HIRA TEXTILE MILLS LIMITED

ANNUAL REPORT

2019

HIRA TEXTILE MILLS LIMITED

CONTENTS

Company Information	02
Notice of Annual General Meeting	03
Vision And Mission Statements	05
Chairperson's Review	06
Directors Report	07
Six Years Financial Summery	15
Pattern of Share Holding	16
Statement of Compliance with the Code of Corporate Governance	18
Independent Auditor's Review Report	22
Independent Auditor's Report	23
Statement of Financial Position	28
Statement of Profit or Loss	30
Statement of Comprehensive Income	31
Statement of Cash Flow	32
Statement of Changes in Equity	33
Notes to and Forming Part of Financial Statements	34
Proxy Form	79

COMPANY INFORMATION

CHAIRPERSON

Mrs. Shahnaz Umar

CHIEF EXECUTIVE

Mr. Mohammad Mahboob

BOARD OF DIRECTORS

Mrs. Shahnaz Umar
Mr. Mohammad Mahboob
Mrs. Sadiya Umair
Mr. Muhammad Tariq
Mr. Muhammad Saeed
Mr. Saeed Ahmed Khan
Mr. Shaukat Nazir Malik *(Independent Director)*

AUDIT COMMITTEE

Mr. Shaukat Nazir Malik	*Chairman*
Mr. Muhammad Tariq	*Member*
Mr. Muhammad Saeed	*Member*

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mrs. Sadiya Umair	*Chairperson*
Mr. Mohammad Mahboob	*Member*
Mr. Saeed Ahmed Khan	*Member*

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Mr. Saeed Ahmad Khan

AUDITORS

M/S Rahman Sarfaraz Rahim Iqbal Rafiq
(Chartered Accountants)
Member of Russell Bedford International.
House No 72-A, Faisal Town, Lahore.

TAX ADVISER

Tipu Associates
97/8-B, Babar Block, New Garden Town, Lahore.

LEGAL ADVISER

Salman Akram Raja.
Raja Mohammad Akram & Co.,
Advocates & Legal Consultants
33-C Main Gulberg Lahore.

REGISTRAR OF THE COMPANY

Vision Consulting Ltd.
3 – C , 1st floor, LDA Flats, Lawrance Road Lahore.
Ph: + 92 42 36283096-97

REGISTERED OFFICE

8-Km, Manga Raiwind Road, Raiwind, District Kasur.
Ph: + 92 42 35392305-07 , Fax: + 92 42 35392308 W: www.hiratex.com.pk

MILLS

8 KM Manga Raiwind Road Raiwind District Kasur.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 28th annual general meeting of the members of Hira Textile Mills Limited will be held on Monday, January 27, 2020 at 02.00 PM at the registered office (MILL SITE) of the company i.e. 8-KM, Manga Raiwind Road, District Kasur, to transact the following:

1. To confirm the minutes of the last General Meeting.
2. To receive and adopt the audited accounts of the company for the year ended on June 30, 2019 together with the Directors and auditor's reports thereon.
3. To consider appointment of external audits for the financial year ending June 30, 2020.
4. To transact any other business with the permission of the Chair.

(By the order of the Board)

Saeed Ahmad Khan
Company Secretary

Lahore: January 06, 2020

Notes

1- The Share Transfer Books of the Company will remain closed from January 20, 2020 to January 27, 2020 (both days inclusive).

2- A member entitled to attend and vote at the General Meeting may appoint any person as proxy to attend and vote instead of him/her. No person other than a member shall act as proxy. The instrument appointing a proxy and the power of attorney or other Authority (if any) under which it is signed or a notarially certified copy of such power or authority, in order to be valid, must be deposited at the registered office of the company at least 48 hours before the time of the meeting and must be duly stamped, singed and witnessed.

3- Any individual beneficial owner of CDC entitle to attend and vote at this meeting, must bring his/her original CNIC or passport, account and participants. ID numbers to prove his/her identity and incase of proxy it must enclose an attested copy of his/her CNIC of passport. Representatives of corporate members should bring the usual documents requires for such purpose.

4- In terms of sub section 1(b) of Section 134 of the Companies Act, 2017, Members can also attend and participate in the AGM through video conference facility, if members residing the vicinity, collectively holding 10% or more shareholding, provide their consent in writing, to participate in the AGM through video conference at least ten (10) days prior to date of AGM. After receiving the consent of the members in aggregate 10% or more shareholding, the Company will intimate members regarding venue of video conference facility at least five (5) days before the date of the AGM along with complete information necessary to enable them to access such facility.

5- The audited financial statements of the company for the year ended June 30, 2019 have been placed at the website: www.hiratex.com.pk

6- Shareholders are requested to immediately notify change in address. If any to the company share register M/s. Vision Consulting Ltd. 3-C, 1st floor, LDA Flats, Lawrence Road Lahore. And also furnish attested photocopy of their CNIC as per listing regulation, if not provided earlier.

