں 30.13 فیصد اضافے کے علاوہ آپکی کمپنی نے گذشتہ سال کی طرز پر موجودہ سال کے دوران بھی برآمدات میں 6.46 فیصد اضافہ کیا مالی سال 2019 کے دوران اسٹیٹ بینک آف پاکستان (ایس۔بی۔پی) کی پالیسی شرح میں بڑے پیمانے پر اضافہ ہوا ہے پالیسی ریٹ کی شرح مالی سال کے اختتام پر 12.25 فیصد رہی جبکہ 2019 کے شروع میں 6.50 فیصد تھی اسکے نتیجے میں کمپنی کی مالیاتی لاگت میں نمایاں اضافہ ہوا جس نے کمپنی کی منافع کی شرح کو متاثر کیا بین الاقوامی مارکیٹ میں دیگر علاقائی مسابقت داروں کے مقابلے میں ٹیکسٹائل انڈسٹری کی مدد کرنے کے نظریہ کے ساتھ حکومت کی جانب سے صنعت کو (RLNG) کی 6.5 MMBTU امریکی ڈالر اور بجلی امریکی سینٹ 7.5 فی یونٹ میں کی جارہی ہے ٹیکسٹائل کے شعبے کی طرف سے اس اقدام کو بہت سرایا گیا ہے تاہم امریکی ڈالر کے مقابلے میں پاک روپیہ کی قدر میں تیزی سے کمی کی وجہ سے ان نرخوں کا فائدہ کافی حد تک کم ہوگیا ہے سال کے شروع میں ڈالر 121 روپے کا تھا جو سال کے اختتام پر 164 روپے کا ہوگیا جس کی وجہ سے درآمد شدہ خام مال کی قیمت میں اضافہ ہوا ہے انتظامیہ نے یقینی بنایا ہے کہ درآمدی مال کو بروقت خریداری سے قیمتوں اضافے اثرات کو کم کیا جاسکے حکومت نے مالی سال 2019 میں دھاگہ پر ڈیوٹی ڈراپ بیک فائدہ نہیں دیا جس کے منفی اثرات متواقع ہیں جبکہ مہنگائی کے دباؤ کی وجہ سے صارفین کی قوت خرید بہت حد تک کم ہوگئی ہے جسکی وجہ سے مقامی مارکیٹ میں طلب میں کمی آئی ہے بین الاقوامی محاذ پر امریکہ اور چین کے مابین تجارتی جنگ کی وجہ سے چین کی جانب سے جو کہ ہمارے دھاگے کا سب سے بڑا خریدار ہے بدآمدی آرڈر میں کمی دیکھی گئی۔

فی حصص آمدنی

اس سال فی حصص منافع 1.63 روپے رہا جبکہ تقابلی مدت میں 4.34 روپے تھا۔

ڈیویڈنڈ

کمپنی کے ڈائریکٹران اس سال کم منافع وٹیکسٹائل اسپنگ سیکٹر کو درپیش مشکلات کو مدنظر رکھتے ہو بورڈ نے کسی بھی منافع کی سفارش نہ کرنے کا فیصلہ کیا ہے۔

ادریس ٹیکسٹائل ملز لمیٹڈ

نوٹس برائے سالانہ اجلاس عام

مطلع کیا جاتا ہے کہ ادریس ٹیکسٹائل ملز لمیٹڈ کے شیئر ہولڈرز کا 30واں سالانہ اجلاس عام بروز پیر، 28 اکتوبر 2019 کو سدابہار، 53 کوکن سوسائٹی، عالمگیر روڈ/حیدر علی روڈ، کراچی میں دوپہر 12.30 بجے مندرجہ ذیل امور کی انجام دہی کے لئے منعقد ہوگا۔

عمومی کاروبار

1۔ 27اکتوبر2018 کو ہونے والے آخری سالانہ اجلاس عام کے منٹس کی تصدیق۔

2۔ کمپنی کے آڈٹ شدہ مالیاتی گوشواروں برائے ختم شدہ سال 30جون2019 کے ساتھ بورڈ اور آڈیٹرز کی رپورٹس کی وصولی، غوروحوض اور ان کی منظوری۔

