# ANNUAL REPORT 2019

AMTEX

AMTEX LIMITED

## COMPANY PROFILE

Amtex Limited is amongst the largest vertically integrated Textile setups in Pakistan having production facilities in all sectors of Textile Industry from Spinning, Weaving, Processing, Printing, Finishing, Cut and Sewn processes and provides employment opportunities to large number of families. After establishing strong foothold in the Textile exports, Amtex successfully switched to Direct to Retail ("DTR") business model that has enabled it to focus on exporting high value added diversified Products directly to premier Retailers in the EU, USA and across the globe. Amtex holds an iconic textile position in the Global textile industry, being the "One Stop Shop" concept by offering largest variety and combination of products to its diversified customers.

With state of the art Textile manufacturing facility, internationally recognized R&D Department, Strong outsourcing capabilities, Professional management, International display centers and warehouses for facilitating procurement of orders and direct dealing with retailing giants, Amtex is marching towards becoming a leader. Amtex has shown huge promise in value added Home Textile sector, where it has become a leader in exporting high end quality Products. Amtex has maintained its focus and commitment in balancing, modernization and value addition activities, as core business philosophy. Amtex aims at developing synergies by keeping abreast with their strong vendor base and establishing partnerships with them so as to increase the Product portfolio as well as to have the flexibility to react to the dynamics of ever demanding growing parameters of market and global business.

# Company Information

**Board of Directors**

| | |
|---|---|
| Mr. Muhammad Ahsan | Chairman |
| Mr. Khurram Iftikhar | Chief Executive Officer |
| Mr. Shahzad Iftikhar | |
| Mr. Nadeem Iftikhar | |
| Mr. Suhail Maqsood Ahmed | |
| Mr. Gul Muhammad Naz | |
| Mr. Usman Ghani | |

**Chief Financial Officer**

Mr. Waheed Aslam

**Company Secretary**

Mr. Muhammad Raza Farooq

**Audit Committee**

| | |
|---|---|
| Mr. Suhail Maqsood Ahmed | *Chairman* |
| Mr. Muhammad Ahsan | |
| Mr. Usman Ghani | |

**Human Resource & Remuneration Committee**

| | |
|---|---|
| Mr. Muhammad Ahsan | *Chairman* |
| Mr. Suhail Maqsood Ahmed | |
| Shahzad Iftikhar | |

**Auditors**

Zahid Jamil & Co.
*Chartered Accountants*

**Legal Advisor**

Mr. Mushtaq Ahmed Khan
*Advocate Supreme Court*

**Share Registrar Office**

Vision Consulting Limited
3-C, LDA Flats, Lawrance Road, Lahore

**Registered Office**

P-225 Tikka Gali # 2 Montgomery Bazar, Faisalabad

**Projects Locations**

| | |
|---|---|
| 30-k.m. Shaiekhupura Road Faisalabad | *Spinning Unit* |
| Punj Pullian Daewoo Road Faisalabad | *Processing & Stitching Unit* |

**Website**

www.amtextile.com

# Vision Statement

Our vision is to provide our customers all their required goods and services from one plat form.

# Mission Statement

Our mission is to become the buyer's first choice all around the world and to achieve this target we make sure that we stay true to the highest standards of excellence and customer's satisfaction.

# FINANCIAL HIGHLIGHTS

| | YEAR ENDED JUNE 30, | | | | | |
|---|---|---|---|---|---|---|
| | **2019** | **2018** | **2017** | **2016** | **2015** | **2014** |
| | | | **Rupees in million** | | | |
| **Operating performance** | | | | | | |
| Sales-net | 630 | 843 | 1,698 | 2,154 | 2,905 | 2,812 |
| Cost of Sales | 791 | 1,335 | 2,328 | 2,777 | 3,591 | 3,921 |
| Gross (loss) / profit | (161) | (493) | (630) | (623) | (686) | (1,108) |
| Operating (loss) | (70) | (3,088) | (1,321) | (1,359) | (1,411) | (1,779) |
| (Loss) before taxation | (253) | (3,253) | (1,468) | (1,514) | (1,591) | (1,959) |
| (Loss) after taxation | (263) | (3,270) | (1,486) | (1,526) | (1,602) | (1,967) |

| | YEAR ENDED JUNE 30, | | | | | |
|---|---|---|---|---|---|---|
| | **2019** | **2018** | **2017** | **2016** | **2015** | **2014** |
| | | | **Rupees in million** | | | |
| **Financial position** | | | | | | |
| Property, plant and quipment-net | | | | | | |
| (excl.capital work in progress) | 1,623 | 1,751 | 3,388 | 4,079 | 4,299 | 4,674 |
| Investment property | 1,102 | 1,014 | | - | - | - |
| Intangible assets | | | - | - | - | - |
| Capital work in progress | | | - | - | 35 | 26 |
| Fixed assets | 2,725 | 2,765 | 3,388 | 4,079 | 4,335 | 4,700 |
| Total assets | 4,378 | 4,783 | 8,683 | 10,462 | 11,899 | 13,461 |
| **Current assets** | | | | | | |
| Store, spare parts, loose tools and stock in trade | 928 | 1,345 | 1,920 | 2,462 | 2,903 | 3,540 |
| Other current assets | 511 | 472 | 3,126 | 3,713 | 4,434 | 5,033 |
| Cash and cash equivalents | 163 | 144 | 192 | 146 | 172 | 151 |
| | 1,602 | 1,961 | 5,238 | 6,321 | 7,509 | 8,725 |
| **Current liabilities** | | | | | | |
| Short term bank borrowings | 6,093 | 6,178 | 7,495 | 7,371 | 6,956 | 6,857 |
| Current portion of long term financing/ murabaha | 1,707 | 1,249 | 884 | 740 | 1,084 | 946 |
| Other current liabilities | 2,948 | 2,978 | 2,975 | 2,985 | 3,145 | 3,117 |
| | 10,748 | 10,405 | 11,354 | 11,096 | 11,185 | 10,920 |
| Net Working Capital | (9,146) | (8,444) | (6,116) | (4,775) | (3,676) | (2,196) |
| Long term fianancing/ murahaba | 875 | 1,498 | 1,260 | 1,581 | 1,558 | 1,829 |
| Share capital and reserves | (9,221) | (8,967) | (5,950) | (4,633) | (3,197) | (1,759) |

| | | YEAR ENDED JUNE 30, | | | | | |
|---|---|---|---|---|---|---|---|
| | | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| **Profitability analysis** | | | | | | | |
| Gross (loss) / profit to sales | (%) | (25.6) | (58.4) | (37.1) | (28.9) | (23.6) | (39.4) |
| (Loss) before tax to sales | (%) | (40.1) | (386.0) | (86.5) | (70.3) | (54.8) | (69.7) |
| (Loss) after tax to sales | (%) | (41.7) | (388.0) | (87.5) | (70.8) | (55.1) | (69.9) |
| Loss per share | (Rupees) | (1.0) | (12.6) | (5.7) | (5.9) | (6.2) | (7.6) |

| | | YEAR ENDED JUNE 30, | | | | | |
|---|---|---|---|---|---|---|---|
| | | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| **Financial analysis** | | | | | | | |
| Current Ratio | (times) | 0.1 | 0.2 | 0.5 | 0.6 | 0.7 | 0.8 |
| Debt to equity | (times) | (0.2) | (0.3) | (0.4) | (0.5) | (0.7) | (1.4) |
| Break up value per share | (Rupees) | (35.5) | (34.6) | (22.9) | (17.9) | (12.3) | (6.8) |
| Inventory turnover ratio | (times) | 1.0 | 1.2 | 1.5 | 1.4 | 1.4 | 1.2 |
| Debtors turnover ratio | (times) | 3.5 | 0.6 | 0.6 | 0.6 | 0.7 | 0.6 |
| Fixed assets turnover ratio | (times) | 0.4 | 0.5 | 0.5 | 0.5 | 0.7 | 0.6 |
| Total assets turnover | (times) | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |

# Notice of Annual General Meeting

Notice is hereby given that Annual General Meeting of the members of Amtex Limited (the Company) will be held on October 28, 2019 at 11:00 A.M. at Company's registered office P-225 Tikka Gali # 2 Montgomery Bazar Faisalabad to transact the following business:

**ORDINARY BUSINESS**

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

2. To receive and adopt the Audited Accounts of the Company for the year ended June 30, 2019 together with Directors' and Auditors' reports thereon.

3. To approve re-appointment of M/s. Zahid Jamil & Company, Chartered Accountants, as external auditors of the Company for the year 2019-20 and fix their remuneration, as recommended by the Audit Committee and Board of Directors.

4. To transact any other business with the permission of the chair.

By Order of the Board

Faisalabad
October 07, 2019

Muhammad Raza Farooq
Company Secretary

NOTES: -

1. The Share Transfer Books of the Company will remain closed from 21-10-2019 to 28-10-2019 (both days inclusive). Transfers received at Vision Consulting Ltd, 3-C Lawrance Road, LDA Flats Lahore at the close of the business on 20-10-2019 will be treated in time

2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as proxy to attend and vote instead of him. The proxy forms, in order to be effective, must be received at Company's registered office P-225, Tikka Gali # 2 Montgomery Bazar Faisalabad, not less than 48 hours before the meeting.

3. Members can avail video conference facility for attending the meeting at places other than the town in which general meeting is taking place. In this regard, please fill the enclosed consent for video conference facility and submit to registered address of the company, ten (10) before holding of the general meeting. If Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the

meeting through video conference ten (10) days prior to the date of the meeting, Company will arrange a video conference facility in the city subject to availability of such facility in that city. The Company will intimate to members regarding venue of video conference facility at least five (5) days before the date of the meeting along with all the information necessary to enable them to access the facility.

4. Members are requested to notify immediately changes, if any, in their registered address.

5. CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

   **For Attending the Meeting:**

   i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulation, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.

   ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

   **For Appointing Proxies:**

   i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirements.

   ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

   iii. Attested copies of the CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

   iv. The proxy shall produce his original CNIC or original passport at the time of the Meeting. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

# Review Report by the Chairman

The Board of Directors (the Board) of Amtex Limited has performed their duties diligently in upholding the best interest of shareholders' of the Company and has managed the affairs of the company in an effective and efficient manner. The Board has exercised its powers and has performed its duties as stated in the Companies Act 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Code).

Regarding overall performance is concerned the turnover of company has significantly declined during the year under review due to several factors. The main factor is the closure of spinning unit and cost of doing business has increased significantly from last year. The year under review was volatile. Pakistan rupee experienced a large devaluation against the USD. The trade war between U.S.A and China has also affect global market.
Government mandated rise in wages and salaries, rise in gas and electricity tariffs, significant rise in transportation costs, high finance costs due to very high interest rates are some of the headwinds that may affect profitability.

For the financial year ended June 30, 2019, despite challenging and very tough situation for textile sector especially in Punjab, Board's overall performance and effectiveness is consistent and satisfactory. The Board has actively participated in strategic planning process, enterprise risk management system, policy development, and financial structure, monitoring and approval. All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee. The Board has ensured that the adequate system of internal control is in place and its regular assessment through self-assessment mechanism and /or internal audit activities. Necessary Board agenda and related supporting documents were duly made available to the board in sufficient time prior to the Board and it Committee Meetings. The non- executive and independent directors are equally involved in important decisions of the board.

On behalf of the board, I would like to thank our management, staff and workers for their hard work. I would like to appreciate all our valued customers for their continued confidence in the company. Not to forget, all credit to the financial institutions for their cooperation and support.

Faisalabad
October 07, 2019

Muhammad Ahsan
Chairman

# چئیرمین کی جائزہ رپورٹ:

ایم ٹیکس لمیٹڈ کے بورڈ آف ڈائریکٹرز بورڈ نے کمپنی کے حصص یافتگان کے بہترین مفاد کو برقرار رکھنے کے لیۓ اپنے فرائض پوری تندہی سے ادا کیے ہیں اور کمپنی کے امور کو موثر انداز میں نبھایا ہے۔ بورڈ نے اپنے اختیارات کا استعمال کیا ہے اور کمپنی ایکٹ 2017 اور کوڈ آف کارپوریٹ گورنینس کے ضابطہ اخلاق 2017 کے مطابق اپنے فرائض سرانجام دیے ہیں۔

جہاں تک مجموعی کارکردگی کا تعلق ہے بہت سے عوامل کی وجہ سے کمپنی کی فروخت میں رواں سال کے دوران نمایاں کمی آئی ہے ان عوامل میں اہم عنصر سپننگ یونٹ کی بندش اور پیداواری لاگت میں پچھلے سالوں کی بنسبت نمایاں اضافہ ہے۔ زیرنظر سال غیر مستحکم رہا ہے اور پاکستانی روپے کو یو ایس ڈالر کے مقابلے میں کمی کا سامنا کرنا پڑا ہے امریکہ اور چین کے مابین تجارتی جنگ نے عالمی منڈی کو بھی متاثر کیا ہے۔

اجرتوں اور تنخواہوں میں اضافہ گیس اور بجلی کے نرخوں میں اضافہ نقل و حمل کے اخراجات میں نمایاں اضافہ مالی لاگت میں شرح سود بڑھنے کی وجہ سے اضافہ حکومت کے چند ایسے نمایاں اقدامات ہیں جس نے منافع کو متاثر کیا ہے۔

ٹیکسٹائل سیکٹر میں خاص طور پر صوبہ پنجاب میں انتہائی چیلنجنگ اور مشکل صورت حال کے باوجود بورڈ کی مجموعی کارکردگی مستقل اور اطمینان بخش رہی ہے۔ بورڈ نے اسٹریٹجک منصوبہ بندی کے عمل انٹر پرائز رسک مینجمنٹ سسٹم پالیسی ڈویلپمنٹ اور مالی ڈھانچے کی نگرانی اور منظوری میں فعال طور پر حصہ لیا ہے۔ زیرغور سال کے دوران کارپوریٹ فیصلہ سازی کے عمل کو مستحکم اور باقاعدہ بنانے کے لیئے تمام اہم امور بورڈ یا اس کی کمیٹیوں کے سامنے پیش کیے گئے ہیں اور خاص طور پر ریلیٹڈ پارٹی سے متعلق تمام لین دین کے امور کو بورڈ نے آڈٹ کمیٹی کی سفارشات کے مطابق منظور کیا ہے۔ بورڈ نے اس بات کو یقینی بنایا ہے کہ انٹرنل کنٹرول کا مناسب نظام موجود ہے اور اس کا باقاعدہ جائزہ از خود تشخیص کے طریقہ کار اور/یا انٹرنل آڈٹ سرگرمیوں کے ذریعے کیا جائے۔ ضروری بورڈ ایجنڈا اور اس سے متعلق معاون دستاویزات بورڈ اور کمیٹی کے اجلاس سے پہلے مناسب وقت پر بورڈ کو مہیا کر دیے گئے۔ نان ایگزیکٹیو اور آزاد ڈائریکٹرز کمپنی کے تمام اہم فیصلوں میں شامل رہے ہیں۔

بورڈ کی جانب سے میں انتظامیہ عملے اور کارکنوں کی محنت کے لیۓ ان سب کا شکر گزار ہوں۔ میں اپنے تمام قابل قدر کسٹمرز کے کمپنی پر مسلسل اعتماد پر انکا معترف ہوں۔ مالیاتی اداروں کی جانب سے معاونت اور حمایت قابل تحسین ہے۔

محمد احسن

چیئرمین

فیصل آباد

تاریخ: 7 اکتوبر 2019

# Directors' Report

The Directors of your Company present before you the annual report with audited financial statements for the year ended June 30, 2019.

## Operating & Financial Results

The financial year 2019 witnessed rising cost of doing business due to increased prices of raw materials (particularly imported) and high markup rates. The swinging dollar rates also created uncertainty and due to all these economic factors there was no improvement in the home textile manufacturing industry.

The financial results for the year under review with comparative figures of previous year are presented hereunder:

| | 2019<br>Rupees | 2018<br>Rupees |
|---|---|---|
| Sales | 629,535,576 | 842,865,636 |
| Cost of sales | 790,582,001 | 1,335,487,192 |
| Gross loss | (161,046,425) | (492,621,556) |
| Other Income / (loss) | 142,215,704 | (9,479,512) |
| | (18,830,721) | (502,101,068) |
| Selling and distribution expenses | 13,183,275 | 14,873,612 |
| Administrative expenses | 38,254,756 | 2,571,265,879 |
| Finance cost | 182,310,412 | 165,210,794 |
| | 233,748,443 | 2,751,350,285 |
| Loss before taxation | (252,579,164) | (3,253,451,353) |
| Taxation | 10,139,790 | 12,227,321 |
| Net loss for the year from continuing operation | (262,718,954) | (3,265,678,674) |
| **Discontinued operations** | | |
| Net loss for the year from discontinued operations | - | (4,646,045) |
| Net loss for the year | (262,718,954) | (3,270,324,719) |
| Loss per share - Basic and diluted | (1.01) | (12.61) |

During financial year ended June 30, 2019, company incurred gross loss of Rupees 161.046 million on sales of Rupees 629.535 million as compared to Rupees 493.423 million gross loss on sales of Rupees 888.091 million for the previous financial year. During the FY 2019 Company incurred net loss after tax of Rupees 262.718 million as compared to net loss after tax of Rupees 3,270.324 million during the previous financial year. Gross loss is mainly due to falling sales and overall increase in input cost, adverse economic factors and under-utilization of manufacturing capacities. This year other income has increased to Rupees 142,215,704 in comparison with other loss of Rupees 9,479,512 during previous year. However, high energy cost, high interest rates, increased raw material cost, underutilization of capacities and low exports have culminated in after tax loss of rupees 262.718 million.

## Auditors' Observations

The auditors in paragraph (a) of audit report has provided observation regarding company's ability to continue as going concern due to accumulated losses, liquidity issue, curtailed operational activities, pending litigations, closed operations of spinning division, curtailment of employees and lease of its certain properties (land and buildings) situated at addresses provided in the audit report. Directors of company explains that on the basis of existing conditions and future judgments about the outcome of the events, the management is making full efforts to continue the entity as a going concern. And in order to mitigate aforementioned factors company have sold certain properties and machinery, mortgaged with banks, the entire such sale proceeds to be paid to relevant charge holder banks to reduce the debt burden and settle the litigation with these banks. The management of the company has already taken steps for extension and restructuring of loans from certain banks and negotiations with other banks of company are in process. Further, as part of plan land and buildings have been leased out to generate revenue and curtail the losses due to high fixed maintenance cost of these properties, in view of steps mentioned above management is confident that it will be successful in its efforts and hence the company will be able to continue as a going concern.

The auditors in paragraph (b) of audit report has provided observation that company has created provision for doubtful debts and did not take legal action to recover these past due balances. The company is seeking legal advice and appropriate legal action will be taken.

The auditors in paragraph (c) of audit report have provided observation that markup expense has not been fully charges. In this regard it is explained that certain banks / financial institutions have filed suit against the company for recovery of their financing and mark up so company has not provided any markup / cost of funds on the outstanding amount as stated in notes to the accounts. Based on the legal opinion, the company feels that, after institution of the suit, bank/financial institution is only entitled to cost of funds if so awarded by the Court in case the suit is awarded against the company. The levy of cost of funds and the quantum thereof shall be contingent on passing of the decree and rate prescribed by the State Bank of Pakistan during the period of pendency of the claim and discharge of decree, if passed by the Court.

## Market Review and Future Prospects

The Government has withdrawn zero rating regime for textile sector in this budget for the financial year 2019-20, it has increased the working capital requirement of the industry. State Bank of Pakistan has increased policy rate which is currently 13.25%, highest in the region and it has increased the financing cost of working capital. The imported RLNG is supplied at the rate based on US dollar and many key raw materials of textile industry are also imported e.g. dyes, chemicals and machinery parts etc. The devaluation of Pakistan Rupee has increased the cost of these imported raw materials directly and other inputs indirectly under inflationary pressure. Further, there is no stability and certainty yet in terms of exchange rate and other fiscal and economic policies of Government and all these factors indicate challenging future for textile industry to survive and compete in regional and international markets.

### Dividend

In view of the adverse results in the current year, cash flows of the company do not permit dividend payout therefore the directors have not recommended any dividend for the year.

### Auditors

The present auditors M/s Zahid Jamil & Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Board of Directors has been suggested by the audit committee the re-appointment of M/s Zahid Jamil & Company, Chartered Accountants, as auditors for the financial year ending June 30, 2020.

### Pattern of Shareholding

The pattern of Shareholding along with categories of shareholders of the company as at June 30, 2019 is annexed with this report.

**No. of Board Meetings Held**

Meetings of the board of directors were held during the year June 30, 2019 and the attendance of the directors is as follows:

| Name | Designation | No. of Meetings Attended |
|---|---|---|
| Khurram Iftikhar | CEO / Director | 5 |
| Shahzad Iftikhar | Director | 5 |
| Nadeem Iftikhar | Director | 6 |
| Suhail Maqsood Ahmed | Director | 6 |
| Muhammad Ahsan | Director | 5 |
| Usman Ghani | Director | 4 |
| Gul Muhammad Naz | Director | 4 |

No trading in Company's shares was carried out by its Directors, CFO, and Company Secretary, Head of Internal Audit other Executives and their spouse(s) and minor children during the year except the following:
Mr. Khurram Iftikhar CEO / Director of the company has sold four hundred thousand number of shares through CDC during the year.