HIRA TEXTILE MILLS LIMITED

حرا ٹیکسٹائل ملز لیمیٹڈ

اطلاع سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ حرا ٹیکسٹائل ملز لیمیٹڈ کے حصص داران کا اٹھائیسواں (28th) سالانہ اجلاس عام 27 جنوری 2020ء (بروز سوموار) بوقت دوپہر 02.00 بجے کمپنی کے رجسٹرڈ آفس (ملز سائٹ) 8 کلومیٹر مانگا راؤنڈ روڈ ضلع قصور میں درج ذیل امور کی انجام دہی کے لئے منعقد ہوگا۔

1- پچھلے سالانہ اجلاس عام کی کاروائی کی توثیق۔

2- 30 جون 2019ء کو مختتمہ سال کے لئے ڈائریکٹرز اور آڈیٹرز کی رپورٹ مع آڈٹ شدہ حسابات کی وصولی اور منظوری

3- 30 جون 2020ء کو مختتمہ سال کے لئے کمپنی کے بیرونی آڈیٹرز کا تقرر اور انکے مشاہرے کا تعین۔

4- چیرمین کی اجازت سے دیگر امور کی انجام دہی۔

بحکم بورڈ

سعید احمد خان

کمپنی سیکرٹری

لاہور

6 جنوری 2020

نوٹس:

1- کمپنی کی منتقلی حصص کی کتابیں سالانہ اجلاس عام میں شرکت اور ووٹنگ کے استحقاق کے لئے 20-01-2020 سے 27-01-2020 (بشمول ہر دو آیام) بند رہیں گی۔

2- اجلاس ہذا میں شرکت اور ووٹ دینے کا اہل ممبر اپنی بجائے شرکت اور ووٹ دینے کے لئے کسی دوسرے ممبر کو اپنا پراکسی مقرر کر سکتا ہے۔ پراکسیاں تا آنکہ مئوثر ہوسکیں اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ دفتر میں لازماً پہنچ جائیں

3- سی ڈی سی (CDC) کے حصہ داروں سے التماس ہے کہ اجلاس میں شرکت کے وقت پیش کرنے کے لئے اپنا اصل شناختی کارڑ اکاؤنٹ نمبر یا پاسپورٹ ساتھ لائیں۔

4- حصص یافتگان اجلاس میں بذریعہ وڈیولنک سہولت شریک ہوسکتے ہیں کمپنی کو اجلاس کے انعقاد سے کم از کم دس روز قبل کسی دوسرے شہر میں مقیم دس فیصد یا ذائد شیئر ہولڈرز کی جانب سے بذریعہ ویڈیولنک اجلاس میں شرکت کی خواہش موصول ہونے کی صورت میں کمپنی متعلقہ مقام پر وڈیولنک سہولت کا اہتمام کرے گی اور کمپنی اجلاس کے انعقاد سے کم از کم پانچ دن پہلے ویڈیولنک سہولت کے مقام سے ممبران کو مطلع کرے گی۔

5- کمپنی کے آڈٹ شدہ مالیاتی حسابات برائے سال مختتمہ 30 جون 2019ء کمپنی کی ویب سائٹ www.hiratex.com.pk پر چسپاں کر دیئے گئے ہیں

6- حصص یافتگان سے درخواست ہے کہ وہ اپنے پتہ میں تبدیلی سے متعلق اطلاع فوری طور پر کمپنی کے رجسٹرار میسرز وژن کنسلٹنگ لیمیٹڈ-3-C- فرسٹ فلور۔ ایل ڈی اے فلیٹس لارنس روڑ لاہور کو دیں۔ اسکے علاوہ جنھوں نے اپنے شناختی کارڑ کی کاپیاں مہیا نہیں کیں ہیں وہ بھی اپنے شناختی کارڑ کی مصدقہ کاپی بھجیں۔

VISION STATEMENT

A dynamic profitable and professionally managed successful business organization.

MISSION STATEMENT

Hira Textile Mills Ltd is committed to the highest standards of integrity, honesty, openness and professionalism in all of its activities whenever they are undertaken.

We, the Management Team of HTML are striving to improve the quality of yarn by continuously improving its manufacturing facilities. We are committed to positioning the Company at the apex of the industry by satisfying our valued customers, archiving superior returns for shareholders, by providing congenial work environment where the employees feel part of the organization and be a good corporate citizen by fulfilling our social responsibilities.

CHAIRPERSON'S REVIEW

It gives me pleasure to present you the annual review of the audited financial statement for the year ended June 30, 2019 and the overall performance of Board. I would take this opportunity to invite you for 28th Annual General Meeting of the Company.

Review of the Company's Performance

Due to decrease in sales during this financial year, performance of the company in term of profitability is in alarming position. The global slowdown and energy crisis locally is still hurting the business of the company. Day by day competition from neighboring countries is increasing. Margins have been squeezed and it appears that they will be further compressed in time to come. I would like to appreciate the efforts of the management towards cost reduction, better utilization of capacities and product development. Debt restructuring have been carried out. After implementation of restructuring, significant milestone for the company would be achieved.