3۔ 30 جون2020 کو ختم ہونے والے سال کے لیے کمپنی کے آڈیٹرز کی تقرری اور ان کے مشاہرے کا تعین ۔ ریٹائر ہونے والے آڈیٹرز میسرزDeloitte یوسف عادل چارٹرڈ اکاؤنٹنٹس، اہل ہونے کے بعد، دوبارہ تقرر کے لیے خود کو پیش کرتے ہیں۔

4۔ چیئرمین کی اجازت سے دیگر کسی بھی قسم کی کاروائی کو زیرغور لایا جائے گا۔

بحکم بورڈ

کراچی

14اکتوبر2019

سید شاہد سلطان (کمپنی سیکریٹری)

نوٹس

۱) شیئر ہولڈرز کو مشورہ دیا جاتا ہے کہ وہ اپنے پتوں میں کسی بھی تبدیلی سے کمپنی کو مطلع کریں۔

۲) کمپنی کی شیئر ٹرانسفر کی کتابیں 24اکتوبر2019 سے 30اکتوبر2019 (بشمول دونوں دن) بند رہیں گی۔

۳) ایک ممبر جو کہ سالانہ اجلاس عام میں حاضر ہونے اور ووٹ دینے کا حق رکھتا ہو وہ اپنی طرف سے کسی دوسرے ممبر کو اجلاس میں حاضر ہونے، بولنے اور ووٹ دینے کے لیے پراکسی مقرر کر سکتا ہے۔ پراکسی کی تقرری کا فارم شیئر رجسٹرار آفس کو میٹنگ سے کم از کم 48 گھنٹے قبل فراہم کر دیا جائے۔

۴) کمپنی کے حصص یافتگان جن کے حصص ان کے اکاؤنٹ/ذیلی اکاؤنٹ میں سینٹرل ڈپازٹری نظام (CDS) میں رجسٹرڈ ہیں، ان سے درخواست کی جاتی ہے کہ وہ تصدیق نامہ کے لیے CDS میں اکاؤنٹ نمبر اور شریک کے شناختی نمبر کے ساتھ اصل CNIC ساتھ لائیں۔ ایسے اکاؤنٹ ہولڈرز اور سب اکاؤنٹ ہولڈرز کے ذریعہ پراکسی کی تقرری کی صورت میں سیکوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے 26جنوری2000 کو جاری کردہ سرکلر نمبر 1 میں دی گئی ہدایات پر عمل کیا جائے گا۔

۵) ممبران جنہوں نے ابھی تک کمپنی کے رجسٹرار کو اپنے CNICاور NTN سرٹیفکیٹ کی فوٹو کاپیاں کمپنی رجسٹرار کو جمع نہیں کروائی ہیں، درخواست کی جاتی ہے کہ جلد از جلد بھیجیں۔

۶) اگر ممبران کل سرمائے کا 10 فیصد سے زائد رکھتے ہوں اور ایک ہی شہر میں رہتے ہوں، ایسے ممبران سالانہ اجلاس عام میں شرکت کے لئے ویڈیو لنک کی سہولت فراہم کرنے کا مطالبہ کر سکتے ہیں۔ اور کمپنی اس شہر میں ویڈیو لنک کی سہولت فراہم کرنے کا بندوبست کرے گی، تاہم ویڈیو کانفرنس متعلقہ شہر میں اس سہولت کی دستیابی سے مشروط ہے۔

اگر آپ یہ سہولت لینے کے خواہشمند ہیں تو براہ کرم نیچے دیئے گئے فارم کو پُر کریں اور سالانہ اجلاس عام کی تاریخ سے کم از کم دس(10) دن قبل کمپنی کے اپنے رجسٹرڈ ایڈریس پر جمع کروائیں۔

کمپنی اس سلسلے میں ممبران کو ویڈیو کانفرنس سہولت کے مقام سے سالانہ اجلاس عام سے کم از کم 5 دن قبل مطلع کرے گی تاکہ وہ اس سہولت سے استعفادہ کرسکیں اور اس کے ساتھ انہیں ایسی سہولت تک رسائی کے قابل بنانے کے لیے ضروری معلومات بھی فراہم کرے گی۔

میں/ہم ------- کے ------- جو کہ ادریس ٹیکسٹائل ملز لمیٹڈ کے ممبر ہیں، ہمارے پاس رجسٹرڈ فولیو/سی ڈی سی اکاؤنٹ نمبر--------------- کے تحت ---------- عمومی حصص ہیں۔ ہم ------------ میں ویڈیو کانفرنس کی سہولت سے استعفادہ کرنا چاہتے ہیں