**Audit Committee**

The Audit Committee of the Company is in place and comprises of the following members as required under the Code of Corporate Governance:

| | |
|---|---|
| Suhail Maqsood Ahmed<br>(Independent Director) | Chairman |
| Muhammad Ahsan<br>(Non-Executive Director) | Member |
| Usman Ghani<br>(Non-Executive Director) | Member |

Meetings of Audit Committee were held during the year ended June 30, 2019 as required by the Code of Corporate Governance for review of quarterly accounts, annual accounts and other related matters. The meetings were also attended by the CFO, Head of Internal Audit and External Auditors as and when required.

**Human Resource & Remuneration Committee**

During the year four meetings of the Human Resource & Remuneration Committee were convened. The attendance record of each member is as follows:

| Name | No. of Meetings Attended |
|---|---|
| Muhammad Ahsan | 4 |
| Suhail Maqsood Ahmed | 4 |
| Shahzad Iftikhar | 4 |

**Corporate Governance**

The Statement of Compliance with the best practices of Code of Corporate Governance is annexed.

**Corporate and Financial Frame Work**

In compliance of the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting frame work:

1. The financial statements together with the notes thereon prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

2. Proper books of accounts of the Company have been maintained.

3. Appropriate accounting policies have been consistently applied in preparation of financial statements.

4. International Accounting / Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and there is no any departure there from.

5. The system of internal control is sound in design and has been effectively implemented and monitored.

6. There has been no material departure from the best practices of Corporate Governance as detailed in the Listing Regulations of the stock exchange where the company is listed.

7. Going concern is explained separately.

8. The company strictly complies with the standard of safety rules & regulations. It also follows environmental friendly policies.

9. Information about taxes and levies is given in the notes to the accounts.

10. Financial highlights of the last six years are annexed.

**Acknowledgment**

The Directors of your company would like to place on record their deep appreciation for the support of the banks, financial institutions, regulators and shareholders and hope for the same in future.

The directors of your company also wish to place on record appreciation for the dedication, perseverance and diligence of the staff and workers of the company.

CHIEF EXECUTIVE | DIRECTOR

Khurram Iftikhar | Shahzad Iftikhar

Faisalabad
Date: October 07, 2019

# ڈائریکٹرز کی رپورٹ:

آپ کی کمپنی کے ڈائریکٹرز حضرات آپ کے روبرو سالانہ رپورٹ معہ مالی آڈٹ شدہ گوشوارہ حساب برائے 30 جون 2019 پیش کرتے ہیں۔

## آپریشنل اور مالی نتائج:

مالی سال 2019 میں خام مال کی قیمتوں (خاص طور پر درآمد شدہ) میں اضافے کی وجہ سے پیداواری لاگت میں اضافہ دیکھا گیا ہے۔ ڈالر کے نرخوں کے اتار چڑھاؤنے غیر یقینی صورت حال پیدا کردی اوران تمام معاشی عوامل کی وجہ سے گھریلو ٹیکسٹائل کی تیاری کی صنعت میں کوئی بہتری نظر نہیں آئی۔

مالی نتائج برائے زیر غور سال معہ موازنہ اعداوشمار بابت سابقہ سال کو ذیل میں پیش کیا جاتا ہے:-

| | 2019 رقوم | 2018 رقوم |
|---|---|---|
| سیلز | 629,535,576 | 842,865,636 |
| تخمینہ سیلز | 790,582,001 | 1,335,487,192 |
| کل نقصان | (161,046,425) | (492,621,556) |
| دیگر (نقصان)/ آمدن | 142,215,704 | (9,479,512) |
| | (18,830,721) | (502,101,068) |
| خرید و فروخت اور تقسیم کے اخراجات | 13,183,275 | 14,873,612 |
| انتظامی اخراجات | 38,254,756 | 2,571,265,879 |
| مالی تخمینہ | 182,310,412 | 165,210,794 |
| | 233,748,443 | 2,751,350,285 |
| محصول لگانے سے پہلے کا نقصان | (252,579,164) | (3,253,451,353) |
| محصول | 10,139,790 | 12,227,321 |
| خالص نقصان برائے سال برائے جاری آپریشن | (262,718,954) | (3,265,678,674) |
| بند آپریشن | | |
| بند آپریشن کا خالص نقصان | | (4,646,045) |
| خالص نقصان برائے سال | (262,718,954) | (3,270,324,719) |
| فی کس حصص نقصان بنیادی اور ملاوٹ شدہ | (1.01) | (12.61) |

مالی سال 30 جون 2019 کے دوران کمپنی کی کل فروخت مبلغ 629.535 ملین روپے کی مد میں کل نقصان رقم مبلغ 161.046 ملین روپے ہوا جبکہ پچھلے سال کی کل فروخت مبلغ 888.091 ملین روپے اور کل نقصان مبلغ 493.423 ملین روپے ہوا تھا۔30 جون 2019 کے مالی سال کے دوران کمپنی کو بعد از ٹیکس ادائیگی مبلغ 262.718 ملین روپے کا خالص نقصان ہوا جبکہ پچھلے سال بعد از ٹیکس ادائیگی مبلغ 3,270.24 ملین روپے کا خالص نقصان ہوا تھا۔کل نقصان کی بنیادی وجہ کم ہوتی ہوئی فروخت مجموعی پیداواری لاگت میں اضافہ منفی اقتصادی پہلوؤں اور مینوفیکچرنگ سہولیات کا کم استعمال ہے ۔اس سال دیگر آمدنی مبلغ 142.215 ملین روپے رہی جبکہ گزشتہ سال دیگر نقصان مبلغ 9.479 ملین روپے ہوا تھا۔توانائی کی لاگت میں بہت زیادہ اضافہ،مینوفیکچرنگ سہولیات کا کم استعمال اور بہ آمدات میں کمی کی وجوہات کی بنا پر کمپنی کو بعد از ادائیگی ٹیکس مبلغ 262.718 ملین روپے کے خسارے کا سامنا کرنا پڑا۔

## آڈیٹر کے مشاہدات:

آڈیٹر حضرات کی رپورٹ کے پیراگراف (a) میں کمپنی کی کاروبار کو جاری رکھنے کی اہلیت کے بارے میں رائے کا اظہار کیا گیا ہے اور جمع شدہ نقصانات ،سپننگ ڈویژن کے بند آپریشن ،مالی بحران ،آپریشنل سرگرمیوں کا التواء، زیر التوا مقدمات ،ملازموں کی کمی اور کمپنی کی پراپرٹیز کو لیز پر دینے کی وجہ سے کاروباری عمل کو جاری رکھنے کے بارے میں تشویش کا اظہار کیا گیا ہے آپ کی کمپنی کے ڈائریکٹر حضرات وضاحت بیان کر رہے ہیں کہ واقعات کے نتائج موجودہ حالات اور مستقبل کے فیصلوں کی بنیاد پر کمپنی کے منتظمین کی جانب سے کاروبار کےعمل کو جاری رکھنے کے لیے پوری کوشش کی جا رہی ہے ۔اور پہلے بیان کیئے گئے مسائل کے حل کیلیئے کمپنی نے بینکوں کے پاس رہن شدہ کمپنی کی کچھ جائداد اور مشینری کو فروخت کر کے حاصل ہونے والی رقوم کو ان بینکوں کے قرضوں میں ایڈجسٹ کر دیا ہے تا کہ ان بینکوں کی طرف سے کیئے گئے مقدمات کو سیٹل کیا جا سکے ۔کمپنی کے منتظمین کی جانب سے بینکوں کے قرضوں کی از سر نو ترتیب کے لیئے مالی اداروں سے یا استدعا پہلے ہی کی جا چکی ہے جبکہ دوسرے بینکوں کے ساتھ گفت وشنید جاری ہے ۔مزید بر آں منصوبہ بندی کے تحت کمپنی کی لینڈ اور بلڈنگ کو آمدنی حاصل کرنے اور ان پراپرٹیز کی بہت زیادہ مینٹننس کی وجہ سے ہونے والے نقصانات کو کم کرنے کے لیئے لیز پر دیا گیا ہے اوپر بیان کیئے گئے اقدامات کے پیش نظر کمپنی کے منتظمین پر اعتماد ہیں کہ وہ اپنی کاوشوں میں کامیابی سے سرخرو ہونگے اور کمپنی اس قابل ہو جائیگی کہ وہ اپنے کاروبار کو جاری رکھ سکے ۔

کمپنی کے آڈیٹر حضرات کی جانب سے آڈٹ رپورٹ کے پیراگراف (b) میں رائے دی گئی ہے کہ کمپنی نے ماضی میں کی گئی فروخت کی زائد المعیاد رقوم کو اخراجات میں شمار کرتے ہوئے تخمینہ مختص کیا ہے اور ان قابل وصول زائد المعیاد رقوم کی وصولیوں کو حاصل کرنے کے لیئے کوئی لیگل ایکشن نہیں لیا کمپنی قانونی مشورے کی تلاش کر رہی ہے جسکی روشنی میں مناسب قانونی کارروائی کی جائے گی ۔

کمپنی کے آڈیٹر حضرات کی جانب سے آڈٹ رپورٹ کے پیراگراف (c) میں رائے دی گئی ہے کہ کمپنی مالی لاگت کو اکاؤنٹس میں نہیں لے رہی جسکی بابت وضاحت بیان کی گئی ہے کہ کچھ بینکوں /مالی اداروں کی جانب سے کمپنی سے اپنی سرمایہ کاری رقم اور مارک اپ کی رقم کو وصول کرنے کے لیے مجاز عدالتوں میں دعوی دائر کیا گیا ہے لہذا کمپنی ایسے بینکوں کی واجب الادا قرض اور سرمایہ کاری کی رقم کی بابت مالی لاگت کو اکاؤنٹس میں نہیں لے رہی اور اس رقم کی وضاحت کھاتہ جات کے نوٹس میں بیان کی گئی ہے ۔قانونی رائے پر انحصار کرتے ہوئے کمپنی کی جانب سے اس بات کو محسوس کیا گیا ہے کہ دعوی کے دائر ہونے کے بعد بینک /مالی ادارہ کو طرف کمپنی سے فنڈ کی لاگت کی رقم کا استحقاق حاصل ہے اگر عدالت کی جانب سے دعوی کی نسبت بینک کو کمپنی کے خلاف فیصلہ مل جائے ۔اسلیئے عدالتی فیصلوں کے التوا اور سٹیٹ بینک آف پاکستان کی جانب سے لاگت فنڈ کی فیصد متعین ہونے تک ایسے بینکوں کی واجب الادا قرض کی مالی لاگت کا تخمینہ نہیں لگایا جا سکتا ۔

## مارکیٹ کا جائزہ اور مستقبل کے امکانات:

مالی سال 20-2019 کے بجٹ میں حکومت نے ٹیکسٹائل کے شعبے کے لئے زیرو ریٹنگ کی سہولت واپس لے لی ہے اس سے صنعت کے لیئے ورکنگ سرمائے کی ضرورت میں اضافہ ہوا ہے۔اسٹیٹ بنک آف پاکستان نے پالیسی شرح بڑھا دی ہے جو اس وقت 13.5٪ ہے جو خطے میں سب سے زیادہ ہے اور اس سے ورکنگ سرمائے کی مالی لاگت میں اضافہ ہوا ہے۔درآمد شدہ RLNG امریکن ڈالر کی قیمت پر فراہم کی جا رہی ہے اور ٹیکسٹائل کی صنعت کے بہت سے اہم خام مال جیسے رنگ کیمیکل اور مشینری کے پرزے وغیرہ بھی درآمد ہوتے ہیں۔ پاکستانی روپے کی قدر میں کمی نے افراط زر کے دباؤ میں بلواسطہ ان درآمد شدہ خام مال کی لاگت میں اور بلاواسطہ دوسرے خام مال کی لاگت میں اضافہ کر دیا ہے۔مزید برآں شرح تبادلہ اور حکومت کی دیگر مالی اور معاشی پالیسیاں بھی ابھی تک غیر یقینی اور غیر مستحکم ہیں اور یہ تمام عوامل ٹیکسٹائل کی صنعت کے علاقائی اور بین الاقوامی منڈیوں میں زندہ رہنے اور مقابلہ کرنے کے لیئے مشکل مستقبل کی نشاندہی کرتے ہیں۔

## تقسیم منافع

موجودہ سال کے منفی نتائج کی روشنی میں، کمپنی کے رقم کا بہاؤ اس رقم کی تقسیم کرنے کی اجازت نہیں دیتا،لہذا ڈائریکٹر حضرات کی جانب سے اس سال میں کسی بھی رقم کی تقسیم کی سفارش نہیں کی گئی۔

## آڈیٹرز (ماہر حساب):

موجودہ آڈیٹرز میسرز زاہد جمیل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ، ریٹائرڈ اور اہل تقرری نے کمپنی میں دوبارہ تقرری کی پیشکش کی ہے۔بورڈ آف ڈائریکٹر حضرات کی جانب سے آڈٹ کمیٹی کو میسرز زاہد جمیل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو بطور آڈیٹر مالی سال اختتام 30 جون 2020 کے لیے دوبارہ تقرری کے لیے تجویز کیا ہے۔

## حصص رکھنے والے شراکت داروں کا پیٹرن:

کمپنی کے حصص رکھنے والے شراکت داروں کا پیٹرن معہ درجہ بندی حصص بابت 30 جون 2019 کو اس رپورٹ کے ساتھ منسلک کیا گیا ہے۔

## بورڈ کی جانب سے منعقد کی گئی میٹنگ کا شمار:

30 جون 2019 کے عرصہ کے دوران بورڈ آف ڈائریکٹرز کے اجلاس منعقد کیے گئے جن میں مندرجہ ذیل ڈائریکٹر حضرات نے شرکت کی:-

| نام | عہدہ | میٹنگ میں شرکت کرنے کی حاضریاں۔ |
|---|---|---|
| خرم افتخار | چیف ایگزیکٹو آفیسر | 5 |
| شہزاد افتخار | ڈائریکٹر | 5 |
| ندیم افتخار | ڈائریکٹر | 6 |
| سہیل مقصود احمد | ڈائریکٹر | 6 |
| محمد احسن | ڈائریکٹر | 5 |
| گل محمد ناز | ڈائریکٹر | 4 |
| عثمان غنی | ڈائریکٹر | 4 |

## آڈٹ کمیٹی:

آڈٹ کمیٹی کمپنی میں موجود ہے اور مندرجہ ذیل ممبران پر مشتمل ہے اور یہ کوڈ آف کارپوریٹ گورننس کے عین مطابق ہے:-

| | | |
|---|---|---|
| سہیل مقصود احمد | چیئرمین | (آزاد ڈائریکٹر) |
| محمد احسن | ممبر | (نان ایگزیکٹو ڈائریکٹر) |
| عثمان غنی | ممبر | (نان ایگزیکٹو ڈائریکٹر) |

کوڈ آف کارپوریٹ گورننس کے تحت ادارہ کے سہ ماہی حساب کتاب، سالانہ حساب کتاب اور دیگر متعلقہ معاملات برائے 30 جون 2019 کا جائزہ لینے کے لیے آڈٹ کمیٹی کے اجلاس منعقد کیے گئے۔ نیز چیف فنانس آفیسر، ہیڈ آف انٹرنل آڈٹ اور ایکسٹرنل آڈیٹرز نے بھی اپنی ضرورت کے مطابق میٹنگ ہائے میں شرکت کی۔

## ہیومن ریسورس اور معاوضہ کمیٹی:

سال کے دوران ہیومن ریسورس اور معاوضہ کمیٹی کی دو میٹنگز منعقد ہوئیں۔ جن میں مندرجہ ذیل ڈائریکٹرز حضرات نے شرکت کی:

| نام | عہدہ | میٹنگ میں شرکت کرنے کی حاضریاں۔ |
|---|---|---|
| محمد احسن | چیئرمین | 4 |
| سہیل مقصود احمد | ممبر | 4 |
| شہزاد افتخار | ممبر | 4 |

## کارپوریٹ گورننس:

بجا آوری رپورٹ معہ عمدہ مشق بابت کوڈ آف کارپوریٹ گورننس کو منسلک کیا گیا ہے۔

## ادارہ اور مالی امور کے متعلق ترتیب دیا گیا ڈھانچہ:

کوڈ آف کارپوریٹ گورننس کی بجا آوری کرتے ہوئے مالی رپورٹ اور کارپوریٹ کے متعلق ترتیب دیئے گئے ڈھانچہ کو ذیل میں تحریر کیا جاتا ہے:-

1- مالی گوشوارہ حساب کتاب اور اسکے نوٹس کو کمپنی کے منتظمین کی جانب سے تیار کیا گیا ہے اور موجودہ حساب کتاب کے معاملات میں گوشوارہ حساب کتاب کیش فلو اور رپورٹ آف چینجز ان ایکویٹی میں شفافیت اور غیر جانبداری کے اصول اپنائے گئے ہیں۔

2- کمپنی کی اکاؤنٹس بکس بہتر انداز میں تیار کی جا رہی ہیں۔

3- کمپنی کی اکاؤنٹنگ پالیسیز کو ایک تسلسل کے ساتھ اس گوشوارہ حساب کتاب کو بنانے میں استعمال کیا گیا ہے۔

4- بین الاقوامی اکاؤنٹنگ اور/مالی رپورٹنگ سٹینڈرڈز، جیسا کہ اس کا اطلاق پاکستان میں ہے، کو کمپنی کے مالی گوشوارہ حساب کتاب کی تیاری کے بابت ملحوظ خاطر رکھا گیا ہے اور ان سے کسی قسم کا انحراف نہیں کیا گیا۔

5- ادارہ کی جانب سے وضع کردہ انٹرنل کنٹرول سسٹم اچھی حالت میں ترتیب دیا گیا ہے اس سسٹم پر عملدرآمد کے بارے میں مناسب جانچ پڑتال کی گئی ہے۔

6- عمدہ مشق بابت کوڈ آف کارپوریٹ گورننس کو یقینی بنایا گیا ہے جیسا کہ سٹاک ایکسچینج کے لسٹنگ ریگولیشن میں درج ہے اور ان سے کسی قسم کا کوئی انحراف نہیں کیا گیا۔

7- کمپنی کے کاروباری حالات کے مستقبل کو الگ سے بیان کیا گیا ہے۔

8- کمپنی کی جانب سے حفاظتی قواعد وضوابط پر سختی سے عمل کیا گیا ہے۔ پالیسیوں کی بجا آوری ایک دوستانہ ماحول میں کی گئی ہے۔

9- چھ سال کی مالی کارکردگی کو اجاگر کیا گیا ہے اور بابت رپورٹ منسلک کی گئی ہے۔

10- ٹیکسز اور لیویز سے متعلق انفارمیشن کو نوٹس ٹو دی اکاؤنٹس میں بیان کیا گیا ہے۔

## توثیقی بیان:

آپ کی کمپنی کے ڈائریکٹر صاحبان کی جانب سے بینکوں، مالی اداروں، شراکت داروں اور ریگولیٹرز کی معاونت قابل تحسین ہے اور مستقبل میں بھی ایسی ہی امید وابستہ کی جاتی ہے۔

نیز آپ کے کمپنی کے ڈائریکٹر صاحبان کی جانب سے کمپنی ہذا کے سٹاف اور ورکرز کا پختہ عزم، محنت اور مستقل مزاجی قابل تحسین ہے۔

| | |
|---|---|
| **شہزاد افتخار** | **خرم افتخار** |
| **ڈائریکٹر** | **چیف ایگزیکٹو** |

**فیصل آباد**

**تاریخ: 7 اکتوبر 2019**

## STATEMENT OF COMPLIANCE

### With the Code of Corporate Governance for the year ended June 30, 2019.

Amtex Limited ("The Company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") in the following manner:

1. The total numbers of directors are seven as per following:

    a) Male: Seven
    b) Female: Nil

2. The composition of the Board of Directors ("the Board") is as follows:

| Category | Names |
|---|---|
| Independent Director | Suhail Maqsood Ahmed |
| Other Non-Executive Directors | Usman Ghani<br>Muhammad Ahsan<br>Nadeem Iftikhar<br>Gul Muhammad Naz |
| Executive Directors | Khurram Iftikhar<br>Shahzad iftikhar |

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

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

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and 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 directors are conversant with their duties and responsibilities under the relevant laws and regulations. They have not attended any orientation course during the year.

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. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.

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

    a) Audit Committee
        - Suhail Maqsood Ahmed (Chairman)
        - Muhammad Ahsan
        - Usman Ghani

    b) HR and Remuneration Committee

        - Muhammad Ahsan
        - Suhail Maqsood Ahmed
        - Shahzad Iftikhar

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

14. The frequency of meetings of the aforesaid committees was as per following:

    a) Audit Committee: Four quarterly meetings during the financial year ended June 30, 2019
    b) HR and Remuneration Committee: Four quarterly meetings during the financial year ended June 30, 2019

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

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

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

18. We confirm that all other requirements of the Regulations have been complied with except for the following toward which reasonable progress is being made by the company to seek compliance.

    - Company is planning to arrange training program for their directors as provided by the Code.

On behalf of the Board

CHIEF EXECUTIVE

DIRECTOR

Khurram Iftikhar

Shahzad Iftikhar

Faisalabad

October 07, 2019

**Independent Auditor's Review Report to the Members of Amtex Limited**

**Review Report to the Members 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 Amtex Limited (the Company) for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

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

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

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

Following instance of non-compliance with the requirement of the Regulations was observed which is not stated in the Statement of Compliance:

i) Chief Finance Officer and Company's Secretary is the same person.