The Company has to work harder to compete with increasing competition. Plans of the Company should yield better efficiencies and reduce production cost.

Review of the Company's Performance

The Board is aware of the importance of its role in achieving objectives of the Company. The Board acknowledges its responsibility for corporate & financial reporting Framework and is committed to good Corporate Governance.

Attendance of Board members in Board and committee meeting has been satisfactory. Board is devoted and focused towards Company's value and mission. Board members do have the suitable knowledge, variety of expertise and experience that is required to successfully govern the business. Individual Board members are committed to perform for the betterment of the company. Areas of planning, risk management, policy development, budgeting, reporting, monitoring and approval have been appropriately given time and discussed with better outcomes.

On behalf of the Board, I appreciate the support of all financial institution. I express gratitude to our valued customers. It is hard work and dedication of all our employees that have made such results possible.

Lahore: January 04, 2020

Mrs. Shahnaz Umar
(Chairperson)

DIRECTORS REPORT TO THE MEMBERS

The Board of Directors feels pleasure in presenting the Company's Audited financial statements together with the auditor's report thereon for the year ended on June 30, 2019.

Financial Statements have been endorsed by the Chief Executive Officer and the Chief Financial Officer in accordance with the Code of corporate Governance, having been recommended for approval by the Audit Committee of the Board and approved by the Board of Directors for presentation.

Company Performance

Following are the operating & Financial results:-

(Rupees in Million)

	2019	2018
Net Sale	**(2,645.989)**	(2,171.757)
Gross (Loss)	**(1,061.512)**	(153.669)
Share of (Loss) of Hira Terry	**(567.992)**	(124.970)
(Loss)/Profit before taxation	**(1,859.805)**	(540.544)
Provision for taxation	**(156.037)**	(6.425)
(Loss) for the year	**(2,015.842)**	(546.969)
(Loss)/Earning per Share	**(23.28)**	(6.32)

Due to unfavorable market conditions, depressed yarn prices following weak demand of spun yarn, increase in raw material and production costs resulting in low margins and share of loss from associate, your company bore after tax loss of Rs. 2,015.842 million as compared to loss of Rs. 546.969 million during the corresponding period. Loss per share for the year is Rs. 23.28 as compared to loss per share of Rs. 6.32 during the corresponding previous year. Gross loss for the year under review is 40.12 % as compared to loss of 7.07 %. Distribution cost decreased from 0.56 % of sales to 0.11 % of sales. Administrative expenses decreased 2.20 % of sales to 1.36 % of sales. Finance cost increased by 7.77% over the last year. Share of loss of associate, Hira Terry Mills Limited is Rs. 567.992 million as compared to last year loss of Rs. 124.970 million. The loss of Hira Terry Mills Limited is due to substantial decrease in margins for value added products.

Due to the above factors, the Company faced severe liquidity crisis due to which it was unable to make timely repayments of loans and interest/mark-up thereon. Two banks have filed recovery suits against the Company.

The management is concerned about the profitability of the company for the coming year due to extremely weak demand of spun yarn and ever increasing production cost, high cotton price and uncertainty about the size of cotton crop and yarn and increasing mark-up rate. However the management is putting its best efforts to maximize company's profit and taking all measures to cope with these challenges.

The Company has shifted its product mix from manufacturing of coarse count yarn to fine count yarn. This will lead to lower cost of raw material (primarily cotton) and reduction in manpower requirements, reduction in per spindle cost through savings in energy costs as well as upto 60% savings in labour costs. This, coupled with a company-wide cost-cutting drive, is expected to provide the much needed breathing room in terms of liquidity.

Further The management of the company has entered into negotiation with the providers of debt finances for restructuring of long term and short term debt including accrued interest/mark-up thereon. The Company has proposed a re-structuring plan to enable the Company to maintain its going concern status, which is the only WIN-WIN situation for all of the stake holders. The management is confident that it will be able to secure a reasonable arrangement with bank of principal repayment in 20 semi-annual installment with three (3) years grace period, which will relieve the Company of its liquidity crises and ultimately the profitability of the Company will increase.

Capital Expenditures

The Company has spent Rs. 73.350 Million on major overhauling of machinery.

Dividend

Due to Loss of the company and circumstances discussed above, the Board of Directors has not recommended divided for the year ended June 30, 2019.

Related Parties

The transactions between the related parties were made at arm's length prices determined in accordance with the comparable uncontrolled prices method. The company has fully complied with the best practices of the transfer pricing as contained in the listing regulation of Pakistan Stock exchanges. On recommendation of audit committee the Board has approved related party transactions and transfer pricing policy in line with Company's Act. 2017, the Listed Companies Code of Corporate Governance Regulations 2017 and Companies Related Parties Transactions and Maintenance of Related Records Regulations, 2018, in its meeting held on February 26, 2019.

Financial Statements Audit and Auditors Report

The auditors of the Company have modified their repot and issued an adverse opinion on the following matters:

1- Bankers of the Company have not responded to auditors' request for direct confirmation for liabilities amounting to Rs. 1048.56 Million.