ممبر کے دستخط

۷) SECP کمپنیز (ای ووٹنگ) ریگولیشنز2016 کے مطابق ممبران بھی بطور پراکسی بذریعہ ایگزیکٹو آفیسر اپنی تقرری سے متعلق کمپنی کو میٹنگ کی تاریخ سے کم از کم 10 دن قبل تحریری طور پر اپنی رضامندی دے کر ای ووٹنگ کے ذریعے اپنے ووٹ کا حق استعمال کر سکتے ہیں۔

۸) ممبران سے درخواست کی جاتی ہے کہ اپنے انٹرنیشنل بینکنگ اکاؤنٹ نمبر(IBAN) کے ساتھ ساتھ کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی کاپی بھی ریکارڈ کو اپ ڈیٹ کرنے کیلئے فراہم کریں۔ جمع نہ کروانے کی صورت میں آئندہ کے تمام منافع کی ادائیگی روکی جاسکتی ہے۔

پراکسی فارم

سیکریٹری
ادریس ٹیکسٹائل ملز لمیٹڈ
اسمٰعیل سینٹر، پہلی منزل
6-C، سینٹرل کمرشیل ایریا
بہادرآباد، کراچی - 74800

میں/ہم ____________________
ساکن ____________________
بحیثیت رکن ادریس ٹیکسٹائل ملز لمیٹڈ مقرر کرتا ہوں/کرتے ہیں مسمیٰ/مسماۃ ____________________
ساکن ____________________
کو یا ان کی غیر حاضری میں مسمیٰ/مسماۃ ____________________
ساکن ____________________

کو جو خود بھی ادریس ٹیکسٹائل لمیٹڈ کا رکن ہے کہ وہ بطور میرا/ ہمارا مختار نامہ (پراکسی) ادریس ٹیکسٹائل لمیٹڈ کے ۳۰ ویں سالانہ اجلاس عام میں جو بروز پیر، ۲۸ اکتوبر ۲۰۱۹ کو منعقد ہو رہا ہے، یا اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور وہ میری/ ہماری جگہ میری/ ہماری طرف سے حق رائے دہی استعمال کرے۔

بطور گواہ میرے دستخط آج مورخہ ____________________ ۲۰۱۹ جاری ہوا۔
دستخط متعلقہ پراکسی ____________________ کی موجودگی میں۔

گواہ ۱		گواہ ۲	
دستخط	____________	دستخط	____________
نام	____________	نام	____________
پتہ	____________	پتہ	____________

ممبر فولیو نمبر ____________ CDC شراکت داری نمبر ____________ I.D./Sub A/c No. ____________
شناختی کارڈ نمبر | | | | | | | | | | | | | | | |

ہدایات : یہ مختار نامہ (پراکسی فارم) مکمل پُر شدہ اور پانچ روپے کی ریوینیو ٹکٹ پر دستخط شدہ کمپنی کے رجسٹرڈ دفتر میں اجلاس منعقد ہونے سے کم از کم ۴۸ گھنٹے قبل جمع کرانا ضروری ہے۔

FORM OF PROXY

The Secretary
IDREES TEXTILE MILLS LTD.
Ismail Centre, 1st Floor,
6-C, Central Commercial Area,
Bahadurabad, Karachi - 74800

I/We ____

of ____

being a member of Idrees Textile Mills Ltd. hereby appoint ______________

of ____

or failing ____

of ____

As my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the 30th Annual General Meeting of the Company to be held on Monday October 28, 2019 and at any adjournment thereof.

As witness my hand this ______________________________ of 2019

Signed by the said ______________________________ in the presence of

1. Witness:

Signature ____________________

Name: ____________________

Address ____________________

Signature on
Five Rupees
Revenue Stamp

____
Signature of Member

2. Witness:

Signature ____________________ Shareholder's Folio No. ______________

Name: ____________________ CDC Participants I.D./Sub A/C # ______________

Address ____________________ CNIC No. | | | | | | | | | | | | | | | |

(Important: This form of Proxy, duly completed and signed across a Rs. 5/-revenue stamp, must be deposited at the Company's Registered Office not less than 48 hours before the time for holding the meeting).

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A MEMBER OF THE

Idrees

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