Based on our review, except for the above instance of non-compliance, 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 Regulations as applicable to the Company for the year ended **June 30, 2019**.

Further, we highlight below instance of non compliance with the requirement of the Regulations are reflected in note number 18 where it is stated in the Statement of Compliance

**Note no. 18** (None of the directors' has obtained a certification under any directors' training program offered by institution-local or foreign that meet the criteria specified by the SECP).

Zahid Jamil & Co.

**FAISALABAD:** **CHARTERED ACCOUNTANTS**

**Date: October 07, 2019** **(Engagement Partner: Muhammad Amin)**

25c

**INDEPENDENT AUDITOR'S REPORT**

**To the members of Amtex Limited**
**Report on the Audit of the Financial Statements**

**Adverse Opinion**

We have audited the annexed financial statements of **Amtex Limited** (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and, were necessary for the purposes of the audit.
In our opinion and to the best of our information and according to explanations given to us, because of the significance of the matters discussed in paragraphs (a) to (c) of "Basis for Adverse Opinion" section of our report, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof, do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the loss, and total comprehensive loss, the changes in equity and its cash flows for the year then ended.

**Basis for Adverse Opinion**

(a) The Company has incurred gross loss of Rs. 161.046 million (2018: Rs.493.423 million), net loss of Rs. 262.718 million (2018: Rs. 3,270.325 million) during the year ended June 30, 2019 and as at that date, its accumulated loss is Rs. 12,345.995 million (2018: Rs. 12,092.126 million) and company's current liabilities exceeded its current assets by Rs. 9,146.149 million (2018: Rs. 8,443.572 million). The company has curtailed the significant number of employees and is facing operational and financial crisis. Moreover, the company is defendant / petitioner in various law suits as mentioned in note 26 to the financial statements and due to pending litigations certain long and short term liabilities remained unconfirmed / unreconciled in the absence of balance confirmations from related banks and financial institutions as mentioned in note 19.1.5, 20 and 24.6 to the financial statements. Moreover, during the year company's spinning unit's operations remained closed. Further the Company had leased out its land and Building of processing division located at 1 K.M. Jaranwala Road chak no. 76/RB, Khurrianwala, District Faisalabad, and land and building located at chak no. 67/J.B. Sadhar, Faiaslabad as mentioned in note 6 to the financial statements. Further, there is no sufficient appropriate audit evidence that the management's plans are feasible and ultimate outcome will improve the company's current situation. These factors, along with matters mentioned in paragraphs (b) and (c) below, lead us to believe that going concern assumption used in preparation of financial statements is inappropriate; consequently the assets and liabilities should have been stated at their realizable and settlement amounts respectively;

ZJC


Zahid Jamil, 1st Floor, 7-Madina Town Ext. Jaranwala Road, Faisalabad Pakistan
Tel: +92-41-8725065-68
Email: info@zahidjamilco.com
Website: www.zahidjamilco.com

(b) the Company has created provision for doubtful debts amounting to Rs. 7,041.999 million (2018: Rs. 7,041.999 million) as at balance sheet date and the Company did not take any legal action to recover these past due balances;

(c) mark up expense has not been fully charged in these financial statements on redeemable capital and on long and short term financing due to pending litigations with various banks. Had the mark up been fully charged, net loss for the year would have been increased by Rs 790.339 million (2018: Rs. 512.322 million), mark up payable and accumulated loss would have been increased by Rs. 4497.175 million (2018: Rs. 3,706.837 million);

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 Auditors' 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 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 adverse opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters referred in paragraphs (a) to (c) of "Basis of Adverse Opinion" section of our report, we have determined the matters below to be the key audit matters to be communicated in our report.

**Following are the key audit matters:**

| Key audit matter | How the matter was addressed in our audit |
|---|---|
| **Pending litigations**<br><br>As referred in note no. 26 to the accompanying financial statements.<br><br>The Company faces a number of pending litigations. There is a high level of judgment required in estimating the level of provisioning and/or the level of disclosure required.<br><br>Where the impact of possible and present obligations is not probable or not reliably measurable, and thus no provision is recorded, failure to adequately disclose the nature of these circumstances within the financial statements may distort the reader's view as to the potential risks faced by the Company.<br><br>Given the nature and amounts involved in such | Our audit procedures included the following:<br><br>- circularized confirmations to relevant third party legal representatives;<br><br>- as part of our audit procedures we have assessed management's processes to identify new possible obligations and changes in existing obligations for compliance with Company policy and IAS 37 requirements;<br><br>- we have analyzed significant changes from prior periods and obtain a detailed understanding of these items and assumptions applied and |

250

| | |
|---|---|
| cases and the appellate forums at which these are pending, the ultimate outcome and the resultant accounting in the financial statements is subject to significant judgment, which can change over time as new facts emerge and each legal case progresses, and therefore, we have identified this as key audit matter. | - assessed the adequacy of disclosure in note no. 26 to the financial statements. |
| **Restructurings with financial institutions**<br><br>As referred in notes no. 19.1.9 to the accompanying financial statements.<br><br>Company has negotiated the settlement agreements, in respect of outstanding principal liability and mark up liability of MCB Bank Limited.<br><br>Due to the level of materiality and loan covenant, this is considered to be a key audit matter. | Our audit procedures included the following:<br><br>- obtained settlement agreement;<br>- obtained direct confirmations from banks;<br>- assessed management's processes to transfer restructured balances;<br>- verified from bank statements rescheduled payments and<br>- after getting revised agreement terms and conditions, calculated any overdue balances, where applicable. |
| **Valuation of investment property**<br><br>As referred in note no. 6 to the accompanying financial statements.<br><br>We considered the valuation of the investment properties to be significant to the audit because the determination of fair value involves significant judgment and the use of external valuation expert.<br><br>We identified the valuation of investment properties as a key audit matter as it covers 25% of total assets of company. | Our audit procedures included the following:<br><br>- obtained valuation reports and evaluated the qualification, experience and competence of the external property valuer engaged by management and holding discussions with the external property valuer, without the presence of management, to understand their valuation methods and the assumptions applied;<br>- obtained lease agreements signed between the Company and lessees;<br>- Obtained EOGM's resolution for approving the lease of properties and<br>- Assessed the adequacy of disclosures related to investment properties in notes no. 6 and 29 to the financial statements. |

**Information other than the Financial Statements and Auditor's Report Thereon**

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

25C


Al-Jamil, 1st Floor, 7 Madina Town Ext. Jaranwala Road, Faisalabad-Pakistan.
Tel: +92 41 8725065-68
Email: info@zahidjamilco.com
Website: www.zahidjamilco.com

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance opinion 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. As described in the "Basis for Adverse Opinion" section of our report, we have concluded that the other information is materially misstated for the same reason.

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

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

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

Board of directors is responsible for overseeing the Company's financial reporting process.

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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

ZJC

to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

**Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion, except for the effects, if any, of the matters referred to in paragraph (a) to (c) of "Basis of Adverse Opinion" of our report above:

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 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 period were for the purpose of the Company's business; and

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

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Amin (FCA)

ZJC

Zahid Jamil

**Chartered Accountants**
**Place: Faisalabad**
**Date: October 07, 2019**

**AMTEX LIMITED**
**STATEMENT OF FINANCIAL POSITION**
**AS AT JUNE 30, 2019**

| | NOTE | 2019 RUPEES | 2018 RUPEES |
|---|---|---|---|
| **ASSETS** | | | |
| **NON CURRENT ASSETS** | | | |
| Property, plant and equipment | 5. | 1,622,958,663 | 1,750,599,973 |
| Investment property- fair value | 6. | 1,102,323,583 | 1,013,917,913 |
| Long term deposits | 7. | 50,719,526 | 57,021,425 |
| | | **2,776,001,772** | **2,821,539,311** |
| **CURRENT ASSETS** | | | |
| Stores, spares and loose tools | 8. | 234,842,917 | 459,379,792 |
| Stock in trade | 9. | 693,575,967 | 885,981,055 |
| Trade debts | 10. | 200,656,695 | 162,271,598 |
| Loans and advances | 11. | 4,003,478 | 8,786,288 |
| Deposits and prepayments | 12. | 7,251,662 | 7,613,571 |
| Other receivables | 13. | 106,544,102 | 104,164,984 |
| Tax refunds due from the Government | 14. | 192,303,829 | 188,999,804 |
| Cash and bank balances | 15. | 162,688,117 | 143,771,493 |
| | | **1,601,866,767** | **1,960,968,585** |
| | | **4,377,868,539** | **4,782,507,896** |
| **EQUITY AND LIABILITIES** | | | |
| **SHARE CAPITAL AND RESERVES** | | | |
| Authorised capital<br>260,000,000 (2018: 260,000,000)<br>ordinary shares of Rs.10/- each | | **2,600,000,000** | **2,600,000,000** |
| Issued, subscribed and paid up capital | 16. | 2,594,301,340 | 2,594,301,340 |
| Reserves | 17. | 531,039,330 | 531,039,330 |
| Accumulated loss | | (12,345,995,985) | (12,092,125,616) |
| Surplus on revaluation of property, plant and equipment | | 867,699,951 | 875,804,593 |
| | | **(8,352,955,364)** | **(8,090,980,353)** |
| **NON CURRENT LIABILITIES** | | | |
| Redeemable capital | 18. | - | - |
| Long term financing | 19. | 874,689,239 | 1,497,729,820 |
| Liabilities against assets<br>subject to finance lease / ijaraha facility | 20. | - | - |
| Deferred liabilities | 21. | 1,108,119,315 | 971,217,849 |
| | | **1,982,808,554** | **2,468,947,669** |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 22. | 279,030,327 | 345,384,902 |
| Interest / markup payable | 23. | 2,669,103,629 | 2,632,364,651 |
| Short term borrowings | 24. | 6,093,087,444 | 6,177,590,344 |
| Current portion of non current liabilities | 25. | 1,706,793,949 | 1,249,200,683 |
| | | **10,748,015,349** | **10,404,540,580** |
| **Contingencies and commitments** | 26. | - | - |
| | | **4,377,868,539** | **4,782,507,896** |

**The annexed notes from 1 to 42 form an integral part of these financial statements.**

CHIEF EXECUTIVE DIRECTOR Chief Financial Officer

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

| | Note | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| Sales | **27.** | 629,535,576 | 842,865,636 |
| Cost of sales | **28.** | 790,582,001 | 1,335,487,192 |
| Gross loss | | (161,046,425) | (492,621,556) |
| Other Income / (loss) | **29.** | 142,215,704 | (9,479,512) |
| | | (18,830,721) | (502,101,068) |
| Selling and distribution expenses | **30.** | 13,183,275 | 14,873,612 |
| Administrative expenses | **31.** | 38,254,756 | 2,571,265,879 |
| Finance cost | **32.** | 182,310,412 | 165,210,794 |
| | | 233,748,443 | 2,751,350,285 |
| Loss before taxation | | (252,579,164) | (3,253,451,353) |
| Taxation | **33.** | 10,139,790 | 12,227,321 |
| Net loss for the year from continuing operation | | (262,718,954) | (3,265,678,674) |
| **Discontinued operations** | | | |
| Net loss for the year from discontinued operations | **34.** | - | (4,646,045) |
| Net loss for the year | | (262,718,954) | (3,270,324,719) |
| Loss per share - Basic and diluted | **35.** | (1.01) | (12.61) |

**The annexed notes from 1 to 42 form an integral part of these financial statements.**

CHIEF EXECUTIVE

DIRECTOR

Chief Financial Officer

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

| | Note | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| Net loss for the year from continuing operation | | (262,718,954) | (3,265,678,674) |
| Net loss for the year from discontinued operation | | - | (4,646,045) |
| Other comprehensive income | | | |
| Items that will not be subsequently reclassified to profit or loss: | | | |
| Remeasurement of defined benefit liability | **22.1.3.** | 743,943 | 1,675,267 |
| | | 743,943 | 1,675,267 |
| Total comprehensive loss for the year | | (261,975,011) | (3,268,649,452) |

**The annexed notes from 1 to 42 form an integral part of these financial statements.**

CHIEF EXECUTIVE

DIRECTOR

Chief Financial Officer

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

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **a) CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Loss before taxation | (252,579,164) | (3,257,645,142) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 101,446,060 | 129,202,841 |
| Provision for staff retirement gratuity | 3,687,906 | 2,596,426 |
| Provision for doubtful debts | - | 2,524,488,068 |
| Write down of inventories to net realisable value | - | 248,140,770 |
| Unrealised (gain)/loss on investment property carried at fair value | (88,405,670) | 10,983,910 |
| Loss on disposal of property, plant and equipment | 2,525,250 | 15,451,272 |
| Finance cost | 182,310,412 | 165,210,794 |
| Operating cash flows before working capital changes | (51,015,206) | (161,571,061) |
| Changes in working capital | | |
| (Increase) / decrease in current assets | | |
| Stores, spares and loose tools | 224,536,875 | 159,620,389 |
| Stock in trade | 192,405,088 | 167,130,497 |
| Trade debts | (38,385,097) | 110,334,988 |
| Loans and advances | 4,782,810 | (3,530,027) |
| Deposits and prepayments | 361,909 | 1,123,467 |
| Other receivables | (2,379,118) | (8,832,139) |
| Tax refunds due from the Government | (4,402,500) | 26,930,237 |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | (66,354,575) | (26,256,464) |
| | 310,565,392 | 426,520,948 |
| Cash generated from operations | 259,550,186 | 264,949,887 |
| Income tax paid | (9,041,315) | (9,451,294) |
| Finance cost paid | (11,199,933) | (19,628,554) |
| Staff retirement gratuity paid | (413,998) | (37,402,855) |
| Net cash generated from operating activities | 238,894,940 | 198,467,184 |
| **b) CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Proceeds from disposal of property, plant and equipment | 23,670,000 | 467,905,000 |
| Long term deposits | 6,301,899 | - |
| Net cash generated from investing activities | 29,971,899 | 467,905,000 |

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **c) CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Long term financing | (165,447,315) | 602,818,195 |
| Short term borrowings | (84,502,900) | (1,317,272,725) |
| Net cash used in financing activities | (249,950,215) | (714,454,530) |
| Net increase / (decrease) in cash and cash equivalents (a+b+c) | 18,916,624 | (48,082,346) |
| Cash and cash equivalents at the beginning of the year | 143,771,493 | 191,853,839 |
| Cash and cash equivalents at the end of the year | 162,688,117 | 143,771,493 |

**The annexed notes from 1 to 42 form an integral part of these financial statements.**

CHIEF EXECUTIVE

DIRECTOR

Chief Financial Officer

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

| | Issued, subscribed and paid up capital | Capital reserves | | Surplus on revaluation of property, plant and equipment | Revenue reserves | | Total |
|---|---|---|---|---|---|---|---|
| | | Merger reserve | Share premium | | General reserve | Accumulated loss | |
| | Rupees | | | | | | |
| Balances as at July 01, 2017- Restated | 2,594,301,340 | 98,039,330 | 183,000,000 | 1,127,310,252 | 250,000,000 | (9,074,981,823) | (4,822,330,901) |
| Loss for the year from continuing operations | - | - | - | - | - | (3,265,678,674) | (3,265,678,674) |
| Loss for the year from discontinued operations | - | - | - | - | - | (4,646,045) | (4,646,045) |
| Other comprehensive loss for the year | - | - | - | - | - | 1,675,267 | 1,675,267 |
| Total comprehensive loss for the year | - | - | - | - | - | (3,268,649,452) | (3,268,649,452) |
| Transfer to accumulated loss in respect of surplus realized on disposal of assets during the year | - | - | - | (242,680,302) | - | 242,680,302 | - |
| Transfer to accumulated loss in respect of incremental depreciation for the year | - | - | - | (8,825,357) | - | 8,825,357 | - |
| | | | | (251,505,659) | | 251,505,659 | - |
| Balances as at June 30, 2018 | 2,594,301,340 | 98,039,330 | 183,000,000 | 875,804,593 | 250,000,000 | (12,092,125,616) | (8,090,980,353) |
| Loss for the year from continuing operations | - | - | - | - | - | (262,718,954) | (262,718,954) |
| Other comprehensive income for the year | - | - | - | - | - | 743,943 | 743,943 |
| Total comprehensive loss for the year | - | - | - | - | - | (261,975,011) | (261,975,011) |
| Transfer to accumulated loss in respect of surplus realized on disposal of assets during the year | - | - | - | (330,157) | - | 330,157 | - |
| Transfer to accumulated loss in respect of incremental depreciation for the year | - | - | - | (7,774,485) | - | 7,774,485 | - |
| | - | - | - | (8,104,642) | - | 8,104,642 | - |
| Balances as at June 30, 2019 | 2,594,301,340 | 98,039,330 | 183,000,000 | 867,699,951 | 250,000,000 | (12,345,995,985) | (8,352,955,364) |

**The annexed notes from 1 to 42 form an integral part of these financial statements.**

CHIEF EXECUTIVE

DIRECTOR

Chief Financial Officer

## 1. STATUS AND ACTIVITIES

**1.1.** Amtex Limited (the Company) is a public limited company incorporated in Punjab, Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and listed on Pakistan Stock Exchange limited (formerly Karachi Stock Exchange Limited) in Pakistan. The registered office of the Company is situated at P-225, Tikka Gali No. 2, Montgomery Bazar, Faisalabad. The principal business of the Company is export of all kinds of value added fabrics, textile made-ups, casual and fashion garments duly processed. The Company is also engaged in the business of manufacturing and sale of yarn and fabrics on its own & conversion basis. The cloth processing unit and stitching units are located at 1 KM Jaranwala Road, Khurrianwala, District Faisalabad and spinning unit is located at 30 KM Sheikhupura Road, Khurrianwala, District Faisalabad, in the province of Punjab.

**1.2.** Pursuant to scheme of arrangement approved by the Honorable Lahore High Court, Lahore, assets, liabilities and reserves of Amtex Spinning Limited were merged with the assets, liabilities and reserves of the Company with effect from April 01, 2003.

**1.3.** The Company has incurred loss before taxation of Rs. 252,579,164 and its sales have also been significantly decreased during the year as compared to previous corresponding year. Loss is mainly due to significantly under / low utilization of manufacturing capacities due to closure of spinning unit, temporary shutdown of processing unit and increase in raw material prices for our value added business. Due to unfavorable textile market conditions in the country the Company is facing tight cash flow situation and has not been able to comply with the terms of certain loan agreements. The Company is in litigation with Sukuk unit holders and certain other banks / financial institutions have also filed suits against the company for recovery of their outstanding debts.

The management is working hard, hopeful that with the improvement of textile market along with removal of gas price differential in the Punjab Province bringing the gas price down up to the price in other provinces will reduce the operating cost and the production and operating results will be improved. The management of the Company has already taken steps for extension and restructuring of loans. The major bankers of the Company had restructured the facilities (Refer Note 19.1.2 to 19.1.4) and negotiations with other banks are in process. There is material uncertainty related to events or conditions which may cast significant doubt about the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. The management is confident that it will be successful in its efforts and hence the Company will be able to continue as a going concern.

## 2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

**2.1. Shut down of spinning unit**

Company has temporarily closed its spinning unit, on Lahore Road due to reasons enumerated in note no. 37

**2.2. Under utilization of processing unit**

Further Company is under utilizing its processing capacity due to reasons enumerated in note no. 37

**2.3. Restructuring of loans**

The Company has entered in restructuring agreement with MCB Bank Ltd. This is reflected in notes no. 19.1.9.

## 3. BASIS OF PREPARATION

**3.1. Statement of compliance**

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

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

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

**3.2. Functional and presentation currency**

These financial statements are presented in Pakistan Rupee which is functional and presentational currency of the Company and figures are rounded off to the nearest rupee unless otherwise specified.

**3.3. Basis of measurement**

The financial statements have been prepared under the "historical cost convention" except: -

- certain property, plant and equipment items carried at revaluation.
- employee retirement benefits carried at present value.
- investment porperty measured at fair value.

**3.4. Critical accounting estimates and judgments**

The preparation of financial statements in conformity with the accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company’s accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In process of applying the Company's accounting policies, the manangement has made following estimates and judgements which are significant to financial statements:

Useful lives, residual values and depreciation method of property, plant and equipment – Note 5.

Fair value of investment property - Note 6.

Provision for impairment of inventories - Note 9. and 28.

Provision for doubtful trade receivables – Note 10. and 31.

Obligation of defined benefit obligation - Note 21.1.

Estimation of contingent liabilities - Note 26.

Current income tax expense, provision for current tax -Note 14. and 33.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

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

The following standard amendments and interpretations are effective for the year ended june 30, 2019. These standards, interpretations and amendments are either not relevent to the company's operations or are not expected to have significant impact on the compny's financial statements other than certain additional disclousres.

| | ***Effective from accounting period beginning on or after:*** |
|---|---|
| Amendments to IFRS 2 'Share-based Payment' - Clearification on the classification and measurement of share-based payment transaction. | January 01, 2018 |
| IFRS 4 'Insurance Contracts'- Amendments regarding the interaction of IFRS 4 and IFRS 9. | January 01, 2018 |
| IFRS 9 'Financial Instruments'- This standard will superseede IAS 39 Financial Instruments:Recognition and Measurement upon its effective date. | July 01, 2018 |
| IFRS 15 'Revenue'- This standard will superseede IAS 18, IAS 11, IFRIC 13,15 and 18 and SIC 31 upon its effective date. | July 01, 2018 |
| Amendements to IAS 40 'Investment Property'- Clarification on transfers of property to or from investment property. | January 01, 2018 |
| IFRIC 22 'Foreign Currency Transaction 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 improvement have also been made to a number of IFRSs.