2- The Company has recognized its share of profit or loss and other comprehensive income of associate on the basis of financial statements that are neither audited nor authenticated by the Board of Directors of the associate.

3- Associated company has not responded to the auditors for direct confirmation for transactions and balances amounting to Rs.563.783 million and Rs.61.49 million respectively. Furthermore, the related party has claimed an amount of Rs.420.00 million as due from the company on account of temporary loans, sales and expenses which the company has denied.

4- The Company has incurred gross loss of Rs. 1,061.512 million and loss after tax of Rs. 2,015.842 million during the year ended June 30, 2019. As at the reporting date, the Company has accumulated losses of Rs. 1,510.775 million. Its current liabilities exceed current assets by Rs. 186.364 million. The Company has not been able to make timely repayments of its debt finances and interest/mark-up thereon. The providers of debt finances have filed recovery suits against the Company for Rs. 706 million. These factors indicate existence of material uncertainty that raises doubts about the Company's ability to continue as a going concern and that the Company may not be able to discharge its liabilities and realize its assets in the normal course of business. Further, a related party has claimed an amount of Rs. 420 million as due from the Company as at the reporting date on account of temporary loans, sales and expenses, which the Company has denied. We consider that in the absence of any favorable settlement with the providers of debt finances/related party, ability to obtain further financing and revival of its operations, the Company may not be able to settle its liabilities and realize its assets in the normal course of business.

We give below our opinion on the qualified matters;

1- Due to long overdue liabilities outstanding in banks and the Company's account has been shifted to bank's SAM department/or in the court. Normally banks never respond to the direct confirmation request from the auditors. Now we have approached to the banks through our consultant to negotiate with banks for re-structuring of their loan. The Banks has shown their positive willingness to re-structure their loan on better monitorial.

2. Due to non-completion of audit documentation for audit of the financial statement by the associated company, the audited financial statements of the company is under finalization at the end of auditors of associated company. Therefore, we have taken the figures from the draft un-audited accounts of the company.

3- The company has issued a debit note for Rs.273.00 Million which was not recorded by the associated company in its books of accounts, similarly the associated company failed to intimate Hira Textile some adjustment entries made in their accounts. Despite of our repeated request, associated company did not confirm our transactions and balances of Rs.563.783 million and Rs.61.49 million to our auditors M/S Rahman Sarfraz Rahim Iqbal Rafiq (Chartered Accountants)

4- The annexed financial statements have been prepared on going concern basis based on the following:

a. The managment of the company has entered into negotiation with the providers of debt finances for restructuring of long term and short term debt including accrued interest/mark-up thereon. The Company has proposed a re-structuring plan to enable the Company to maintain its going concern status, which is the only WIN-WIN situation for all of the stake holders. The management is confident that it will be able to secure a reasonable arrangement with bank of principal repayment in 20 semi-annual installment with three (3) years grace period, which will relieve the Company of its liquidity crises and ultimatly the profitablity of the Company will increase.

b. The Company has continued financial support of its directors and sponsors in the form of loans. Upto June 30, 2019, the directors and sponsors of the Company has provided financial support amounting to Rs. 531.58 million in the form or long term and short term loans. The lenders have always waived entire interest/mark-up on these loans.

c. The Company has shifted its product mix from manufacturing of coarse count yarn to fine count yarn. This will lead to lower cost of raw material (primarily cotton) and reduction in manpower requirements, reduction in per spindle cost through savings in energy costs as well as upto 60% savings in labour costs. This, coupled with a company-wide cost-cutting drive, is expected to provide the much needed breathing room in terms of liquidity.

ISO 9001 – 2008 Certification

The company continues to operate the high standard of quality and had obtained latest version of certification, which is renewed every year. The quality control certification will help to build up trust of new and old customers.

Environments, Health and Safety

The Company maintains safe working conditions without risk to the health of all employees and public at large. The management has maintained safe environment in all its operations throughout the year and is constantly upgrading their living facilities.

Future Plans

Although the performance of the company is not satisfactory during the year and the future market situation is changing to adversely due to decrease in the yarn prices. The management is formulating multi-dimensional strategy to tackle all these issues. We are focusing on diversification of our product range along with value addition and consolidating our efforts on quality improvements.

Corporate & Financial Reporting Frame Work

As required by the Code of Corporate Governance, Directors are pleased to report that:

i. The financial statements prepared by the management of the Company present fairly its true state of affairs, the results of its operations, cash flows and changes in equity.

ii. Proper books of account of the Company have been maintained.

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

iv. International Finance Reporting Standards (IFRS) as applicable in Pakistan have been followed in preparation of financial statements. Any departures therefrom has been adequately disclosed and explained.

v. The system of internal control is sound and has been effectively implemented and monitored.

vi. There are no doubts upon the Company's ability to continue as a going concern.

vii. Operating and financial data and key ratio of six years are annexed.

viii. The value of investment of contributory provident fund as at June 30, 2019 amount to Rs. 7.844 Million.

ix. The pattern of shareholding as at June 30, 2019 is annexed.

x. No trade in the shares of the company were carried out by Directors, CEO, CFO, Company secretary, their spouses and minor children.

Board Meeting

During the year under review Eight (8) meetings were held. Attendance by each Director is as follows:

Name of Director	Attendance
Mrs. Shahnaz Umar	8 (Eight)
Mr. Muhammad Umar Virk *(Resigned on 30-11-2018)*	4 (Four)
Mr. Mohammad Mahboob *(Appointed on 03-09-2018)*	7 (Seven)
Mr. Lutfullah Virk *(Resigned on 30-11-2018)*	Nill
Mrs. Mohammad Tariq *(Appointed on 30-11-2018)*	3 (Three)
Mrs. Sadiya Umair	8 (Eight)
Mr. Shaukat Nazir Malik	5 (Five)
Mr. Usman Khalid *(Resigned on 03-08-2018)*	Nill
Mr. Omer Aziz Mian *(Appointed on 15-12-2018) (Retired on 31-03-2019)*	1 (One)
Mr. Saeed Ahmed Khan	8 (Eight)
Mr. Muhammad Saeed *(Appointed on 30-03-2019)*	1 (One)

Leave of absence was granted to Directors who could not attend some of the Board meetings.

Audit Committee

The Board of Directors in compliance with the code of corporate governance has established an audit committee which is fully functional. The committee comprises three members. Chairman of the committee is an Independent non-executive director. During the year four (4) meetings of Audit Committee were held. Attendance by each Director is as follows.

Name of Director	Attendance
Mr. Shaukat Nazir Malik (Chairman)	4 (Four)
Mr. Mohammad Mahboob Appointed in place of Mr. Usman Khalid	3 (Three)
Mr. Muhammad Umar Virk	2 (Two)
Mr. Muhammad Tariq Appointed in place of Mr. Muhammad Umar Virk	2 (Two)
Mr. Muhammad Saeed Appointed in place ofMr. Mohammad Mahboob	1 (One)

Human Resource Committee

In compliance with the code of Corporate Governance, the Board of Directors has constituted a Human Resource Committee (HR Committee) whose members consist of three Directors of whom two are non-executive directors appointed by the Board of Directors. During the year one (1) meetings of HR committee of the Board were held – attendance by each Director is as follows:

Name of Director	Attendance
Mrs. Sadiya Umair (Chairman)	1 (One)
Mr. Muhammad Umar Virk	1 (One)
Mr. Saeed Ahmed Khan	1 (One)

Auditors

The present auditors Rehman Sarfaraz Rahim Iqbal Rafiq (Chartered accountants), retire at the conclusion of the annual general meeting and being eligible and has offered themselves for reappointment for the financial year ending June 30, 2020.

Acknowledgements

Continued diligence and devotion of the staff and workers of the company and good human relations at all levels deserve acknowledgement. The Directors also wish to place on record their thanks to the bankers and other stakeholders for their continued support to the company.

On Behalf of the Board

MOHAMMAD MAHBOOB
Chief Executive Officer

Lahore: January 04, 2020

حرا ٹیکسٹائل ملز لمیٹڈ

ممبران کے لیئے ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کمپنی کے سالانہ 30 جون 1919 کو ختم ہونے والے سال کے لئے نظر ثانی شدہ مالیاتی حسابات اور اس پر آڈیٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ کوڈ آف کارپوریٹ گورننس کے تحت کمپنی کے حسابات تصدیق شدہ منجانب چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر اور جسکی بورڈ آڈٹ کمیٹی نے سفارش کی اور بورڈ آف ڈائریکٹرز نے پیش کرنے کی اجازت دی۔

کمپنی کی کارکردگی

کمپنی کے اپریٹنگ مالیاتی نتائج درج ذیل ہیں	سال 2019 ملین روپے	سال 2018 ملین روپے
فروخت	2,645.989	2,171.757
مجموعی (نقصان)	(1,061.512)	(153.669)
حرا ٹیری کے (نقصان)/منافع کا حصہ	(567.992)	(124.970)
قبل از ٹیکس (نقصان)	(1,859.805)	(540.544)
ٹیکس	156.159	6.425
بعد از ٹیکس (نقصان)/منافع	(2,015.842)	(546.969)
فی شیئر (نقصان)/آمدنی (EPS)	(23.28)	(6.32)

منڈی کے غیر موافق حالات اور دھاگے کی قیمتوں میں مندی خام مال اور پیداواری لاگت میں آضافہ کے نتیجہ میں کم مارجنز اور شراکت دار/تعلقدار کمپنی میں نقصان کی بدولت آپکی کمپنی کو بعد از ٹیکس 2015.842 ملین کا نقصان ہوا ہے۔ جبکہ پچھلے سال اسی مدت کے دوران 546.969 ملین روپے کا نقصان ہوا تھا۔ اس سال کا فی شیئر نقصان 23.28 روپے ہے جبکہ پچھلے سال فی شیئر نقصان 6.32 روپے تھا۔ زیر جائزہ سال کے دوران مجموعی نقصان گزشتہ سال کے نقصان 7.07 کے مقابلہ میں 40.12% فیصد رہا ہے۔ تقسیم کے اخراجات فروخت کے 0.56 فیصد کے مقابلے میں فروخت کے 0.11 فیصد تک ہو گئے۔ انتظامی اخراجات فروخت کے 2.20 فیصد سے کم ہو کر 1.36 فیصد تک ہو گئے۔ مالی لاگت گزشتہ سال سے 7.77 فیصد زیادہ ہو گئی ہے۔