**3.6. Standards, interpretations and amendments to published approved accounting standards that are not yet effective and have not been early adopted by the Company**

The followintg 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 1, 2020 |
| Amendements to IAS 1 'Presentation of Fianacial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'-Amendments regarding the definition of material | January 1, 2020 |
| Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities | January 1, 2019 |
| IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date. | January 1, 2019 |
| Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements. | January 1, 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 1, 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 1, 2019 |
| Amendments to references to the Conceptual Framework in IFRS Standards. | January 1, 2020 |
| Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures'- Sale or contribution of assets between and investor and its associate or Joint venture. | Effective from accounting period beginning on or after a date to b e determined. Earlier application is permitted. |

Certain annual improvemnts 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:

IFRS 1 – First Time Adoption of International Financial Reporting Standards

IFRS 14 – Regulatory Deferral Accounts

IFRS 17 – Insurance Contracts

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 4.1. Property, plant and equipment

**Owned**

Property, plant and equipment except freehold land and capital work in progress are stated at cost / revaluation less accumulated depreciation and impairment in value, if any. Freehold land is stated at revalued amount less accumulated impairment in value, if any. Capital work-in-progress is stated at cost less accumulated impairment in value, if any.

Depreciation is charged to income applying the reducing balance method at the rates specified in the property, plant and equipment note. Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

In respect of additions and disposals during the year, depreciation is charged from the month of acquisition or capitalisation and up to the month preceding the month of disposal respectively.

When parts of an item of property, plant and equipment have different useful lives, they are recognised as separate items of property, plant and equipment.

Normal repairs and maintenance costs are charged to income during the period in which they are incurred. Major renewals and improvements are capitalised.

Gains or losses on disposal of property, plant and equipment are included in current income.

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

Surplus arising on revaluation of property, plant and equipment is recognized, in other comprehensive income and accumulated in reserves in shareholders' equity and is shown in equity. Revaluation is carried out with sufficient regularity to ensure that the carrying amounts of the assets does not differ materially from the fair value. Accumulated depreciation at the date of revaluation is eliminated against the cost of the asset and net amount is restated to the revalued amount of the asset. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related property, plant and equipment during the year is part of statement of changes in equity.

Gains or losses on disposal of assets, if any, are recognized as and when incurred. Surplus arising on revaluation is credited to surplus on revaluation of property, plant and equipment. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred by the Company to its un-appropriated profit.

**Assets subject to finance lease**

In view of certainty of ownership of the assets at the end of the lease period, assets subject to finance lease are stated at cost / revalued amount less accumulated depreciation. These assets are depreciated over their expected useful lives on the same basis as owned assets.Moreover, the treatment of revaluation is same as in the case of owned assets.

**4.2. Investment property**

Investment properties are properties held to earn rentals and/ or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from the change in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is de-recognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on de-recognition of property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

**Rental income**

Rental income from investment property that is leased to a third party under an operating lease is recognised in the statement of profit or loss on a straight-line basis over the lease term and is included in ‘other income’.

**4.3. Intangible asset**

Intangible asset is stated at cost less accumulated amortization and impairment in value, if any. Intangible asset is amortised using the straight-line method over a period of five years.

Amortization on addition to intangible assets is charged from the month in which an asset is acquired or capitalized, while no amortization is charged for the month in which that asset is disposed off.

**4.4. 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, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit and loss account in the period in which these are incurred.

**4.5. 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.

**4.6. Stores, spares and loose tools**

These are stated at lower of cost and net realizable value. Cost is determined using moving average method. Items in transit are stated at invoice value plus other charges incurred thereon until the reporting date.

For items that are slow moving adequate provision is made, if necessary, for any excess carrying value over estimated realizable value and charged to the statement of profit or loss.

**4.7. Stock in trade**

Stock in trade except waste are valued at lower of cost and net realisable value. Cost is determined as follows:

| | |
|---|---|
| Raw material | Weighted average cost except items in transit which are valued at cost accumulated upto the balance sheet date |
| Work in process | Average manufacturing cost |
| Finished goods | Average manufacturing cost |

Wastes are valued at net realisable value.

Net realizable value represents the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost to make the sales. Average manufacturing cost consists of direct materials, labor and a proportion of manufacturing overheads.

**4.8. 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.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Trade debts and other receivables considered irrecoverable are written off.

**4.9. Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, books overdrawn, highly liquid short term investments that are convertible to known amount of cash and are subject to insignificant risk of change in value.

**4.10. Non-current assets held for sale**

Non-current asset (or disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current asset (or disposal group) classified as held for sale is measured at the lower of its previous carrying amount and fair value less costs to sell.

Non-current asset (or disposal group) classified as held for sale that no longer meet the criteria of classification as held for sale is transferred to non-current assets at the lower of:

- Its carrying amount before the assets were classified as held for sale, adjusted for any depreciation, amortization or revaluation that would have been recognised had the assets not been classified as held for sale, and
- Its recoverable amount at the date of the subsequent decision not to sell.

Gains and losses on disposal of Non-current asset (or disposal group) held for sale are included in current income.

**4.11. Leases**

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

Asset held under finance lease is recognised as asset of the Company at its 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 balance sheet as liability against asset subject to finance lease. The liability is classified as current and non current depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liability against asset 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 profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

**4.12. Staff retirement benefits**

The Company operates a defined benefit plan unfunded gratuity scheme covering all permanent employees. Provision is made annually on the basis of acturial recommendation to cover the period of service completed by employees using Projected Unit Credit Method. All remeasurement adjustments are recognized in other comprehensive income as they occure.

The amount recognized in the balance sheet represnts the present value of defined benefit obligation as adjusted for remeasurement adjustments.

**4.13. 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 using the effective interest method.

**4.14. Borrowings**

Borrowings are initially recognised at fair value plus directly attributable cost, if any, and are subsequently stated at amortized cost.

### 4.15. Provisions

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

### 4.16. Provision for taxation

**Current**

Provision for current taxation is based on income taxable at the current tax rates after taking into account tax rebates and tax credits available under the law.

**Deferred**

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax charged or credited in the income statement, except in case of items credited or charged to equity in which case it is included in equity.

### 4.17. Dividend and other appropriations

Dividend is recognised as a liability in the period in which it is approved. Appropriations of profits are reflected in the statement of changes in equity in the period in which such appropriations are made.

### 4.18. Foreign currency translation

Transactions in currencies other than Pak Rupee are recorded at the rates of exchange prevailing on the dates of transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

Exchange differences are included in profit or loss. All non-monetary items are translated into Pak Rupee at exchange rates prevailing on the dates of transactions.

### 4.19. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company loses control of the contractual rights that comprise the financial assets and in case of financial liabilities 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 recognized immediately in the statement of profit or loss.

#### 4.19.1. Financial assets

All regular way purchases or sales of financial assets are recognized 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 recognized 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:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

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

**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 recognized in the statement of profit or loss.

**4.19.2. Impairment of financial assets**

The Company recognizes a loss allowance for Expected Credit Loss 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 recognizes 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 recognizes 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 recognized 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 a er 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:
(a) The financial instrument has a low risk of default,
(b) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
(c) 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 analyse 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 reorganisation; 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.

**Non-financial assets**

The Company assesses at each reporting date whether there is any indication that assets except inventories, biological assets and deferred tax asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the statement of profit or loss. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized. Reversal of impairment loss is recognized as income.

**4.19.3. Financial liabilities**

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.
Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognized in the statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in 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 recognized 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 profit or loss. The remaining amount of change in the fair value of liability is recognized in 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 of the 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 recognized 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 derecognises 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 recognized in the statement of profit or loss.

### 4.19.4. 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 when 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.

### 4.20. Revenue recognition

Revenue from contracts with customers is recognized at the point in time when the perfomance obligation is satisfied i.e. control of the goods is transferred to the customer art an amount that reflects the consideration to which the company expects to be entitled to in exchange for those goods.

### 4.21. Related party transactions

Transactions with related parties are priced on arm’s length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

### 4.22. Contingent liabilities

Contingent liability is disclosed when:

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

### 4.23. Contingent assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised until their realisation become virtually certain.

| | Note | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| **5. Property, plant and equipment** | | | |
| Tangible | | | |
| Operating fixed assets | **5.1.** | 1,622,958,663 | 1,750,599,973 |
| | | 1,622,958,663 | 1,750,599,973 |

## 5.1. Operating fixed assets

| | Company owned | | | | | | | | | | Asstes subject to finance lease | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Freehold land | Building on freehold land | Plant and machinery | Electric installations | Factory equipment | Furniture and fixtures | Office equipment | Laboratory equipment | Vehicles | Sub total | Plant and machinery | |
| | -----Rupees----- | | | | | | | | | | | |
| **As At July 01, 2017** | | | | | | | | | | | | |
| Cost/ valuation | 1,160,047,300 | 1,162,743,008 | 904,765,000 | 47,180,000 | 3,250,000 | 7,520,074 | 18,921,126 | 3,000,000 | 63,714,456 | 3,371,140,964 | 86,636,000 | 3,457,776,964 |
| Accumulated depreciation | - | - | - | - | - | (4,988,376) | (13,130,377) | - | (51,597,302) | (69,716,055) | - | 69,716,055 |
| Opening net book value | 1,160,047,300 | 1,162,743,008 | 904,765,000 | 47,180,000 | 3,250,000 | 2,531,698 | 5,790,749 | 3,000,000 | 12,117,154 | 3,301,424,909 | 86,636,000 | 3,388,060,909 |
| Disposals: | | | | | | | | | | | | |
| Cost/ valuation | (260,384,000) | (72,215,107) | (158,780,999) | - | - | - | - | - | (6,972,730) | (498,352,836) | - | (498,352,836) |
| Accumulated depreciation | - | 1,504,481 | 8,174,717 | - | - | - | - | - | 5,317,366 | 14,996,564 | - | 14,996,564 |
| | (260,384,000) | (70,710,626) | (150,606,282) | - | - | - | - | - | (1,655,364) | (483,356,272) | - | (483,356,272) |
| Transfer to Investment property | | | | | | | | | | | | |
| Cost/ Valuation | (357,590,000) | (672,976,751) | - | - | - | - | - | - | - | (1,030,566,751) | - | (1,030,566,751) |
| Accumulated depreciation | - | 5,664,928 | | | | | | | | 5,664,928 | | 5,664,928 |
| | (357,590,000) | (667,311,823) | - | - | - | - | - | - | - | (1,024,901,823) | - | (1,024,901,823) |
| Depreciation charge | - | 29,368,427 | 82,773,117 | 4,718,000 | 325,000 | 253,170 | 579,075 | 300,000 | 2,222,452 | 120,539,241 | 8,663,600 | 129,202,841 |
| **At June 30, 2018** | | | | | | | | | | | | |
| Cost/ valuation | 542,073,300 | 417,551,150 | 745,984,001 | 47,180,000 | 3,250,000 | 7,520,074 | 18,921,126 | 3,000,000 | 56,741,726 | 1,842,221,377 | 86,636,000 | 1,928,857,377 |
| Accumulated depreciation | - | 22,199,018 | 74,598,400 | 4,718,000 | 325,000 | 5,241,546 | 13,709,452 | 300,000 | 48,502,388 | 169,593,804 | 8,663,600 | 178,257,404 |
| **Total book value at June 30, 2018** | **542,073,300** | **395,352,132** | **671,385,601** | **42,462,000** | **2,925,000** | **2,278,528** | **5,211,674** | **2,700,000** | **8,239,338** | **1,672,627,573** | **77,972,400** | **1,750,599,973** |
| Opening net book value | 542,073,300 | 395,352,132 | 671,385,601 | 42,462,000 | 2,925,000 | 2,278,528 | 5,211,674 | 2,700,000 | 8,239,338 | 1,672,627,573 | 77,972,400 | 1,750,599,973 |
| Disposals: | | | | | | | | | | | | |
| Cost/ valuation | - | - | (30,300,000) | - | - | - | - | - | - | (30,300,000) | - | (30,300,000) |
| Accumulated depreciation | - | - | 4,104,750 | - | - | - | - | - | - | 4,104,750 | - | 4,104,750 |
| | - | - | (26,195,250) | - | - | - | - | - | - | (26,195,250) | - | (26,195,250) |
| Transfer to Investment property | | | | | | | | | | | | |
| Cost/ Valuation | - | - | - | - | - | - | - | - | - | - | - | - |
| Accumulated depreciation | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - |
| Depreciation charge | - | 20,956,922 | 65,486,310 | 4,246,200 | 292,500 | 227,853 | 521,167 | 270,000 | 1,647,868 | 93,648,820 | 7,797,240 | 101,446,060 |
| **At June 30,2019** | | | | | | | | | | | | |
| Cost/ valuation | 542,073,300 | 417,551,150 | 715,684,001 | 47,180,000 | 3,250,000 | 7,520,074 | 18,921,126 | 3,000,000 | 56,741,726 | 1,811,921,377 | 86,636,000 | 1,898,557,377 |
| Accumulated depreciation | - | 43,155,940 | 135,979,960 | 8,964,200 | 617,500 | 5,469,399 | 14,230,619 | 570,000 | 50,150,256 | 259,137,874 | 16,460,840 | 275,598,714 |
| **Total book value at June 30, 2019** | **542,073,300** | **374,395,210** | **579,704,041** | **38,215,800** | **2,632,500** | **2,050,675** | **4,690,507** | **2,430,000** | **6,591,470** | **1,552,783,503** | **70,175,160** | **1,622,958,663** |
| Annual rate of depreciation (%) | - | 5-10 | 10 | 10 | 10 | 10 | 10 | 10 | 20 | | 10 | |

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

| | Location | Usage of immovable property | Covered Area (Square yards) | Total Area (Square yards) |
|---|---|---|---|---|
| **a)** | Chak No. 120/J.B, District Faisalabad, Punjab. | Plot | 1,778 | 6,670 |
| **b)** | Chak No. 204/R.B, Raza Garden, District Faisalabad, Punjab. | Guest house | 1,647 | 6,128 |
| **c)** | Chak No. 70/R.B, Spinning Unit, District Faisalabad, Punjab. | Manufacturing unit | 45,911 | 144,202 |
| **d)** | Montgomery Bazar, Amtex Office, District Faisalabad, Punjab. | Admin office | 1,060 | 272 |

**5.2. Depreciation for the year has been allocated as under:**

| | Note | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| Cost of sales | | 99,049,172 | 126,148,144 |
| Administrative expenses | | 2,396,888 | 3,054,697 |
| | | 101,446,060 | 129,202,841 |

**5.3.** The company had revalued its freehold land, building on freehold land, plant and machinery, electric installations, factory equipment, laboratory equipment and assets subject to finance lease. Revaluation of freehold land on market value basis and building on freehold land, plant and machinery, electric installations, factory equipment laboratory equipment and assets subject to finance laese on depreciated replacement values basis was carried out by independent valuers M/S Observers (Private) Limited as at June 03, 2004, by M/S BFA (Private) Limited as at June 30, 2009 ,by M/S Empire Enterprises (Private) Limited as at December 31, 2012 and latest revaluation was carried out by independent valuers M/S Gulf Consultants as at June 30, 2017 on depreciated replacement values basis.

**5.4.** Forced sales value (FSV) of land, buildings, machinery and equipments is Rs. 682.05, Rs. 443.972 and Rs.883 Million respectively as at June 30, 2017.

**5.5. Detail of disposal of property, plant and equipment**

| Description | Cost / Revaluated amount | Accumulated depreciation | Written down value | Sale proceeds | Profit/(loss) | Particulars | Mode of Disposal |
|---|---|---|---|---|---|---|---|
| | ---Rupees--- | | | | | | |
| Thermosole dying | 20,000,000 | (3,050,000) | 16,950,000 | 18,500,000 | 1,550,000 | Union Fabrics Pvt Ltd,E-20/B, SITE Karachi | Negotiation |
| Janbacher Natural Gas Generator | 10,000,000 | (1,000,000) | 9,000,000 | 5,000,000 | (4,000,000) | Star Textile Mills Ltd,A-41, SITE Karachi | Negotiation |
| Other items having net having net book value of less than Rs. 500,000/- each. | | | | | | | |
| Stitching Machines | 300,000 | (54,750) | 245,250 | 170,000 | (75,250) | Mubashar Corp. (Pvt) Ltd,102/I,DHA Karachi | Negotiation |
| **2019 Rupees** | **30,300,000** | **(4,104,750)** | **26,195,250** | **23,670,000** | **(2,525,250)** | | |
| **2018 Rupees** | **498,352,837** | **14,996,565** | **483,356,272** | **467,905,000** | **(15,451,272)** | | |

**5.6.** Had there been no revaluation, the related figures of freehold land, building on freehold land, plant and machinery, electric installations, factory equipment and laboratory equipment as at June 30, 2019 and 2018 would have been as follows:

| | 2019 | | |
|---|---|---|---|
| | Cost | Accumulated depreciation | Written down value |
| | --------Rupees-------- | | |
| **Company owned** | | | |
| Freehold land | 77,578,913 | - | 77,578,913 |
| Building on freehold land | 905,691,580 | 561,408,256 | 344,283,324 |
| Plant and machinery | 2,053,253,755 | 1,477,088,548 | 576,165,207 |
| Electric installations | 92,087,323 | 70,370,745 | 21,716,578 |
| Factory equipment | 5,882,262 | 4,772,869 | 1,109,393 |
| Laboratory equipment | 844,749 | 498,537 | 346,212 |
| **Leasehold** | | | |
| Plant and machinery | 173,681,175 | 129,259,963 | 44,421,212 |
| | 3,309,019,757 | 2,243,398,918 | 1,065,620,839 |

| | 2018 | | |
|---|---|---|---|
| | Cost | Accumulated depreciation | Written down value |
| | --------Rupees-------- | | |
| **Company owned** | | | |
| Freehold land | 77,578,913 | - | 77,578,913 |
| Building on freehold land | 905,691,580 | 542,717,300 | 362,974,280 |
| Plant and machinery | 2,175,480,238 | 1,508,376,584 | 667,103,654 |
| Electric installations | 92,087,323 | 67,957,792 | 24,129,531 |
| Factory equipment | 5,882,262 | 4,649,603 | 1,232,659 |
| Laboratory equipment | 844,749 | 460,069 | 384,680 |
| **Leasehold** | | | |
| Plant and machinery | 173,681,175 | 124,324,273 | 49,356,902 |
| | 3,431,246,240 | 2,248,485,621 | 1,182,760,619 |

| | Note | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| **6. Investment property - at fair value** | | | |
| Land | **6.1.** | 448,175,000 | 357,590,000 |
| Building | **6.2.** | 654,148,583 | 656,327,913 |
| | | 1,102,323,583 | 1,013,917,913 |
| **6.1. Land** | | | |
| Carrying amount as at July 1, 2018 | | 357,590,000 | - |
| Transfers from owner-occupied property | | - | 357,590,000 |
| Net gain from fair value adjustment | | 90,585,000 | - |
| Carrying amount as at June 30, 2019 | | 448,175,000 | 357,590,000 |
| **6.2. Building** | | | |
| Carrying amount as at July 1, 2018 | | 656,327,913 | - |
| Transfers from owner-occupied property | | - | 667,311,823 |
| Net (loss) from fair value adjustment | | (2,179,330) | (10,983,910) |
| Carrying amount as at June 30, 2019 | | 654,148,583 | 656,327,913 |

**6.3.** The fair value of investment property was carried out by independent valuers M/S Gulf Consultants as at June 30, 2019 on depreciated replacement values basis.

**6.4.** Investment property with a carrying amount of Rs. 1,102.323 million are subject to first charge against loan of Rs. 1,253.710 million (2018: Rs. 1,342.681 million) from United Bank Ltd, Rs.399.568 million (2018: Rs. 399.568 million) from Askari Bank Ltd and Rs. 23.395 million (2017: Rs. 25 million) from MCB Bank Ltd. This charge existed as at June 30, 2019.

**6.5.** Forced sales value (FSV) of land and buildings is Rs. 380.948 million, Rs. 556.026 million respectively as at June 30, 2019.

**6.6.** It includes land and building rented to Abwa Knowledge Village (Pvt) Ltd, an associated undertaking.

**6.7.** It represents freehold land and building located at Chak No. 67/J.B, Sadhar, and 1 K.M. Jararnwala Road chak No. 76/R.B, Khurrianwala, District Faisalabad, Province Punjab, with area of 5,748 and 105,149 square yards respectively.

| | Note | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| **7. Long term deposits** | | | |
| Against utilities | | 41,345,029 | 47,646,928 |
| Against TFC | | 9,374,497 | 9,374,497 |
| | | 50,719,526 | 57,021,425 |
| **8. Stores, spares and loose tools** | | | |
| Stores | | 232,810,727 | 458,025,780 |
| Spares | | 2,032,190 | 1,354,012 |
| | | 234,842,917 | 459,379,792 |

**8.1.** Stores include items that may result in fixed capital expenditure but are not distinguishable.

| | | | |
|---|---|---|---|
| **9. Stock in trade** | | | |
| Raw material | | 359,230,083 | 481,589,346 |
| Work in process | | 16,214,740 | 42,106,215 |
| Finished goods | | 317,140,589 | 361,039,785 |
| Waste | | 990,555 | 1,245,709 |
| | | 693,575,967 | 885,981,055 |

**9.1.** Stock in trade amounting to Rs. 220.603 million (2018:Rs. 239.003 million) was pledged as security with the banks. Due to pending litigation with NBP latest pledged stocks sheets are not provided/ made available by the Banks. Out of total pledged stock the part of NBP amounts to Rs. 102.232 million.