موجودہ نقصان میں میسرز حرا ٹیری ملز لیمٹیڈ کا 567.992 ملین روپے کا نقصان بھی شامل ہے جبکہ پچھلے سال اسی مدت میں 124.970 ملین روپے کا نقصان ہوا تھا۔ نقصان میں یہ آضافہ حرا ٹیری کے مارجنز میں نمایاں کمی کی بدولت ہوا۔

اوپر دیئے گے عوامل کی وجہ سے کمپنی کو شدید مالی بحران کا سامنا ہے اور اسی وجہ سے کمپنی اپنے قرضہ جات اور مارک اپ کی بروقت ادائیگی نہ کر سکی۔ دو بینکوں نے کمپنی کے خلاف عدم ادائیگی کی وجہ سے کیسز بھی کر دئے ہیں۔

کمپنی انتظامیہ کو آنے والے سال میں دھاگے کی مانگ میں کمی اور مسلسل بڑھتی ہوئی پیداواری لاگت نیز کپاس کی بڑھتی ہوئی قیمتیں اور کپاس کی پیداوار کی غیر یقینی کیفیت اور دھاگے کی غیر یقینی قیمتوں کی وجہ سے سخت سال دکھائی دے رہا ہے۔ تاہم انتظامیہ اپنی تمام صلاحیت بروے کار لاتے ہوئے کمپنی کے منافع میں بہتری کیلئے کوشاں ہے۔

کمپنی نے اپنی مصنوعات کو موٹے دھاگے سے باریک دھاگے میں تبدیل کر لیا ہے جس کی وجہ سے خام مال کی قیمت کمی اور مزدوروں کی تعداد اور 60% اخراجات میں کمی۔ فی سپنڈل اخراجات میں کمی کے ساتھ۔ بجلی کی لاگت میں بھی کمی واقع ہوگی اور یوں کمپنی اپنے اخراجات میں کمی کی بدولت اپنے مالیاتی بحران پر قابو پانے کے لئے پر امید ہے۔

کمپنی کی انتظامیہ کمپنی کو قرضہ مہیا کرنیوالوں سے طویل مدتی اور کم مدتی قرضوں کی ادائیگیوں کی بشمول سود/مارک اپ کی ادائیگی کے سلسلہ میں بات چیت کر رہی ہے اس سلسلے میں کمپنی نے ادائیگیوں کا ایک منصوبہ پیش کیا ہے تاکہ کمپنی اپنی رواں دواں صلاحیت کو قائم دائم رکھ سکے اور یہی تمام لوگوں کے لئے کامیابی کی ضمانت ہے۔ انتظامیہ پوری طرح مطمئن ہے کہ وہ بینکوں کے ساتھ معقول انتظامات کے تحت جو کہ اصل زر کو 20 آدھ سالہ اقساط بشمول 3 سالہ رعایتی مدت میں ادائیگیوں پر مشتمل ہے اور یہ کمپنی کو اس کے (Liquidity) لیکوڈٹی بحرانوں سے نجات دلائے گا اور بالاخر کمپنی کے منافع میں اضافہ ہوگا۔

کیپٹل اخراجات

کمپنی نے اس سال مشنیری کی آور ہالنگ کی مد میں 73.350 ملین روپے خرچ کئے ہیں۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے مختتمہ سال 30 جون 2019ء کیلئے کمپنی کے نقصان میں ہونے کی بنا پر کوئی منافع تجویز نہیں کیا۔

متعلقہ پارٹیز

متعلقہ پارٹیوں کے درمیان لین دین قابل رسائی قیمتیں مقرر کر کے کیا گیا۔ کمپنی پاکستان اسٹاک ایکسچینج کی لسٹنگ ضابطے میں موجود قیمتوں کے تعین کے بہترین طریقوں پر عمل پیرا ہے۔ آڈٹ کمیٹی کی شفارشات پر بورڈ نے متعلقہ پارٹیوں کے درمیان لین دین قابل رسائی قیمتوں کے تعین کے بارے میں کمپنیز ایکٹ 2017 لسٹیڈ کوڈ آف مینٹینس آف ریلیٹڈ ریکارڈ ریگولیشنز 2018 کی رہنمائی کی روشنی میں تبادلے کی قیمتوں کے بارے میں پالیسی کی منظوری اپنے اجلاس منعقدہ 26 فروری 2019 میں دی ہے۔