**9.2.** Stock in trade amounting to Rs. Nill (2018: Rs. 340.834 million) is at net realisable value as per valuation report given by an independent valuer.

| | Note | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| **10. Trade debts** | | | |
| Considered good | | | |
| Unsecured | | | |
| Foreign | | 62,100,520 | 19,605,379 |
| Local | | 138,556,175 | 142,666,219 |
| | | 200,656,695 | 162,271,598 |
| Considered doubtful | | | |
| Unsecured | | | |
| Foreign | | 7,041,998,879 | 7,041,998,879 |
| Less: Provision for doubtful debts | 10.1. | (7,041,998,879) | (7,041,998,879) |
| | | - | - |
| | | 200,656,695 | 162,271,598 |
| **10.1. Provision for doubtful debts** | | | |
| Opening balance | | 7,041,998,879 | 4,517,510,811 |
| Created during the year | | - | 2,524,488,068 |
| Closing balance | | 7,041,998,879 | 7,041,998,879 |

| | Note | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| **10.2.** The aging of trade debts as at balance sheet date is as under: | | | |
| Not past due | | 200,656,695 | 152,561,399 |
| Past due within one year | | - | 7,080,272 |
| Past due more than one year | | 7,041,998,879 | 7,044,628,806 |
| | | 7,041,998,879 | 7,051,709,078 |
| | | 7,242,655,574 | 7,204,270,477 |

**10.3.** Following are the details of debtors in relation to export sales:

| Jurisdiction | Category | | |
|---|---|---|---|
| USA | Contract | 2,795,302 | 19,605,379 |
| Europe | LC | 25,688,733 | - |
| Europe | Contract | 33,616,485 | - |
| | | 62,100,520 | 19,605,379 |

## 11. Loans and advances

| | | | |
|---|---|---|---|
| Considered good | | | |
| Advances | | | |
| Suppliers and others | 11.1. | 4,003,478 | 8,786,288 |

**11.1.** It includes an amount of Rs. 2,625,000/- which has been deposited as demand draft in the name of Judge Banking Court Lahore. (Refer # 26.1.i)

## 12. Deposits and prepayments

| | | |
|---|---|---|
| Deposits | | |
| Lease deposits | 7,251,662 | 7,251,662 |
| Prepayments | - | 361,909 |
| | 7,251,662 | 7,613,571 |

## 13. Other receivables

| | | | |
|---|---|---|---|
| Export rebate / duty drawback | | 78,509,742 | 78,527,684 |
| Federal excise duty | | 6,677,360 | 6,677,360 |
| Others | 13.1. | 21,357,000 | 18,959,940 |
| | | 106,544,102 | 104,164,984 |

**13.1.** It includes rent receivables from related party from Abwa Knowledge Village (Pvt) Limited amounts to Rs. 21.375 million (2018: Rs. 15.960 million).

| | | |
|---|---|---|
| Upto 1 month | 1,680,000 | - |
| 1 to 6 months | 8,400,000 | 15,960,000 |
| More than 6 months | 11,277,000 | - |
| | 21,357,000 | 15,960,000 |

**13.2.** The maximum aggregate amount of receivable due from related party at the end of any month during the year was Rs. 21.357 million (2018: Rs. 15.960 million).

## 14. Tax refunds due from the Government

| | | |
|---|---|---|
| Income tax | 70,698,686 | 71,797,161 |
| Sales tax | 121,605,143 | 117,202,643 |
| | 192,303,829 | 188,999,804 |

## 15. Cash and bank balances

| | | | |
|---|---|---|---|
| Cash in hand | | 142,339,124 | 120,842,507 |
| Cash at banks; | | | |
| In current accounts | | 20,336,017 | 22,916,824 |
| In PLS accounts | 15.1. | 12,976 | 12,162 |
| | | 162,688,117 | 143,771,493 |

**15.1.** It carries mark up @ 7.44% (2018: 3.75%) under prevailing market rate.

**16. Issued, subscribed and paid up capital**

| 2019 | 2018 | | Note | 2019 | 2018 |
|---|---|---|---|---|---|
| ---------No. of shares-------- | | | | Rupees | Rupees |
| 237,444,067 | 237,444,067 | Ordinary shares of Rs. 10/- each fully paid in cash. | | 2,374,440,670 | 2,374,440,670 |
| 4,046,067 | 4,046,067 | Ordinary shares of Rs.10/- each issued as fully paid shares as per scheme of arrangement for amalgamation sanctioned by the Court. | | 40,460,670 | 40,460,670 |
| 17,940,000 | 17,940,000 | Ordinary shares of Rs. 10/- each issued as fully paid bonus shares. | | 179,400,000 | 179,400,000 |
| 259,430,134 | 259,430,134 | | | 2,594,301,340 | 2,594,301,340 |

**17. Reserves**

| | Note | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| Capital reserves | | | |
| Merger reserve | | 98,039,330 | 98,039,330 |
| Share premium | **17.1.** | 183,000,000 | 183,000,000 |
| Surplus on revaluation of property, plant and equipment | **17.2.** | 867,699,951 | 875,804,593 |
| | | 1,148,739,281 | 1,156,843,923 |
| Revenue reserves | | | |
| General reserve | **17.3.** | 250,000,000 | 250,000,000 |
| | | 1,398,739,281 | 1,406,843,923 |

**17.1.** This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

**17.2.** The revaluation surplus on property, plant and equipment is a capital reserve, and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

**17.3.** This reserve can be utilized by the Company for various purposes including issue of bonus shares to shareholders, payment of dividend when profits are insufficient and further to meet sudden losses due to natural calamities.

| | Note | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| **18. Redeemable capital** | | | |
| Secured | | | |
| Sukuk certificates | **18.1.** | - | - |
| Less : Adjusted during the year | | - | - |
| | | - | - |
| Less : Current portion shown under current liabilities | | | |
| Installments over due | | - | - |
| Payable within one year | | - | - |
| | | - | - |
| | | - | - |

**18.1.** These represent balance out of 130,000 sukuk certificates of Rs. 5,000/- each privately placed with a banking company. During the musharika, the legal title to the musharika assets will remain with the Company, however, a trustee will hold the beneficial title on behalf of the investors.
In addition, these are secured against second charge on all the present and future fixed assets excluding freehold land and building on freehold land of the Company, bank guarantee of Rs. 740 million issued in favour of the trustee and by personal guarantee of two directors of the Company. Bank guarantee of Rs. 740 million is also secured. Securities are disclosed in Note 19.1.
Sukuk certificates are redeemable in twelve equal quarterly installments commenced from January 10, 2010 and ending on October 10, 2012.

The certificate holders will be entitled to rental payments for use of musharika assets. Rental payments shall be calculated to provide return equal to the base rate plus incremental rental plus service agency charges incurred by the trustee during the previous quarter.

Base rate is defined as three months KIBOR and incremental rental is defined as margin of 2% per annum.

The effective yield rate of rental is Nil (2018: Nil).

**18.2.** The Company has filed suit under Financial Institutions (Recovery of Finances) Ordinance, 2001 against the sukuk unit holders in the Honorable Lahore High Court, Lahore and prayed for declaration of undertaking to purchase the sukuk units at a pre-agreed price as void, unlawful and satisfaction of obligations against the existing amounts paid. The Company has also sought relief of suspension of operation of the undertaking and the bank guarantee issued there under till the final decision of the suit.

As per two different interim orders of The Honorable Lahore High Court, Lahore guarantor has deposited the amount of guarantee against all overdue rentals, as claimed by the sukuk unit holders amounting Rs. 529,734,801/-(refer Note No.24.4) in an escrow account opened by the Deputy Registrar (Judicial) to secure the payments due under sukuk arrangement. The payable sukuk rentals, as claimed by the sukuk holders, have been adjusted in these financial statements against the amounts paid by the guarantor, however, due to pending litigation, sukuk unit holders have not received these payments and sukuk unit holders have not acknowledged the adjustment of sukuk rentals.

Further, in its final order The Honorable Lahore High Court, Lahore has dismissed the above referred suit, with no findings on the issue and prayer of the Company, stating that this Court lacks jurisdiction under Financial Institutions (Recovery of Finances) Ordinance, 2001 and the plaint is returned to the plaintiff (Company) to be presented to the court in which the suit should have been instituted. Being aggrieved Company has filed first appeal against this order before Division Bench of Honorable Lahore High Court, Lahore and same is pending for adjudication and in its interim order Division Bench has passed stay order that no amount will be withdrawn, paid by the guarantor, from escrow account opened by the Deputy Registrar (Judicial) up till further orders in this matter.

**19. Long term financing**

| | Note | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| Secured | | | |
| From banking companies and financial institutions | **19.1.** | | |
| Under mark up arrangements | | | |
| Demand finance | | 2,202,026,235 | 2,328,869,473 |
| Term finance | | - | 62,000,000 |
| Long term finances under SBP | | 19,176,163 | 19,176,163 |
| Syndicated term finance | | 10,500,000 | 10,500,000 |
| Morabaha finance | | 19,301,582 | 19,301,582 |
| Morabaha finance II | | 104,000,000 | 104,000,000 |
| Not subject to markup | | | |
| Demand finance | | 158,230,923 | 134,835,000 |
| | | 2,513,234,903 | 2,678,682,218 |
| Less: Current portion | | | |
| Installments due / overdue | | (965,411,608) | (690,934,293) |
| Payable within one year | | (673,134,056) | (490,018,105) |
| | | (1,638,545,664) | (1,180,952,398) |
| | | 874,689,239 | 1,497,729,820 |

**19.1. Terms of finances are as under:**

| Nature of finance | Notes | Balance Rupees | Number of installments | Payment rests | Commencement date | Ending date | Mark up rate |
|---|---|---|---|---|---|---|---|
| Under mark up arrangements: | | | | | | | |
| Demand finances | | | | | | | |
| DFI | **19.1.5 & 19.1.1** | 1,113,113,310 | 38 | Quarterly | 30-Jun-12 | 30-Sep-21 | 5% p.a. |
| DFI | **19.1.2** | 311,730,000 | 28 | Quarterly | 1-Sep-16 | 1-Jun-23 | 6% p.a. |
| DF | **19.1.3** | 377,614,556 | 7 | Bi-annually | 25-Sep-17 | 25-Sep-20 | Bank cost of fund |
| DF | **19.1.5 & 19.1.4** | 399,568,369 | 15 | Quarterly | 31-Mar-18 | 30-Sep-21 | Bank cost of fund |
| | | 2,202,026,235 | | | | | |
| Term finances | | | | | | | |
| Term finance II | | - | 12 | Quarterly | 30-Mar-10 | 30-Jun-13 | 3 Month KIBOR + 3.00% p.a with a floor of 10% p.a |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Long term finances under State Bank of Pakistan Scheme | | | | | | | |
| II | **19.1.5** | 4,243,913 | 12 | Quarterly | 27-Jan-07 | 27-Oct-09 | SBP rate + 2.00% p.a |
| III | **19.1.5** | 14,932,250 | 17 | Quarterly | 31-Mar-07 | 31-Mar-12 | SBP rate +3.00% p.a |
| | | 19,176,163 | | | | | |
| Syndicated term finance | **19.1.5** | 10,500,000 | 20 | Quarterly | 7-Mar-04 | 7-Dec-10 | 6 Month KIBOR + 3.00% p.a with a floor |
| Morabaha finance | **19.1.5 & 19.1.6** | 19,301,582 | 30 | Quarterly | 19-Sep-12 | 19-Dec-19 | 6.90% p.a |
| Morabaha finance II | **19.1.7 & 19.1.5** | 104,000,000 | 36 | Quarterly | 31-Dec-13 | 31-Dec-22 | 1 year kibor-3% with cap at 7 % p.a. |
| Not subject to mark up: | | | | | | | |
| Demand finances | | | | | | | |
| DFII | **19.1.8** | 134,835,000 | 6 | Quarterly | 1-Sep-23 | 30-Dec-24 | - |
| DF | **19.1.9** | 23,395,923 | 13 | Quarterly | 22-Mar-19 | 15-Feb-22 | - |

These are secured against specific charges on fixed assets, first charge over fixed and current assets ranking pari passu with the charges created in respect of short term borrowings (Refer Note 24), ranking charge over fixed assets and equitable and registered mortgage of properties of the Company and its associates. These are further secured against ranking charge over current assets, pledge of sponsor's 45 million shares in the Company, counter bank guarantee of Rs. 340 million and personal guarantee of all directors of the Company. Bank guarantee is secured against first charge over current assets of the Company.

The effective rate of mark up ranges from 4.53% to 7.00% per annum (2018: 3.47% to 10.04% per annum).

**19.1.1.** It represents loans transferred from short term borrowings due to restructuring agreement with a bank. Current unpaid mark up amounting to Rs.230.394 million till August 31, 2011 (Refer Note 24) alongwith IRS transaction cost amounting to Rs.18.033 million would be paid by the company after complete adjustment of principal liability alongwith future mark up.

Any deviation in the restructured arrangement with regards to mark up / principal servicing would revert the facilities back to its previously approved arrangements and all types of concessions (pricing & tenor) shall be withdrawn.

**19.1.2.** The company has entered in to restructuring and rescheduling agreement with Soneri bank limited for 2nd time of existing finance facilities along with fresh facilities. The repayment schedule and mark up rate of previous outstanding DF-I have been re-negotiated and will be paid in 28 quarterly installments as mentioned below:

| Installments | From | Till | Principal Recovery |
|---|---|---|---|
| 04 Quarterly installments of Rs. 7.000M each | 1-Sep-16 | 1-Jun-17 | 28,000,000 |
| 16 Quarterly installments of Rs. 13.125M each | 1-Sep-17 | 1-Jun-21 | 210,000,000 |
| 07 Quarterly installments of Rs. 21.233M each | 1-Sep-21 | 1-Mar-23 | 148,631,000 |
| Last installments of DF-I | 1-Jun-23 | 1-Jun-23 | 24,969,000 |

The DF-II amount will be Rs. 134.835 M i.e previous DF-II (mark up) Rs. 33.216 M and markup of Rs. 101.619M on the outstanding DF-I from 26-06-2012 till 30-06-2016. It will be paid in 06 equal quarterly installments of Rs. 22.473 M each starting from 01.09.2023 and ending on 01.12.2024. Further bank will waive off the differential markup of Rs. 73.747 M after full receipt of new DF-I, DF-II and accrued markup of DF-I.

Markup on DF-I for the period from 01-07-2016 till date of final adjustment will be deferred and kept in memorandum account and then new DF-III shall be created and paid in equal 6 equal quarterly installments starting from 01-03-2025 and ending on 01-03-2026.

**19.1.3.** It represents principal amount of restructured outstanding loans from Habib Bank Ltd as Company has negotiated the settlement terms and entered into Settlement Agreement (“Agreement”) in respect of outstanding Principal Liability and Markup Liability. As per terms of the Agreement, Company shall pay a settlement amount of Rs 921 million (including an amount of future markup of rupee 59 million) as full and final settlement of liabilities i.e. principal and markup. Further, as per terms of the Agreement principal amounting to rupees 740 million is payable within three years and mark up amounting to rupees 122 million is payable in third year and future markup amounting Rs. 59 million is payable in fourth year from the date of execution of Agreement. The balance markup amount between outstanding markup and agreed payable markup shall be waived off by the Bank, at the end on payment of settlement amount, as prompt payment bonus. Markup on outstanding rescheduled principal liability would be accrued at prevailing "Cost of Fund" of the Bank from the date of implementation of settlement arrangement. The cost of funds shall be reset as and when advised by State Bank of Pakistan. In case of any default under any terms of Settlement Agreement all waiver / concessions will be withdrawn. An amount of rupees 362 million paid till balance sheet date.Entire settlement amount rupees 921 million is payable as per following schedule:

| Period | Amount | Nature | Payment Terms |
|---|---|---|---|
| Year-I | Rs. 125 Million | Principal | Upon Execution of settellment agreement. |
| | Rs. 65 Million | Principal | Within 90 days from the date of execution of settellment agreement. |
| | Rs. 140 Million | Principal | Before expiry of 1st year from date of execution of settellment agreement. |
| Year-II | Rs. 250 Million | Principal | Before expiry of 2nd year from date of execution of settellment agreement. |
| Year-III | Rs. 160 Million | Principal | Before expiry of 3rd year from date of execution of settellment agreement. |
| Year-IV | Rs. 122 Million | Mark up | Before expiry of 3rd year from date of execution of settellment agreement. |
| | Rs. 59 Million | *Future Mark up | Before expiry of 4th year from date of execution of settellment agreement. |
| | | | *( Future mark up is tentative amount calculated on prevailing COF of the bank.) |

**19.1.4.** It represents principal amount of restructured outstanding loans from Askari Bank Ltd as Company has negotiated the settlement terms and entered into Settlement Agreement (“Agreement”) in respect of outstanding Principal Liability and Markup Liability. As per terms of the Agreement, Company shall pay a settlement amount of Rs 524.322 million (Principal amount of rupees 429.57 million plus 50% of previous outstanding mark up rupees 94.75 million) along with future markup (at cost of fund) of rupees 28.211 million as full and final settlement of liabilities i.e. principal and markup. Further, as per terms of the Agreement principal amounting to rupees 429.569 million is payable within three and half years and mark up will be paid at tail end in four equal quarterly installments after entire adjustment of prinicipal. Markup on outstanding rescheduled principal liability would be accrued at prevailing "Cost of Fund" of the Bank from the date of implementation of settlement arrangement. The cost of funds shall be reset as and when advised by State Bank of Pakistan. In case of any default under any terms of Settlement Agreement all waiver / concessions will be withdrawn. Rs. 30 million paid till balance sheet date. Entire settlement amount rupees 552.533 million is payable as per following schedule:

| Period | Installment | Amount | Nature | Payment Terms |
|---|---|---|---|---|
| Year-I | Down payment | Rs.30 Million | Principal | Down Payment upon Execution of settellment agreement. |
| | 1st Q Installment | Rs.50 Million | Principal | Within 90 days from the date of execution of settellment agreement. |
| | 2nd Q Installment | Rs.3 Million | Principal | Within 90 days of 1st Quarterly Installment. |
| | 3rd Q Installment | Rs.4 Million | Principal | Within 90 days of 2nd Quarterly Installment. |
| | 4th Q Installment | Rs.130 Million | Principal | Within 90 days of 3rd Quarterly Installment. |
| Year-II | 5th Q Installment | Rs.15 Million | Principal | Within 90 days of 4th Quarterly Installment. |
| | 6th Q Installment | Rs.100 Million | Principal | Within 90 days of 5th Quarterly Installment. |
| | 7th Q Installment | Rs.15 Million | Principal | Within 90 days of 6th Quarterly Installment. |
| | 8th Q Installment | Rs.22 Million | Principal | Within 90 days of 7th Quarterly Installment. |
| Year-III | 9th Q Installment | Rs.15 Million | Principal | Within 90 days of 8th Quarterly Installment. |
| | 10th Q Installment | Rs.12 Million | Principal | Within 90 days of 9th Quarterly Installment. |
| | 11th Q Installment | Rs.10 Million | Principal | Within 90 days of 10th Quarterly Installment. |
| | 12th Q Installment | Rs.10 Million | Principal | Within 90 days of 11th Quarterly Installment. |
| Year-IV | 13th Q Installment | Rs.10 Million | Principal | Within 90 days of 12th Quarterly Installment. |
| | 14th Q Installment | Rs.3.57 Million | Principal | Within 90 days of 13th Quarterly Installment. |
| | | Rs.122.964 million | Mark up | In four equal quarterly installments after entire adjustment of principal *(RS 122.964 million also included future tentative mark up calculated on prevailing COF of the bank.) |

**19.1.5.** Information / records were not made available by the banking companies to confirm the year end balances amounting to Rs.1666.659 million out of total outstanding amount due to pending litigation.

**19.1.6.** It represents morabaha finance restructured from short term morabaha.

**19.1.7.** It represents short term export Morabaha finance restructured into long term Morabaha finance II and short term Morabaha Finance I as on December 06, 2013. Further total Mark up till date mentioned amounting to Rs. 45,491,684/- has been deferred (refer note no. 21) and will be recovered on quarterly basis in 3 years after complete adjustment of long term Morabaha Finance II in 9 years. These are secured against JPP charge on Current Assets valuing Rs.750 million, ranking charge over Fixed Assets valuing Rs. 200 million with 25% margin for all lines,Title of export documents and personal guarantees of main sponsoring directors of the company.

**19.1.8.** It represents outstanding mark up on principal liabilities restructured as mentioned in note 19.1.2 above, converted in the demand finance and no mark up shall be charged on it.