مالی حسابات کا آڈٹ اور آڈیٹرز کی رپورٹ

کمپنی کے مالی حسابات پر آڈیٹرز نے اپنی رپورٹ کچھ تبدیلیوں کے ساتھ درج ذیل امور کے بارے میں اپنا منفی نقطہ نظر دیا ہے۔

1- کمپنی کے بینکرز نے 1048.56 ملین روپے کے مالی واجبات کی آڈیٹرز کو براہ راست تصدیق نہیں کی اور نہ ہی کوئی جواب دیا ہے۔

2- کمپنی نے شراکت دار تعلقدار کمپنی کا نفع و نقصان اور دیگر جامع آمدن کا حصہ اپنے حساب کتاب میں شمار کیا ہے وہ نہ تو آڈٹ شدہ ہے اور نہ ہی کمپنی کے بورڈ آف ڈائریکٹرز سے تصدیق شدہ ہیں۔

3- شراکت دار/ تعلقدار کمپنی نے 563.783 ملین کے کاروبار اور 61.49 ملین کے بیلینس سے متعلق آڈیٹرز کو براہ راست کوئی جواب نہیں دیا ہے مزید براں شراکت دار/ تعلقدار کمپنی 420 ملین روپے کمپنی کے ذمہ واجب الادا ہونے کا دعویٰ کر رہی ہے جس کا کمپنی نے انکار کیا ہے۔

4- کمپنی نے 30 جون 2019 کو ختم ہونے والے سال کے دوران مجموعی نقصان 1061.512 ملین روپے اور بعد از ٹیکس نقصان 2015.842 ملین روپے ظاہر کیا ہے۔ کمپنی کے کل نقصان کی رقم اس مدت تک 1510.775 ملین روپے ہو چکا ہے۔ اسکے موجودہ واجبات اسکے موجودہ اثاثہ جات سے 186.364 ملین روپے زیادہ ہیں جس کی وجہ سے کمپنی اپنا سود/ مارک اپ اور اپنے قرضہ ضات کی ٹائم پر ادائیگیاں نہ کر سکی کمپنی کو قرضہ مہیا کرنے والوں نے کمپنی سے 706 ملین روپے کی وصولی کے لئے کیسز داخل کر دیئے ہیں یہ کمپنی کے رواں دواں ہونے پر شبہات کو جنم دے رہے ہیں اور کمپنی ان ادائیگیوں کے معمول کے کاروباری حالات میں ادا کرنے کی صلاحیت نہیں رکھتی۔

مزید براں متعلقہ پارٹی بھی 420 ملین روپے عارضی لون فروخت اور اخراجات کی مد میں کلیم کر رہی ہے جس کا کمپنی نے انکار کیا ہم سمجھتے ہیں کہ کمپنی قرضہ دینے والے ادارے اور متعلقہ پارٹی سے طے کیئے بغیر اپنا معمول کا کاروبار جاری رکھنے اور اپنے کاروباری اپریشنز کو بحال رکھنے کے قابل نہ ہوگی۔

آڈیٹرز کے اعتراضات پر ہم اپنا درج ذیل نقطہ نظر پیش کرتے ہیں۔

1- بینکوں کے بقایا جات کی عدم ادائیگی کی بنا پر کمپنی کے حسابات بینکوں کے (SAM) نامی ادارے یا کورٹ میں منتقل کر دیئے ہیں۔ عام طور پر بینک ایسے معملات میں آڈیٹرز کو براہ راست کوئی جواب نہیں دیتے۔ اب ہم اپنے کنسلٹنٹ کے ذریعے قرضوں کی دوبارہ ادائیگی کے طریقے پر بات چیت کر رہے ہیں اور بینکوں نے بھی اس سلسلہ میں مثبت ردعمل دیا ہے۔

2- شراکت/ تعلقدار کمپنی کا آڈٹ بعض معاملات کے مکمل نہ ہونے کی وجہ سے ابھی تک تکمیل کے مواحل میں ہے اس لیئے ہم نے تمام اعداد و شمار بغیر تصدیق شدہ مالیاتی حساب کے ڈرافٹ سے لی ہیں۔

3- کمپنی نے شراکت/ تعلقدار کمپنی کو 273 ملین روپے کے اخراجات کا ڈیبیٹ نوٹ دیا ہے جسے تعلقدار کمپنی نے اپنے ہاں درج نہیں کیا۔ اسی طرح تعلقدار کمپنی نے اپنے ہاں درج کئے گے کچھ اخراجات سے حرا ٹیکسٹائل کو بلکل مطلع نہیں کیا۔ ہمارے بار بار کی یاد دہانیوں کے باوجود تعلقدار کمپنی نے ہماری 563.783 ملین روپے کی ٹرانزیکشن اور 61.49 ملین روپے جو کہ قابل وصول ہیں کو ہمارے آڈیٹرز رحمان سرفراز رحیم اقبال چارٹرڈ اکونٹنٹس کو براہ راست تصدیق نہیں کی ہے۔