**19.1.9.** It represents principal amount of restructured outstanding loans from MCB Bank Ltd as Company has negotiated the settlement terms and entered into Settlement Agreement (“Agreement”) during the period, in respect of outstanding Principal Liability and Markup Liability. As per terms of the Agreement, Company shall pay a settlement amount of Rs 26.052 million as full and final settlement of liabilities i.e. principal and markup against admitted liability of Rs.33.709 million.As per terms of the Agreement outstanding liability amounting to rupees 26.052 million is payable within three years.In case of any default the entire admitted outstanding liability i.e Rs.33.709 M along with future mark-up / COF and other charges admissible under the law shall immediately become due for payment and Bank shall have all the rights to avail remedies available under law to recover stuck-up finance etc. Entire settlement amount rupees 26.052 million is payable as per following schedule:

| Installments | On or Before | Amount |
|---|---|---|
| 1st | Down Payment | 2,655,104 |
| 2nd | 15-05-2019 | 1,875,000 |
| 3rd | 15-08-2019 | 1,875,000 |
| 4th | 15-11-2019 | 1,875,000 |
| 5th | 15-02-2020 | 1,875,000 |
| 6th | 15-05-2020 | 1,875,000 |
| 7th | 15-08-2020 | 1,875,000 |
| 8th | 15-11-2020 | 1,875,000 |
| 9th | 15-02-2021 | 1,875,000 |
| 10th | 15-05-2021 | 1,875,000 |
| 11th | 15-08-2021 | 1,875,000 |
| 12th | 15-11-2021 | 1,875,000 |
| 13th | 15-02-2022 | 2,772,046 |
| | | **26,052,150** |

**19.2.** As per terms of agreement with a bank, the recommendation, declaration and payment of dividend is subject to prior written approval of the bank.

**19.3. Reconciliation of liabilities arising from long term financing activities**

| | At July 01, 2018 | Availed / transfer during the year | Repaid / transfer during the year | At June 30, 2019 |
|---|---|---|---|---|
| | ------Rupees------ | | | |
| Long term financing | 2,678,682,218 | 26,052,150 | (191,499,465) | 2,513,234,903 |

**20. Liabilities against assets subject to finance lease / ijarah facility**

| | Note | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| Opening balance | | 68,248,285 | 68,248,285 |
| Paid / adjusted during the year | | - | - |
| | | 68,248,285 | 68,248,285 |
| Current portion | | | |
| Installments due / overdue | | (68,248,285) | (68,248,285) |
| Payable within one year | | | - |
| | | (68,248,285) | (68,248,285) |
| | | - | - |

These represent plant and machinery acquired under separate lease agreements.

The purchase option is available to the Company on payment of last installment and surrender of deposit at the end of the lease period.

The principal plus financial charges are payable over the lease period in 48 monthly and 16, 24 and 16 quarterly installments. The liability represents the total minimum lease payments. Furthermore information / records were not made available by the financial institution to confirm the year end balance of the outstanding amount due to pending litigation.

The company has entered into restructuring agreement with the M/S First Punjab Modaraba in respect of ijarah facility No. 199 as on September 04, 2015, as a result of which full and final liability of Rs. 11,260,347 has been decided against outstanding principle and markup, which will be paid in 10 monthly rentals starting from August 31, 2015. The terms of arrangement provide for payment of penalty in case of delayed payments.

Reconciliation of lease liabilities is given below:

| | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|
| | Minimum lease payments | Finance cost for future periods | Present value of minimum lease payments | Minimum lease payments | Finance cost for future periods | Present value of minimum lease payments |
| | ---------------------------------------Rupees--------------------------------- | | | | | |
| Due within one year | 87,867,391 | 19,619,106 | 68,248,285 | 87,867,391 | 19,619,106 | 68,248,285 |
| Due after one year but not later than five years | - | - | - | - | - | - |
| | 87,867,391 | 19,619,106 | 68,248,285 | 87,867,391 | 19,619,106 | 68,248,285 |

| | Note | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| **21. Deferred liabilities** | | | |
| Deferred markup on: | | | |
| Demand finance | **19.1.1.-19.1.4. & 19.1.9.** | 1,011,162,907 | 883,250,917 |
| Morabaha finance | **19.1.7.** | 79,944,546 | 73,485,035 |
| | | 1,091,107,453 | 956,735,952 |
| Staff retirement gratuity | **21.1.** | 17,011,862 | 14,481,897 |
| | | 1,108,119,315 | 971,217,849 |

**21.1. Staff retirement gratuity**

**21.1.1. General description**

The Company operates an unfunded gratuity scheme for all its employees at mills who have completed the minimum qualifying period of service as defined under the scheme. The most recent valuation was carried out as at June 30, 2019 using the "Projected Unit Credit Method".

| | Note | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| **21.1.2. Balance sheet reconciliation as at June 30,** | | | |
| Present value of defined benefit obligation | | 17,011,862 | 14,481,897 |
| **21.1.3. Movement in net liability recognised** | | | |
| Opening balance as at July 01, | | 14,481,897 | 50,963,593 |
| Expenses recognised in profit and loss account | **21.1.4.** | 3,687,906 | 2,596,426 |
| Paid during the year | | (413,998) | (37,402,855) |
| Remeasurement (gain) on obligation | | (743,943) | (1,675,267) |
| Closing balance as at June 30, | | 17,011,862 | 14,481,897 |
| **21.1.4. Expenses recognised in profit and loss account** | | | |
| Current service cost | | 1,871,851 | 1,701,450 |
| Interest cost | | 1,816,055 | 894,976 |
| | | 3,687,906 | 2,596,426 |
| **21.1.5. Principal actuarial assumptions** | | | |
| Discount factor used | | 14.25% per annum | 8.85% per annum |
| Expected rate of increase in salaries | | 10.00% per annum | 6.75% per annum |
| Expected average remaining working lives of participating employees | | 5 years | 5 years |

**21.1.6. Year end sensitivity analysis of the defined benefit obligation is as follows:**

| | Change in assumptions | | Reworked defined benefit obligation | |
|---|---|---|---|---|
| | Increase | Decrease | Increase in assumptions | Decrease in assumptions |
| Discount rate | 15.25% | 13.25% | 16,363,949 | 17,694,712 |
| Salary increase rate | 11.00% | 9.00% | 17,715,254 | 16,333,588 |

**21.1.7. Expected Maturity Profile**

Followings are the expected distribution and timing of benefit payments at year end:

| **Description** | **2019** |
|---|---|
| **Year** | **(Rupees)** |
| 2020 | 348,743 |
| 2021 | 331,731 |
| 2022 | 306,214 |
| 2023 | 296,006 |
| 2024 | 280,696 |
| 2025 to 2029 | 1,292,902 |
| 2030 onward | 14,155,570 |

**Comparison of present value of defined benefit obligation is as follows:**

| Rupees | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| As at June 30, | | | | | |
| Present value of defined benefits obligation | 17,011,862 | 14,481,897 | 50,963,593 | 42,023,191 | 39,256,981 |
| Experience adjustment on obligation | -4% | 14% | 5% | 3% | 13% |

| | Note | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| **22. Trade and other payables** | | | |
| Creditors | | 237,160,919 | 251,927,821 |
| Accrued liabilities | | 28,474,036 | 65,458,847 |
| Advance from customers and others | | 13,395,372 | 27,998,234 |
| | | 279,030,327 | 345,384,902 |
| **23. Interest / markup payable** | | | |
| Redeemable capital | | 88,882,946 | 88,882,946 |
| Long term financing | | 106,939,191 | 106,939,191 |
| Liabilities against assets subject to finance lease | | 19,619,106 | 19,619,106 |
| Short term borrowings | | 2,453,662,386 | 2,416,923,408 |
| | | 2,669,103,629 | 2,632,364,651 |
| **24. Short term borrowings** | | | |
| Secured | | | |
| From banking companies and financial institutions | | | |
| Under mark up arrangements | **24.2.** | | |
| Export finances | | 4,467,565,694 | 4,553,275,694 |
| Running finance | | 185,231,589 | 185,231,589 |
| Morabaha finances | **24.3.** | 327,001,675 | 327,001,675 |
| Cash finances | | 175,972,910 | 210,972,910 |
| Forced demand finance | **24.4.** | 565,941,901 | 529,734,801 |
| Payment against documents | | 99,968,675 | 99,968,675 |
| Not subject to markup | | | |
| Demand finance | **24.5.** | 271,405,000 | 271,405,000 |
| | | 6,093,087,444 | 6,177,590,344 |

**24.1.** The aggregate unavailed short term borrowing facilities available to the Company is Rs.Nil at the year end. (2018: Rs.Nil)

**24.2.** Short term borrowings, excluding cash finances are secured against lien on export documents, hypothecation of current assets, first charge over current assets ranking pari passu with the charges created in respect of long term financing (Refer Note 19.1), and ranking charge over current assets of the Company. These are further secured against first charge over fixed assets ranking pari passu with the charges created in respect of long term financing (Refer Note 19.1), ranking charge over fixed assets and by personal guarantee of directors of the Company. Cash finances are secured against pledge of stocks and personal guarantee of directors / sponsor directors of the Company.

The effective rate of mark up charged during the year ranges from 5.00% to 20.00% per annum (2018: 7.15 % to 23.73 per annum).

**24.3.** Morabaha finances include Morabaha finance I and also include morabaha facilities availed. These finances are to be repaid from export proceeds realized or from own source and are for purchase of cotton,PSF, yarn,cloth, chemical, spares and other raw material. Collateral securities are same as detailed in Note 19.1.7.

**24.4.** It represents loan created against all overdue rentals of redeemable capital paid by the guarantor as claimed by sukuk unit holders (Refer Note 18.2) and loan created of an amount Rs.36,207,100 against guarantee amount of SNGPL paid by UBL and SBL on behalf of company (Refer note 25.ac).Securities are disclosed in Note 19.1.

**24.5.** Total amount of demand finance was Rs. 367.722 million. The securities are disclosed in Note 19.1. Rs.74.989 million was payable on June 29, 2010 as down payment, Rs. 127.876 million was payable till July 31, 2010 out of proceeds of sales tax refunds and remaining mark up balance of Rs 164.857 million was payable in 10 equal monthly installments commenced from June 30, 2010 and ending on March 31, 2011.

**24.6.** Information / records were not made available by the banking companies to confirm the year end balances amounting to Rs.2,036.439 million (2018: 1,607.160 million) out of total outstanding amount due to pending litigation.

**24.7. Reconciliation of liabilities arising from short term borrowings**

| | At July 01, 2018 | Availed / transfer during the year | Repaid / transfer during the year | At June 30, 2019 |
|---|---|---|---|---|
| | --------------------- | Rupees | --------------------- | |
| Short term borrowings | 6,177,590,344 | 36,207,100 | (120,710,000) | 6,093,087,444 |

## 25. Current portion of non current liabilities

| | Note | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| Long term financing | 19. | 1,638,545,664 | 1,180,952,398 |
| Liabilities against assets subject to finance lease / ijarah facility | 20. | 68,248,285 | 68,248,285 |
| | | 1,706,793,949 | 1,249,200,683 |

## 26. Contingencies and commitments

### 26.1. Contingencies

**a.** M/S Bank Islami (Formerly KASB Bank Limited and now merged in to Bank Islami) instituted a suit for recovery of Rs.149,802,970/- under Financial institutions (Recovery of Finances) Ordinance, 2001 in the Honorable Lahore High Court, Lahore against the Company. The Bank restructured the outstanding finances as it claimed in referred suit for recovery and also offered to provide fresh export refinance working capital limits vide its offer letter. Based on such offer letter Company entered in to a compromise agreement with the Bank and Honorable Lahore High Court, Lahore passed the consent decree. Now, the Bank is not fulfilling its contractual obligations and not providing the agreed fresh export refinance working capital limits and has filed Execution Petition for recovery of Rs.192,528,719/- The company is filing its legal reply to Execution Petition filed by the Bank in the said matter which is pending adjudication.

**b.** Amtex Limited filed suit in the court of Honorable Senior Civil Judge Faisalabad against M/S. Pakistan Cargo Services Private Limited for recovery of Rs.12,019,087/-. The case has been dismissed for want of evidence. Being aggrieved, company has filed appeal which is pending for adjudication before Honorable Additional Session Judge, Faisalabad.

**c.** M/S Zephyre Textile Limited has filed a suit for recovery of Rs. 2,916,762/- against the company before the Honorable District Judge Lahore. The company has duly filed its reply in the said matter and the same is pending adjudication.

**d.** M/S. Pak Kuwait Investment Company Private Limited has instituted suit under Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery of Rs. 97,903,568/- along with future markup in the Honorable High Court Sindh at Karachi against the company. Court has passed the decree in favour of Bank. Being aggrieved, Company has filed appeal in the said matter and the same is pending adjudication.

**e.** Bank Islami Pakistan Limited has instituted suit against the company in the Honorable Lahore High Court, Lahore under financial institutions (Recovery of Finance) Ordinance, 2001 for recovery of Rs. 660,473,859/-. The Company has duly filed its petition for leave to defend in the said matter and the same is pending adjudication.

**f.** M/S National Bank of Pakistan (Islamic Banking Division) has instituted a suit for recovery of Rs. 106,924,484/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable Lahore High Court, Lahore against the company. The company has duly filed its petition for leave to defend in the said matter and the same is pending adjudication.

**g.** M/S National Bank of Pakistan has instituted a suit for recovery of Rs. 1,487,663,500/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable Lahore High Court, Lahore against the company. The company has duly filed its petition for leave to defend in the said matter and the same is pending adjudication.

**h.** M/S Faysal Bank Ltd has instituted a suit for recovery of Rs. 6,061,867/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable Banking Court No. II, Faisalabad against the company. The company has filed its petition for leave to defend in the said matter and same is pending adjudication.

**i.** M/S Saudi Pak Industrial & Agricultural Investment Company Ltd has instituted a suit for recovery of Rs. 19,122,367/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable Banking Court No. II, Lahore against the company. Court has passed the decree against the company and the company filed an appeal against the court order and Honorable Lahore High Court, Lahore in its order has set aside the decree earlier passed by the Honorable Banking Court No. II, Lahore. The Company has deposited demand draft amounting to Rs. 2,625,000/- (Refer Note no. 11) as at 12-Feb-2016 in the name of Judge Banking Court Lahore and now have applied for the refund of this amount as decree has been set aside, the application for refund is pending for decision before Honorable Lahore High Court. Now, M/S Saudi Pak Industrial & Agricultural Investment Company Ltd has instituted a fresh suit for recovery of Rs. 19,122,367 under Financial Institutions(Recovery of finances) Ordinance, 2001 before the Honorable Judge Banking Court No. II, Faisalabad, the Company has filed its petition for leave to defend in the said matter and same is pending adjudication.

**j.** M/S Habib Bank Ltd has instituted a suit for recovery of Rs. 946,312,769/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable High Court Lahore against the company. Court has passed the decree in favor of Bank. The Company has entered in to a settlement agreement as explained in note 19.1.3 of these financial statements and under the terms of settlement agreement decree execution has been sine die adjourned in the Honorable Lahore High Court, Lahore.

**k.** The Bank of Punjab has instituted a suit for recovery of Rs. 6,373,121,000/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable High Court Lahore against the company. Court has passed the decree in favor of the company. Being aggrieved, Company has filed appeal in the said matter and the same is pending adjudication.

**l.** Askari Bank Ltd has instituted a suit for recovery of Rs. 619,486,166/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable High Court Lahore against the company. Court has passed the decree in favor of Bank for an amount of rupese 490.671 million. Being aggrieved, Company has filed appeal in the said matter and the same is pending adjudication. Subsequrntly, Company entered in to a settlement agreement as explained in note 19.1.4 of these financial statements. Under the terms of settlement agreement Company paid Rs. 30 million and required NOC from Bank to relaese the charge on machinery proportionate to the payment received and to proceed further as per agreement.

**m.** The Company has filed writ petition in the Honorable Lahore High Court, Lahore against Federation of Pakistan and others, in the case of investigation of affairs of the Company. The case is pending adjudication.

**n.** Cases are pending before foreign exchange adjudication officer, State Bank of Pakistan, for non-repatriation of export proceeds within prescribed times. The default may attract penalties. The financial impact cannot be determined at this stage.

**o.** A recovery demand of Rs. 9.4 million has been raised as a result of an order passed by Additional Commissioner Inland Revenue u/s 122 (5A) of the Income Tax Ordinance 2001 regarding Tax Year 2012. Department has deducted Rs. 9 million from Company's income tax and sales tax refunds. Said recovery deductions has not yet accounted for due to an appeal filed before Appellate Tribunal Inland Revenue (ATIR), Lahore.

**p.** SNGPL in July 2014 has changed the Sui gas Tariff from Rs. 488.23 per MMBTU to Rs. 573.28 per MMBTU by transferring the category of our unit from General Industrial to Captive Power. Company has filed writ petition before the Honorable Lahore High Court, Lahore against the said illegal / unlawful captive power tariff application by taking plea that we are producing / generating electricity only for own consumption / use, moreover, we do not hold license which is pre-requisite for sale of electricity. Honorable Lahore High Court, Lahore has granted stay in favor of the company restraining the SNGPL from charging captive power tariff instead of general industrial tariff. The company is confident of a favorable outcome of the suit, therefore, no provision has been made in these financial statements.

**q.** The company has filed suit in Honorable Lahore High Court Lahore challenging the illegal/ unlawful increase / levy of "Gas Infrastructure Development Cess" (GIDC) in Sui gas power bills by SNGPL. Honorable court has granted stay against recovery of enhanced GIDC hence the company has not paid the enhanced amount of GIDC. Further as the company is confident that the case will be decided in its favor, and due to impracticability, no provision in respect of enhanced GIDC is made in these financial statements.

**r.** The Company has filed writ petition in Honorable Lahore High Court, Lahore against Commissioner Inland Revenue Regional Tax Office Faisalabad, Revenue Officer Faisalabad, Faisalabad Electric Supply Company and others regarding illegal and un-lawful levy of General Sales Tax on newly acquired electric connection / bill of spinning division. The court has granted interim relief and further ordered the respondents to decide the issue within a period of one month.

**s.** The Company has filed civil suit, against illegal demand by SNGPL to increase the security deposit / guarantee amount worked out on the basis of higher Captive Power Tariff, before Honorable Civil Judge Faisalabad. Honorable Court of Civil Judge Faisalabad has granted stay order against said impugned revision of security deposit / guarantee demand.

**t.** The Company has filed petition and challenged the imposition of various surcharges on the consumption of electricity and obtained stay order from Honorable Lahore High Court. No any provision is made in these financial statements based on the opinion of the legal council that there is not likelihood of unfavorable outcome or any potential loss.

**u.** The Company is defendant in various legal proceedings initiated by ex-employees in labor / civil courts.The Company expects decisions in its favor based on grounds of case and legal opinion hence no provision has been made.

**v.** Company has filed writ petition before Honorable Islamabad High Court praying to set aside the order, issued by Executive Director (Corporate and Supervision Department) Securities and Exchange Commission of Pakistan (SECP), for appointment of inspectors to carry out investigation in to the affairs of the Company, the writ petition filed and matter is sub-judice and Honorable Islamabad High Court through its interim order has suspended the operation of order for appointment of inspectors.

**w.** M/S. First National Bank Modaraba has instituted a suit under Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery of Rs. 36,013,341/- along with markup before the Honorable Judge Banking Court, Lahore against the company. Court has passed the decree in favor of bank and being aggrieved, Company has filed appeal in the said matter and the same is pending adjudication. Further, Company has entered in to a settlement agreement and under the terms of settlement agreement decree execution has been sine die adjourned in the Court.

**x.** The Company has filed writ petition in Honorable Lahore High Court, Lahore against Pakistan Central Cotton Committee and others regarding illegal and un-lawful increased demand / levy of cotton cess. Honorable Lahore High Court, Lahore has granted interim relief and suspends the said increased demand / levy of cotton cess and the case is pending adjudication. Further in separate Writ Petition, Court has also granted relief regarding membership of Ministry of industry, Research & Development Advisory Cell without payment of cotton cess.

**y.** Amtex Limited has filed suit in the Honorable Civil Court at Faisalabad against M/s S.A Rehmat Private Limited for recovery of Rs.28,230,026/- and Rendition of account and cancellation of documents. same is pending adjudication.

**z.** The company has not fully recognised mark up on redeemable capital and long and short term financing due to aforementioned litigations and also due to settlements with other banks. Had the mark up been fully charged, net loss for the year would have been increased by Rs.790.339 million (2018: 512.322 million) and accumulated loss and interest / markup payable would have been increased by Rs.4497.175 million (2018: 3,706.836)

**aa.** Delayed payment of income tax withheld may attract default surcharge and penal action.

**ab.** Financial impact, if any, of the above (a to aa) has not been acknowledged in these financial statements because of

| | | Note | 2019 Rupees | 2018 Rupees (Restated) |
|---|---|---|---|---|
| **ac.** | Bank guarantees issued in favour of Sui Northern Gas Pipelines Limited for supply of gas. | | - | 39,018,000 |

| | Note | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| **26.2. Commitments** | | | |
| Collector of custom | | 2,696,922 | - |

**27. Sales**

| | Note | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| Export | | | |
| Fabrics / made ups / garments | **27.1.** | 486,780,745 | 439,785,145 |
| Indirect export | | | |
| Processing | **27.2.** | 78,683,580 | 152,475,500 |
| | | 565,464,325 | 592,260,645 |
| Local | | | |
| Yarn | **27.2** | 30,705,489 | - |
| Cloth | **28.2.** | 21,344,967 | 110,150,721 |
| Processing | **27.2.** | - | 114,749,386 |
| Waste and left over | **27.2. & 27.3.** | 305,198 | 7,559,925 |
| Printing screens | **27.2.** | - | 1,917,275 |
| Stitching | **27.2.** | 2,538,502 | - |
| | | 620,358,481 | 826,637,952 |
| Add: Export rebate / duty drawback | | 9,177,095 | 17,554,355 |
| | | 629,535,576 | 844,192,307 |
| Less: Commission | | - | 1,326,671 |
| | | 629,535,576 | 842,865,636 |

**27.1.** Exchange gain due to currency rate fluctuation amounting to Rs.9,208,173/- (2018: Rs. 5,880,757/- ) has been included in export sales.

**27.2. Gross sales**

| | Note | 2019 | 2018 |
|---|---|---|---|
| Indirect export | | | |
| Processing | | 78,683,580 | - |
| Local | | | |
| Yarn / cloth | | 30,705,489 | 110,150,721 |
| Processing | | - | 159,974,968 |
| Waste and left over | **27.3.** | 305,198 | 7,635,626 |
| Printing screens | | - | 2,243,212 |
| Stitching | | 2,538,502 | - |
| | | 112,232,769 | 280,004,527 |
| Less: Sales tax | | - | (401,638) |
| | | 112,232,769 | 279,602,889 |

**27.3.** It represents sale of left over / waste material out of goods manufactured.

| | | Note | 2019 Rupees | 2018 Rupees |
|---|---|---|---|---|
| **28.** | **Cost of sales** | | | |
| | Cost of goods manufactured | **28.1.** | 746,427,651 | 1,036,266,909 |
| | Finished goods | | | |
| | Opening stock | | 362,285,494 | 661,505,777 |
| | Closing stock | | (318,131,144) | (362,285,494) |
| | | | 44,154,350 | 299,220,283 |
| | | | 790,582,001 | 1,335,487,192 |
| **28.1.** | **Cost of goods manufactured** | | | |
| | Raw material consumed | **28.1.1 & 28.1.2.** | 231,970,829 | 296,271,840 |
| | Salaries, wages and benefits | | 89,084,026 | 131,267,429 |
| | Staff retirement benefits | | 3,687,906 | 2,596,426 |
| | Stores and spares | | 37,714,173 | 32,580,274 |
| | Dyes and chemicals | | 97,779,620 | 206,031,741 |
| | Packing material | | 37,433,178 | 40,990,360 |
| | Conversion processing and stitching charges | | 80,294,234 | 42,966,188 |
| | Engraving and wadding | | - | 7,465,055 |
| | Repairs and maintenance | | 1,834,998 | 2,034,861 |
| | Fuel and power | | 40,354,514 | 112,870,763 |
| | Insurance | | - | 1,546,209 |
| | Depreciation | **5.2.** | 99,049,172 | 118,864,613 |
| | Other | | 1,333,526 | 362,126 |
| | | | 720,536,176 | 995,847,885 |
| | Work in process | | | |
| | Opening stock | | 42,106,215 | 82,525,239 |
| | Closing stock | | (16,214,740) | (42,106,215) |
| | | | 25,891,475 | 40,419,024 |
| | | | 746,427,651 | 1,036,266,909 |
| **28.1.1.** | **Raw material consumed** | | | |
| | Opening stock | | 481,589,346 | 557,221,306 |
| | Purchases including direct expenses | | 109,611,566 | 220,639,880 |
| | | | 591,200,912 | 777,861,186 |
| | Closing stock | | (359,230,083) | (481,589,346) |
| | | | 231,970,829 | 296,271,840 |

**28.1.2.** It includes an amount of Rs.Nil (2018: Rs. 248.141 million) in respect of write down of inventories to net realisable value as per valuation report given by an independent valuer.

| | | Note | 2019 Rupees | 2018 Rupees |
|---|---|---|---|---|
| **29.** | **Other Income / (loss)** | | | |
| | Income from financial assets: | | | |
| | Profit on deposit | | 904 | 5,670 |
| | Exchange gain on restatement of debtors | | 5,248,171 | - |
| | Income from assets other than financial assets: | | | |
| | Loss on disposal of property, plant and equipment | | (2,525,250) | (15,451,272) |
| | Rental income | **29.1.** | 21,200,000 | 16,950,000 |
| | Unrealised gain/(loss)on investment property carried at fair value | | 88,405,670 | (10,983,910) |
| | Trading profit | **29.2.** | 29,886,209 | - |
| | | | 142,215,704 | (9,479,512) |
| **29.1.** | It includes rental income from related parties as follows: | | | |
| | Abwa Knowledge Village (Pvt) Ltd | | 20,160,000 | 15,960,000 |
| | Shama Exports (Pvt) Ltd | | 180,000 | 180,000 |
| | I.A Textiles | | 180,000 | 180,000 |
| | Amfort (Pvt) Ltd | | 180,000 | 180,000 |
| | | | 20,700,000 | 16,500,000 |

| | | Note | 2019 Rupees | 2018 Rupees |
|---|---|---|---|---|
| **29.2.** | **Trading profit** | | | |
| | Sale-net | | | |
| | Dyes and chemicals | | 173,427,034 | - |
| | Cost of sale | | | |
| | Dyes and chemicals | | (143,540,825) | - |
| | | | **29,886,209** | **-** |
| **30.** | **Selling and distribution expenses** | | | |
| | Steamer freight | | 5,195,617 | 7,684,847 |
| | Freight and octroi | | 2,871,196 | 2,225,384 |
| | Clearing and forwarding | | 4,041,312 | 3,813,353 |
| | Export development surcharge | | 1,075,150 | 1,150,028 |
| | | | 13,183,275 | 14,873,612 |
| **31.** | **Administrative expenses** | | | |
| | Directors' remuneration | **36.** | 2,400,000 | 2,400,000 |
| | Salaries and benefits | | 17,895,780 | 19,940,580 |
| | Utilities | | 490,947 | 829,767 |
| | Postage and telecommunication | | 3,288,366 | 2,371,722 |
| | Vehicles running and maintenance | | 1,905,439 | 2,216,729 |
| | Traveling and conveyance | | 3,135,968 | 2,740,241 |
| | Printing and stationery | | 373,317 | 329,427 |
| | Entertainment | | 1,788,308 | 2,274,431 |
| | Fees and subscriptions | | 1,664,279 | 2,038,843 |
| | Legal and professional | | 40,000 | 1,931,655 |
| | Auditor's remuneration | **31.1** | 1,500,000 | 1,500,000 |
| | Repairs and maintenance | | 127,810 | 6,115 |
| | Depreciation | **5.2.** | 2,396,888 | 3,054,697 |
| | Provision for doubtful debts | **10.1.** | - | 2,524,488,068 |
| | Sales tax written off | | - | 3,535,261 |
| | Further sales tax | | - | 349,825 |
| | Other | | 1,247,654 | 1,258,518 |
| | | | 38,254,756 | 2,571,265,879 |
| **31.1.** | **Auditor's remuneration** | | | |
| | Audit fee | | 1,000,000 | 1,000,000 |
| | Half yearly review | | 500,000 | 500,000 |
| | | | 1,500,000 | 1,500,000 |
| **32.** | **Finance cost** | | | |
| | Interest / mark up on: | | | |
| | Long term financing | | 131,405,834 | 116,764,198 |
| | Short term borrowings | | 48,452,009 | 35,154,292 |
| | Bank charges and commission | | 2,452,569 | 13,292,304 |
| | | | 182,310,412 | 165,210,794 |
| **33.** | **Taxation** | | | |
| | Current | | | |
| | For the year | **33.1.** | 10,139,790 | 12,227,321 |
| | Deferred | **33.2.** | - | - |
| | | | 10,139,790 | 12,227,321 |

**33.1.** Provision of taxation has been provided by minimum tax on local sales due to gross loss sustained by the tax payer from current year under section 113 and sales under final tax regime as per section 169 of the Income Tax Ordinance, 2001.

**33.2. Deferred taxation**

Deferred tax asset amounting to Rs.1,760.400 million (2018: Rs. 2,571.329 million) is not recognised for all deductible temporary differences and carry forward of unused tax losses due to uncertainty regarding non availability of taxable profits in foreseeable future against which such temporary differences and tax losses can be utilised.

**33.3. Relationship between tax expense and accounting profit**

The relationship between tax expenses and accounting profit has not been presented in these financial statements as the company's current year's taxation includes tax based on provisions of section 169 and 113 of the Income Tax Ordinance, 2001.

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

| | 2018 | 2017 | 2016 |
|---|---|---|---|
| | -------------------Rupees----------------------- | | |
| Provision as per fianancial statement | 12,679,577 | 17,395,713 | 11,537,056 |
| Tax assessment | 12,679,577 | 17,395,713 | 11,537,056 |

| | Note | 2019<br>Rupees | 2018<br>Rupees |
|---|---|---|---|
| **34. Discontinued operations** | | | |
| **34.1. Analysis of result of discontinued operations** | | | |
| Conversion receipts | | - | 45,225,582 |
| Cost of sales | | | |
| Fuel and power | | - | 12,920,842 |
| Salaries, wages and benefits | | - | 23,830,044 |
| Repairs and maintenance | | - | 803,542 |
| Depreciation | | - | 7,283,531 |
| Other overheads | | - | 1,188,832 |
| | | - | 46,026,791 |
| Gross loss | | - | (801,209) |
| Selling and distribution expenses | | - | 425,465 |
| Administrative expenses | | - | 2,967,115 |
| | | - | 3,392,580 |
| Loss before taxation from discontinued operation | | - | (4,193,789) |
| Taxation | | - | 452,256 |
| **Loss after taxation from discontinued operation** | | - | (4,646,045) |
| **34.2. Cash flows from discontinued operations** | | | |
| Net cash outflows from operating activities | | - | (148,855) |
| Net cash inflows from investing activities | | - | 355,000,000 |
| Net cash flows from financing activities | | - | - |
| Net cash inflow/ (outflow) | | - | 354,851,145 |

**34.3.** Amtex Limited "The Company" had sold its complete weaving unit (Land, Building, Plant and machinery situated at Sargodha Road Faisalabad at current market value and price was agreed through negotiations with Al-Rehman Textiles. The property was mortgaged with Habib Bank Limited and bank also evaluated the best market price and under arrangement with bank and purchaser all sale proceeds directly deposited by the buyer in bank accounts of the company and bank adjusted loan from the entire sale proceeds. Approval regarding said sale of weaving unit has already obtained from members in Extraordinary General Meeting on August 29, 2017.

**34.4.** The cash generated from discontinued operation was used by the Company to repay its outstanding loan.

## 35. Loss per share - Basic and diluted

| | | |
|---|---|---|
| Net loss for the year from continuing operation (Rupees) | (262,718,954) | (3,265,678,674) |
| Net loss for the year from discontinued operation (Rupees) | - | (4,646,045) |
| Weighted average number of ordinary shares | 259,430,134 | 259,430,134 |
| Loss per share (from continuing operation)-Basic and diluted (Rs.) | (1.01) | (12.59) |
| Loss per share (from discontinued operation)-Basic and diluted (Rs.) | - | (0.02) |
| Total loss per share-Basic and diluted (Rupees) | (1.01) | (12.61) |

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

## 36. REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | Chief Executive Officer | Director | Chief Executive Officer | Director |
| | ----Rupees---- | | | |
| Remuneration | 800,000 | 800,000 | 800,000 | 800,000 |
| House rent allowance | 320,000 | 320,000 | 320,000 | 320,000 |
| Utility allowance | 80,000 | 80,000 | 80,000 | 80,000 |
| | 1,200,000 | 1,200,000 | 1,200,000 | 1,200,000 |
| Number of persons | 1 | 1 | 1 | 1 |

**36.1.** The Directors are entitled to free use of Company maintained vehicles. The running and maintenance expenses of these vehicles are Rs.742,389/- (2018: Rs.713,970/-). The Directors have waived off their meeting fee.

## 37. INSTALLED CAPACITY AND ACTUAL PRODUCTION

| | Unit | 2019 | 2018 |
|---|---|---|---|
| | | (FIGURES IN THOUSAND) | |
| **Spinning** | | | |
| 100 % plant capacity converted to 20s count based on 3 shifts per day for 1095 shifts (2018: 1095 shifts) | Kgs. | 18,162 | 18,162 |
| Actual production converted to 20s count based on 3 shifts per day for Nil (2018: Nil) | Kgs. | - | - |
| **Weaving** | | | |
| 100 % plant capacity at 50 picks based on 3 shifts per day for 1095 shifts (2018: 1095 shifts) | Sq.Mt. | - | 19,393 |
| Actual production converted to 50 picks based on 3 shifts per day for Nil shifts (2018: 418 shifts) | Sq.Mt. | - | 15,831 |
| **Dyeing and finishing** | | | |
| Production capacity for 3 shifts per day for 1095 shifts (2018: 1095 shifts) | Mt. | 32,850 | 45,625 |
| Actual production for 3 shifts per day for 247 shifts (2018: 247 shifts) | Mt. | 4,569 | 11,625 |

**Processing, Stitching and Apparel**

The plant capacity of these divisions are indeterminable due to multiproduct plants involving varying processes of manufacturing and run length of order lots.

**Reasons for shortfall**

- Temporary closure due to load management by suppliers of gas and electricity and for maintenance.
- Actual production is planned to meet the market demand.
- It is difficult to describe precisely the production capacity of textile products being manufactured since it fluctuates widely depending upon various factors such as simple / multi-function articles, small and large size articles, special articles and the pattern of articles adopted.

## 38. NUMBER OF EMPLOYEES

| | 2019 | 2018 |
|---|---|---|
| Average number of employees during the year | 69 | 77 |
| Average number of factory employees during the year | 170 | 218 |
| Number of employees as at June 30, | 26 | 29 |
| Number of factory employees as at June 30, | 90 | 77 |

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations through the mix of equity, debt and working capital management with a view to maintain an appropriate mix between various sources of finance to minimize risk. The overall risk management is carried out by the finance department under the oversight of Board of Directors in line with the policies approved by the Board.

### 39.1. FINANCIAL INSTRUMENTS BY CATEGORY

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **Financial assets:** | | |
| At amortized cost | | |
| Loans and advances | 4,003,478 | 8,786,288 |
| Trade debts | 200,656,695 | 162,271,598 |
| Deposits | 57,971,188 | 64,273,087 |
| Accrued rentals | 21,357,000 | 15,960,000 |
| Cash and bank balances | 162,688,117 | 143,771,493 |
| | 446,676,478 | 395,062,466 |
| **Financial liabilities:** | | |
| At amortized cost | | |
| Redeemable capital | - | - |
| Long term financing | 2,513,234,903 | 2,678,682,218 |
| Liabilities against assets subject to finance lease | 68,248,285 | 68,248,285 |
| Trade and other payables | 265,634,955 | 317,386,668 |
| Interest / markup payable | 2,669,103,629 | 2,632,364,651 |
| Short term borrowings | 6,093,087,444 | 6,177,590,344 |
| | 11,609,309,216 | 11,874,272,166 |

### 39.2. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management.The responsibility includes developing and monitoring the Company's risk management policies. 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's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarized as follows:

#### 39.2.1. Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities 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. The Company does not have any significant exposure to customers from any single country or single customer.

Credit risk of the Company arises principally from trade debts, loans and advances 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:

| | 2019 | 2018 |
|---|---|---|
| | Rupees | Rupees |
| Trade debts | 200,656,695 | 162,271,598 |
| Loans and advances | 4,003,478 | 8,786,288 |
| Deposits | 57,971,188 | 64,273,087 |
| Accrued rentals | 21,357,000 | 15,960,000 |
| Bank balances | 20,348,993 | 22,928,986 |
| | 304,337,354 | 274,219,959 |

Due to the Company's long standing relations with counter parties and after giving due consideration to their financial standing, the management do not expect non performance by these counter parties on their obligations to the company.

For trade debts credit quality of the customer is assessed, taking into consideration its financial position and previous dealings. Individual credit limits are set. The management regularly monitor and review customers credit exposure. The majority of export sales debtors of the Company are situated at USA and Europe.

The Company's most significant customers are foreign departmental stores and trading houses. The aging of trade debts as at balance sheet date is as under:

| | 2019 | 2018 |
|---|---|---|
| | Rupees | Rupees |
| Not past due | 200,656,695 | 152,561,399 |
| Past due within one year | - | 7,080,272 |
| Past due more than one year | 7,041,998,879 | 7,044,628,806 |
| | 7,041,998,879 | 7,051,709,078 |
| | 7,242,655,574 | 7,204,270,477 |

Out of Rs. 7,243,000,250 ( 2018: Rs. 7,204,270,477), the Company has provided Rs. 7,041,998,879 (2018: Rs. 7,041,998,879) as the amount being doubtful to be recovered from certain customers 97.22% of the past due balances has been provided.

**39.2.2. Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity is to maintain sufficient level of liquidity of the Company on the basis of expected cash flows, requirements of holding highly liquid assets and maintaining adequate reserve borrowing facilities to cover liquidity risk. This includes maintenance of balance sheet liquidity ratios through working capital management. Following are the contractual maturities of financial liabilities including interest payments as at June 30, 2019 and 2018;

**2019**

| | Carrying amounts | Contractual cash flows | Six months or less | Six to twelve months | Two to five years | Above five years |
|---|---|---|---|---|---|---|
| | ---Rupees in thousand--- | | | | | |
| **Financial liabilities:** | | | | | | |
| Redeemable capital | - | 88,883 | 88,883 | - | - | - |
| Long term financing | 2,513,234 | 3,711,280 | 1,516,795 | 228,689 | 1,830,961 | 134,835 |
| Liabilities against assets subject to finance lease | 68,248 | 87,867 | 87,867 | - | - | - |
| Trade and other payables | 265,634 | 265,634 | 265,634 | - | - | - |
| Short term borrowings | 6,093,087 | 8,546,749 | 8,546,749 | | | |
| | **8,940,203** | **12,700,413** | **10,505,928** | **228,689** | **1,830,961** | **134,835** |

**2018**

| | Carrying amounts | Contractual cash flows | Six months or less | Six to twelve months | Two to five years | Above five years |
|---|---|---|---|---|---|---|
| | ---Rupees in thousand--- | | | | | |
| **Financial liabilities:** | | | | | | |
| Redeemable capital | - | 88,883 | 88,883 | - | - | - |
| Long term financing | 2,678,601 | 3,674,858 | 999,317 | 292,123 | 2,248,583 | 134,835 |
| Liabilities against assets subject to finance lease | 68,248 | 87,867 | 87,867 | - | - | - <br> - |
| Trade and other payables | 317,386 | 317,386 | 317,386 | - | - | - |
| Short term borrowings | 6,177,590 | 8,598,272 | 8,598,272 | - | - | - |
| | **9,241,825** | **12,767,266** | **10,091,725** | **292,123** | **2,248,583** | **134,835** |

The contractual cash flows relating to mark up have been determined on the basis of weighted average mark up rates on long term and short term borrowings. The Company is exposed to liquidity risk which will be managed by the Company as explained in detail in Note 1.3.

**39.2.3. Credit quality of major financial assets**

The credit quality of company's bank balances can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate.

| BANKS | RATING | | | 2019 | 2018 |
|---|---|---|---|---|---|
| | SHORT TERM | LONG TERM | AGENCY | | |
| | | | | --------- Rupees | -------- |
| ALLIED BANK LTD | A1+ | AAA | PACRA | 14,567 | 14,567 |
| ASKARI COMMERCIAL BANK LTD. | A1+ | AA+ | PACRA | 73,520 | 73,520 |
| BANK AL FALAH LTD | A1+ | AA+ | PACRA | 24,135 | 23,777 |
| BANK AL HABIB LTD | A1+ | AA+ | PACRA | 220,112 | 17,212 |
| BANK OF PUNJAB | A1+ | AA | PACRA | 2,593,122 | 2,594,714 |
| FAYSAL BANK LTD | A1+ | AA | PACRA | - | 12,089 |
| HABIB BANK LTD | A-1+ | AAA | JCR-VIS | 246,118 | 146,767 |
| HABIB METROPOLITAN BANK LTD | A1+ | AA+ | PACRA | 142,235 | 2,472,375 |
| MCB BANK LTD | A1+ | AAA | PACRA | 25,045 | 25,511 |
| MEEZAN BANK LTD | A-1+ | AA+ | JCR-VIS | 6,918 | 1,125 |
| NATIONAL BANK OF PAKISTAN | A1+ | AAA | PACRA | 2,803,610 | 2,815,210 |
| UNITED BANK LTD | A-1+ | AAA | JCR-VIS | 29,186 | 25,332 |
| SONERI BANK LTD | A1+ | AA- | PACRA | 1,177 | 484,683 |
| SILK BANK LTD | A-2 | A- | JCR-VIS | 4,622 | 4,622 |
| SUMMIT BANK LTD | A-1 | A- | JCR-VIS | 8,528 | 61,433 |
| THE BANK OF KHYBER | A1 | A | PACRA | 27,950 | 27,950 |
| BANK ISLAMI PAKISTAN LIMITED | A1 | A+ | PACRA | 14,110,675 | 14,110,675 |
| AL BARAKA BANK (PAKISTAN) LIMITED | A1 | A | PACRA | 6,653 | 6,604 |
| NBP ISLAMIC BANK | A1+ | AAA | PACRA | 10,820 | 10,820 |
| | | | | 20,348,993 | 22,928,986 |

**39.2.4. Market risk**

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

**i) Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at June 30, 2019 the Company is not exposed to price risk.

**ii) 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.

Majority of interest rate risk arises from redeemable capital, long and short term borrowings from banks. The interest rate profile of the Company's interest bearing financial instruments is presented in relevant notes to the financial statements.

**Sensitivity analysis**

Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

**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 and loss, therefore a change in interest rates at the reporting date would not effect profit and loss account.

**Cash flow sensitivity analysis for variable rate instruments**

Had the interest rate been increased / decreased by 1% at the reporting date with all other variables held constant, loss for the period and equity would have been Rs.771.4175 million (2018 : Rs. 26.155 million) lower / higher.

**iii) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The Company is exposed to currency risk on foreign debtors. The total foreign currency risk exposure on reporting date amounted to Rs. 62,100 million (2018: Rs. 7,068.604 million).

At June 30, 2019, had the currency been weakened / strengthened by 10 % against the foreign currency with all other variables held constant, profit for the year and equity would have been Rs. 0.06224 million (2018: Rs.0.814 million) higher / lower, mainly as a result of foreign exchange gains / losses on translation of foreign currency denominated trade debts (based on debtors not yet past due).

**iv) Equity price risk**

Trading and investing in equity securities give rise to equity price risk. The Company is not exposed to equity price risk.

## 39.3. Determination of fair value

### 39.3.1. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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

### 39.3.2. Fair value of non financial instruments

**Fair value hierarchy**

The different levels have been defined as follows.

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

Level 2 Inputs other than quoted prices included within level 1 that are observable for assets or liabilities, either directly (i.e as prices) or indirectly (i.e derived from prices)

Level 3 Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

Details of the Company's revalued assets and information about fair value hierarchy as at June 30, 2019 are as folllows:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | ----------Rupees---------- | | | |
| **Operating fixed assets** | | | | |
| **Freehold** | | | | |
| Land | - | 542,073,300 | - | 542,073,300 |
| Building | - | 374,395,210 | - | 374,395,210 |
| Plant and Machinery | - | 579,704,041 | - | 579,704,041 |
| Electric installation | - | 38,215,800 | - | 38,215,800 |
| Factory equipment | - | 2,632,500 | - | 2,632,500 |
| Laboratory equipments | - | 2,430,000 | - | 2,430,000 |
| **Leasehold** | | | | |
| Plant and Machinery | - | 70,175,160 | - | 70,175,160 |
| **Investment property** | | | | |
| Land | - | 448,175,000 | | 448,175,000 |
| Building | - | 654,148,583 | | 654,148,583 |
| | - | 2,711,949,594 | - | 2,711,949,594 |

There were no transfers between the levels during ther year

Details of the Company's revalued assets and information about fair value hierarchy as at June 30, 2018 are as folllows:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | ----------Rupees---------- | | | |
| **Operating fixed assets** | | | | |
| **Freehold** | | | | |
| Land | - | 542,073,300 | - | 542,073,300 |
| Building | - | 395,352,132 | - | 395,352,132 |
| Plant and Machinery | - | 671,385,601 | - | 671,385,601 |
| Electric installation | - | 42,462,000 | - | 42,462,000 |
| Factory equipment | - | 2,925,000 | - | 2,925,000 |
| Laboratory equipments | - | 2,700,000 | - | 2,700,000 |
| **Leasehold** | | | | |
| Plant and Machinery | - | 77,972,400 | - | 77,972,400 |
| **Investment property** | | | | |
| Land | - | - | | - |
| Building | - | 656,327,913 | | 656,327,913 |
| | - | 2,391,198,346 | - | 2,391,198,346 |

There were no transfers between the levels during the year

**39.4. Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's 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 an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or obtain / repay long term financing from / to financial institutions.

The Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings ('redeemable capital', 'long term financing', ' liabilities against assets subject to finance lease' and 'short term borrowings' as shown in the balance sheet). Equity comprises of shareholders' equity as shown in the balance sheet under 'share capital and reserves'.

The salient information relating to capital risk management of the Company as of June 30, 2019 and 2018 were as follows:

| | Note | 2019<br>Rupees | 2018<br>Rupees |
|---|---|---|---|
| Total debt | **18,19,20 & 24.** | 8,674,570,632 | 8,924,520,847 |
| **Less:** Cash and bank balances | **15.** | 162,688,117 | 143,771,493 |
| Net debt | | 8,511,882,515 | 8,780,749,354 |
| Total equity | | (8,352,955,364) | (8,090,980,353) |
| Total capital | | 158,927,151 | 689,769,001 |
| Gearing ratio | | 5355.84% | 1273.00% |

**39.5. Overdue loans**

On the reporting date the installments of long term finances amounting to Rs. 965,411 million along with mark up of Rs. 106.939 million, lease finance amounting to Rs. 68.248 million along with mark up of Rs. 19.619 million and short term borrowings amounting to Rs. 6,093.087 million along with mark up of Rs. 2,453.662 million were over due.

On reporting date, the carrying amount of loans relevant to above overdue were long term finances Rs. 874.689 million, lease finance Rs. 68.248 million and short term borrowings Rs. 6,093.087 million.

Overdue installment of long term loans amounting to 15 million (2018: Nil) was subsequently paid.

**40. TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise associated undertakings, directors of the company and key management personnel. The company in the normal course of business carries out transaction with related parties. The transactions with related parties other than those disclosed in relevant notes are as follows;

**40.1. Name and nature of relationship**

**40.1.1. Associated Companies due to common directorship**

| | |
|---|---|
| Shama Exports (Pvt) Limited | Abwa Knowledge Village (Pvt) Limited |
| Sirtex (Pvt) Limited | Amfort (Pvt) Limited |
| Iftikhar Akbar Weavings (Pvt) Limited | I.A Textiles- AOP |

**40.2. Transaction with related parties**

| Relationship with the Company | Nature of transactions | 2019 (Rupees) | 2018 (Rupees) |
|---|---|---|---|
| Associated undertakings | - Services acquired | 9,416,310 | 6,129,375 |
| | - Purchases | 4,612,882 | - |
| | - Rentals | 21,200,000 | 16,500,000 |
| | - Receivable | 21,357,000 | 15,960,000 |
| Key management personnel | - Remuneration to Directors | 2,400,000 | 2,400,000 |

**40.2.1.** Following are the related parties with whom the Company has entered into transactions or have arrangement/agreement in place:

| Company name | Basis of associated |
|---|---|
| Shama Exports (Pvt) Ltd | Common directorship |
| Abwa Knowledge Village (Pvt) Ltd | Common directorship |
| I.A Textiles- AOP | Common directorship |
| Amfort (Pvt) Limited | Common directorship |

**40.2.2.** The Company does not hold any shares in the above mentioned companies.

**41. Non Adjusting Event after the Balance Sheet Date**

There are no significant activities since June 30, 2019 causing any adjustment or disclosure in the financial statements.

**42. GENERAL**

**42. Nomenclature of the following account head have been changed in these financial statements.**

| **Previous** | **Current** |
|---|---|
| Liabilities against assets subject to finance lease | Liabilities against assets subject to finance lease / ijarah facility |

**42.2. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on October 07, 2019 by the Board of Directors of the Company.

**42.3.** Figures have been rounded off to the nearest rupees.

CHIEF EXECUTIVE

DIRECTOR

Chief Financial Officer

# Pattern of Shareholding

**As on June 30, 2019**

| Number of Shareholders | Shareholding From | To | Total Number of Shares Held | Percentage of Total Capital |
|---|---|---|---|---|
| 99 | 1 - | 100 | 2,671 | 0.00 |
| 273 | 101 - | 500 | 117,251 | 0.05 |
| 379 | 501 - | 1000 | 330,875 | 0.13 |
| 819 | 1001 - | 5000 | 2,539,792 | 0.98 |
| 360 | 5001 - | 10000 | 2,932,754 | 1.13 |
| 137 | 10001 - | 15000 | 1,787,858 | 0.69 |
| 124 | 15001 - | 20000 | 2,318,505 | 0.89 |
| 76 | 20001 - | 25000 | 1,785,176 | 0.69 |
| 44 | 25001 - | 30000 | 1,259,084 | 0.49 |
| 30 | 30001 - | 35000 | 988,616 | 0.38 |
| 31 | 35001 - | 40000 | 1,195,500 | 0.46 |
| 16 | 40001 - | 45000 | 688,813 | 0.27 |
| 47 | 45001 - | 50000 | 2,322,000 | 0.90 |
| 16 | 50001 - | 55000 | 856,855 | 0.33 |
| 15 | 55001 - | 60000 | 879,501 | 0.34 |
| 13 | 60001 - | 65000 | 815,000 | 0.31 |
| 9 | 65001 - | 70000 | 614,500 | 0.24 |
| 3 | 70001 - | 75000 | 222,000 | 0.09 |
| 6 | 75001 - | 80000 | 474,000 | 0.18 |
| 6 | 80001 - | 85000 | 502,500 | 0.19 |
| 4 | 85001 - | 90000 | 353,000 | 0.14 |
| 5 | 90001 - | 95000 | 470,500 | 0.18 |
| 25 | 95001 - | 100000 | 2,494,000 | 0.96 |
| 8 | 100001 - | 105000 | 821,280 | 0.32 |
| 5 | 105001 - | 110000 | 537,500 | 0.21 |
| 2 | 110001 - | 115000 | 225,000 | 0.09 |
| 2 | 115001 - | 120000 | 240,000 | 0.09 |
| 9 | 120001 - | 125000 | 1,109,522 | 0.43 |
| 4 | 125001 - | 130000 | 518,500 | 0.20 |
| 1 | 130001 - | 135000 | 132,500 | 0.05 |
| 2 | 135001 - | 140000 | 277,500 | 0.11 |
| 3 | 140001 - | 145000 | 431,500 | 0.17 |
| 8 | 145001 - | 150000 | 1,191,500 | 0.46 |
| 1 | 150001 - | 155000 | 150,500 | 0.06 |
| 5 | 155001 - | 160000 | 797,000 | 0.31 |
| 1 | 160001 - | 165000 | 164,080 | 0.06 |
| 4 | 165001 - | 170000 | 676,500 | 0.26 |
| 1 | 175001 - | 180000 | 178,131 | 0.07 |
| 8 | 195001 - | 200000 | 1,598,000 | 0.62 |
| 2 | 200001 - | 205000 | 408,500 | 0.16 |
| 1 | 205001 - | 210000 | 210,000 | 0.08 |

| Number of Shareholders | Shareholding From | To | Total Number of Shares Held | Percentage of Total Capital |
|---|---|---|---|---|
| 3 | 210001 - | 215000 | 642,500 | 0.25 |
| 1 | 215001 - | 220000 | 216,500 | 0.08 |
| 1 | 220001 - | 225000 | 225,000 | 0.09 |
| 1 | 225001 - | 230000 | 227,200 | 0.09 |
| 2 | 230001 - | 235000 | 468,000 | 0.18 |
| 1 | 235001 - | 240000 | 239,061 | 0.09 |
| 1 | 240001 - | 245000 | 242,000 | 0.09 |
| 3 | 245001 - | 250000 | 748,000 | 0.29 |
| 1 | 260001 - | 265000 | 261,500 | 0.10 |
| 2 | 280001 - | 285000 | 564,202 | 0.22 |
| 1 | 290001 - | 295000 | 291,500 | 0.11 |
| 3 | 295001 - | 300000 | 899,500 | 0.35 |
| 1 | 300001 - | 305000 | 300,500 | 0.12 |
| 1 | 315001 - | 320000 | 318,443 | 0.12 |
| 1 | 330001 - | 335000 | 333,000 | 0.13 |
| 1 | 335001 - | 340000 | 340,000 | 0.13 |
| 1 | 345001 - | 350000 | 350,000 | 0.13 |
| 1 | 355001 - | 360000 | 360,000 | 0.14 |
| 2 | 360001 - | 365000 | 726,023 | 0.28 |
| 1 | 380001 - | 385000 | 385,000 | 0.15 |
| 1 | 385001 - | 390000 | 389,121 | 0.15 |
| 1 | 390001 - | 395000 | 392,000 | 0.15 |
| 1 | 405001 - | 410000 | 410,000 | 0.16 |
| 1 | 420001 - | 425000 | 424,000 | 0.16 |
| 1 | 445001 - | 450000 | 448,500 | 0.17 |
| 1 | 470001 - | 475000 | 471,500 | 0.18 |
| 1 | 490001 - | 495000 | 495,000 | 0.19 |
| 1 | 495001 - | 500000 | 500,000 | 0.19 |
| 1 | 535001 - | 540000 | 540,000 | 0.21 |
| 1 | 950001 - | 955000 | 955,000 | 0.37 |
| 1 | 1000001 - | 1005000 | 1,005,000 | 0.39 |
| 1 | 1125001 - | 1130000 | 1,128,000 | 0.43 |
| 1 | 1155001 - | 1160000 | 1,157,000 | 0.45 |
| 1 | 1160001 - | 1165000 | 1,163,000 | 0.45 |
| 1 | 1330001 - | 1335000 | 1,334,000 | 0.51 |
| 1 | 1345001 - | 1350000 | 1,350,000 | 0.52 |
| 1 | 1385001 - | 1390000 | 1,386,000 | 0.53 |
| 1 | 1450001 - | 1455000 | 1,455,000 | 0.56 |
| 1 | 22550001 - | 22555000 | 22,555,000 | 8.69 |
| 1 | 23170001 - | 23175000 | 23,172,472 | 8.93 |
| 1 | 48255001 - | 48260000 | 48,255,780 | 18.60 |
| 1 | 51590001 - | 51595000 | 51,594,656 | 19.89 |
| 1 | 55090001 - | 55095000 | 55,092,912 | 21.24 |
| **2,656** | | | **259,430,134** | **100.00** |

## Categories of Shareholding
**As At June 30, 2019**

| Categories of Members | No. of Shareholders | No. of Shares Held | Percentage |
|---|---|---|---|
| Directors, Chief Executive Officer, and their spouse and minor children | 7 | 154,945,498 | 59.73 |
| Associated Companies, undertakings and related parties | | - | - |
| NIT / Funds | 2 | 752,644 | 0.29 |
| Banks Development Financial Institutions, Non banking Financial institutions | 1 | 23,172,472 | 8.93 |
| Insurance Companies | | - | - |
| Modarabas and Mutual Funds | | - | - |
| Share holders holding 10% | 3 | 155,343,348 | 59.88 |
| General Public | | | |
| Local | 2630 | 56,604,044 | 21.82 |
| Foreign | | - | |
| Joint stock companies | 15 | 1,400,476 | 0.54 |
| Others (Government Institution) | 1 | 22,555,000 | 8.69 |
| **Total (Excluding Shareholders holding 10% or more)** | **2656** | **259,430,134** | |

**Pattern of Shareholding**
**As at June 30, 2019**
**Information as required under Code of Corporate Governance**

| Categories of Shareholders | | Number | Shares Held | Percentage |
|---|---|---|---|---|
| **Associated Companies, Undertakings and Related Parties** | | | - | - |
| **NIT & ICP / FUNDS** | | | | |
| NIT | | 2 | 752,644 | 0.29 |
| **Directors, CEO their Spouses & Minor Children** | | | | |
| Mr. Khurram Iftikhar | | 1 | 51,594,656 | 19.89 |
| Mr. Shahzad Iftikhar | | 1 | 55,092,912 | 21.24 |
| Mr. Nadeem Iftikhar | | 1 | 48,255,780 | 18.60 |
| Mr. Suhail Maqsood Ahmad | | 1 | 500 | 0.00 |
| Mr. Muhammad Ahsan | | 1 | 650 | 0.00 |
| Mr. Gul Muhammad Naz | | 1 | 500 | 0.00 |
| Mr. Usman Ghani | | 1 | 500 | 0.00 |
| **Executives** | | | - | - |
| **Public Sector Companies & Corporations** | | | | |
| Joint Stock companies | | 15 | 1,400,476 | 0.54 |
| **Banks, Development Finance Institutions, Non Banking Finance Institutions, Insurance Companies, Takaful, Modarabas & Pension Funds** | | 1 | 23,172,472 | 8.93 |
| **Shareholders Holding Five Percent or More Voting Intrest in the Listed Company** | | | | |
| Mr. Khurram Iftikhar | Chief Executive | | 51,994,656 | 20.04 |
| Mr. Shahzad Iftikhar | Director | | 55,092,912 | 21.24 |
| Mr. Nadeem Iftikhar | Director | | 48,255,780 | 18.60 |
| EMPLOYEES OLD-AGE BENEFITS INSTITUTION | | | 22,555,000 | 8.69 |
| NATIONAL BANK OF PAKISTAN | | | 23,172,472 | 8.93 |

None of the Directors , Executives and their spouses and minor children has traded in the shares of the company during the year except the following:

| | |
|---|---|
| Mr.. Khurram Iftikhar - Chief Executive Officer | 400,000 |

# FORM OF PROXY
## Annual General Meeting

I / We______________________________________________________________________________

of_________________________________________________________________________________

being a member of **Amtex Ltd**, hereby appoint _______________________________________________

of_________________________________________________________________________________

or failing him/her_____________________________________________________________________

of_________________________________________________________________________________

member (s) of the Company, as my / our proxy in my / our absence to attend and vote for me / us and on my /our behalf at the Annual General Meeting of the Company to be held on October 28, 2019 at 11:00 A.M. at Company's registered office P-225 Tikka Gali # 2 Montgomery Bazar Faisalabad.

as witness my / our hand seal this _____________day of________ 2019

| |
|---|
| Please affixe Revenue Stamp Rs.5 |

Signed by the said member

in presence of_____________________________________________

Signature(s) of Member(s)

**Witness 1**

Signature of witness_____________________________

Name _______________________________________

Address _____________________________________

CNIC #______________________________________

**Witness 2**

Signature of witness_____________________________

Name_______________________________________

Address_____________________________________

CNIC # _____________________________________

Please Quote:

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

IMPORTANT: Proxies in order to be effective, must be received at the Registered Office of the company at P-225, Tikka Gali # 2 Montgomery Bazar Faisalabad, not later than 48 hours before the time for holding the Annual General Meeting and must be duly stamped, signed and witnessed.

---

## Consent for video conference facility
### Annual General Meeting

I/We ______________of____________being a member (s) of Amtex Limited, holder of _____________ordinary share (s) as per registered Folio/CDS Account No._______hereby opt for video conference facility at____________.

CDS Account No.

| |
|---|
| |

| |
|---|
| Revenue Stamp of Appropriate Value |

AFFIX
CORRECT
POSTAGE

The Company Secretary

**AMTEX LIMITED**

P-225, Tikka Gali # 2 Montgomery

Bazar, Faisalabad - Pakistan

# پراکسی فارم

**سالانہ عمومی میٹنگ 2019**

میں / ہم ---------------------------------- کو ------------------------------------ بطور ایک ممبر ایم ٹیکس ------

-----------------------------------------------------------------------------------------------------------------

-----------------------------------------------------------------------------------------------------------------

کو مقرر کرتے ہیں یا اس فرد مزکورہ کی عدم دستیابی کی صورت میں ------------------------------------------

------------------------------------------- کو اپنی جگہ مورخہ 28 اکتوبر 2019 کو بوقت 11:00 بجے صبح بمقام ٹیکا گلی نمبر 2 منٹگمری بازار فیصل آباد میں منعقد ہونے والے سالانہ اجلاس عام میں شرکت اور رائے دہندگی کے لیئے اپنا نمائندہ مقرر کرتا رکرتی ہوں۔

دستخط شیئر ہولڈر ------------------------------------- مورخہ --------- اکتوبر 2019

5 روپے کا محصول

ٹکٹ

گواہ نمبر 1 ---------------------------- گواہ نمبر 2 ----------------------------

گواہ کے دستخط ---------------------------- گواہ کے دستخط ----------------------------

نام ---------------------------- نام ----------------------------

پتہ ---------------------------- پتہ ----------------------------

---------------------------- ----------------------------

شناختی کارڈ نمبر ---------------------------- شناختی کارڈ نمبر ----------------------------

مہربانی کرکے یہاں تحریر کریں:

| فولیو نمبر | برقرار رکھے گئے حصص | سی ڈی سی اکاؤنٹ نمبر |
|---|---|---|

ضروری ہدایت: پراکسی کے کسی بھی موثر اقدام کے پیش نظر یہ ضروری ہے کہ مذکورہ فارم کمپنی کے رجسٹرڈ آفس بمقام ٹیکا گلی نمبر 2 منٹگمری بازار فیصل آباد تک سالانہ عمومی میٹنگ کے منعقد ہونے سے 48 گھنٹے سے پہلے پہنچ جاے اور اس فارم پر مہر ثبت کرنا، دستخط اور بطور گواہ تحریر کرنا لازمی ہے۔

-----------------------------------------------------------------------------------------------------------------

ویڈیو کانفرنس کی سہولت کے لیے رضامندی

میں/ہم ---------------------------------------------- ساکن ------------------------------------------------

بطور ایک ممبر ایم ٹیکس -------------------- عام حصص بمطابق عام شیئر رجسٹر فولیو نمبر/ سی ڈی ایس اکاؤنٹ نمبر ------------ ویڈیو کانفرنس کی سہولت -------------------- میں حاصل کرنا چاہتا ہوں۔

سی ڈی سی اکاؤنٹ نمبر ------------ محصول ٹکٹ چسپاں کریں

PAKISTAN OFFICE
AMTEX LIMITED
1-Km, Khurrianwala Jaranwala Road, Faisalabad, (Pakistan)
Tel: +9241-2428500 Fax: +9241-4361726,27