4- رواں دواں صلاحیت کو قائم رکھنے کے لئے درج ذیل اقدامات کئے جا رہے ہیں۔

الف۔ کمپنی کی انتظامیہ کمپنی کو قرضہ مہیا کرنیوالوں سے طویل مدتی اور کم مدتی قرضوں کی ادائیگیوں کی بشمول سود/ مارک اپ کی ادائیگی کے سلسلہ میں بات چیت کر رہی ہے اس سلسلے میں کمپنی نے ادائیگیوں کا ایک منصوبہ پیش کیا ہے تاکہ کمپنی اپنی رواں دواں صلاحیت کو قائم دائم رکھ سکے اور یہی تمام لوگوں کے لئے کامیابی کی ضمانت ہے۔ انتظامیہ پوری طرح مطمئن ہے کہ وہ بینکوں کے ساتھ معقول انتظامات کے تحت جو کہ اصل زر کو 20 آدھ سالہ اقساط بشمول 3 سالہ رعایتی مدت میں ادائیگیوں پر مشتمل ہے اور یہ کمپنی کو اس کے (Liquidity) لیکوڈٹی بحرانوں سے نجات دلائے گا اور بالآخر کمپنی کے منافع میں اضافہ ہوگا۔

ب۔ کمپنی کو اسکے ڈائریکٹرز اور سپونسرز کی طرف سے قرض کی شکل میں مسلسل مدد جاری ہے۔ 30 جون 2019 تک اسکے ڈائریکٹرز/ سپونسرز نے طویل اور قلیل مدتی قرضوں کی صورت میں 531.58 ملین روپے کمپنی کو دیئے اس قرضہ دینے والے ان ڈائریکٹرز/ سپورٹرز نے قرض پر سود/ مارک اپ ہمیشہ معاف کیا ہے۔

پ۔ کمپنی نے اپنی مصنوعات کو موٹے دھاگے سے باریک دھاگے میں تبدیل کر لیا ہے جس کی وجہ سے خام مال کی قیمت کمی اور مزدوروں کی تعداد اور 60% اخراجات میں کمی۔ فی سپنڈل اخراجات میں کمی کے ساتھ۔ بجلی کی لاگت میں بھی کمی واقع ہوگی اور یوں کمپنی اپنے اخراجات میں کمی کی بدولت اپنے مالیاتی بحران پر قابو پانے کے لئے پرامید ہے۔

آئی ایس او 2008:9001 کی سرٹیفکیشن

کمپنی کوالٹی کے اعلیٰ معیار پر کام جاری رکھتی ہے اور سرٹیفکیشن کا ورژن حاصل کر چکی ہے۔ کوالٹی کنٹرول سرٹیفکیٹس سے نئے اور پرانے گاہکوں کا اعتماد تعمیر کرنے میں مدد ملتی ہے۔

ماحول۔ صحت اور تحفظ

کمپنی اپنے ملازمین اور عوام کی صحت کے لیئے خطرات سے بچنے کے لئے محفوظ کام کے حالات کو برقرار رکھتی ہے۔ انتظامیہ نے سال بھر اپنی تمام کاروائیوں میں محفوظ ماحول کو برقرار رکھا ہے اور مسلسل ان کی حفاظت

اور زندگی کی سہولیات کو بہتر بنایا ہے۔

مستقبل کے منصوبے

اگرچہ کمپنی کی کارگردگی سال کے دوران اطمینان بخش نہیں رہی لیکن منڈی کی صورتحال دھاگے کی قیمتوں میں کمی کی وجہ سے حوصلہ افزا نہیں ہے انتظامیہ نے اس صورتحال سے نمٹنے کے لئے ہمہ جہتی تدابیر اختیار کرنے کا منصوبہ بنایا ہے۔ہم اپنی پوری توجہ اپنی پیداوار کو ویلیو ایڈیشن پیداوار میں تبدیل کرنے اور کوالٹی میں بہتری لانے پر مامور کئے ہوئے ہیں۔

کارپوریٹ گورنس کے ضابطہ کی تعمیل

بورڈ آف کارپوریٹ گورننس کے تحت کمپنی کے ڈائریکٹرز رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔

کارپوریٹ گورننس کے ضابطہ کے مطابق، ڈائریکٹرز بخوشی بیان کرتے ہیں:

i- کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکوئٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتا ہے۔

ii- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔

iii- مالی حسابات کی تیاری میں مناسب "اکاؤنٹنگ پالیسیوں" کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

vi- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ (IFRS) کے معیارات کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔

v- "اندرونی کنٹرول" کے نظام کا ڈیزائن مستحکم ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

iv- کمپنی کے رواں دواں ہونے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔

iiv- گزشتہ چھ سال کا کلیدی آپریٹنگ اور مالیاتی شماریات منسلک ہے۔

iiiv- کنٹری بیٹری پرڈیوڈنٹ فنڈ کی مالیت 30 جون 2019 کے خاتمہ پر 7.844 ملین روپے رہی۔

xi- 30 جون 2019 کو شیئر ہولڈنگ کا پیٹرن منسلک ہے

x- مالی سال کے اختتام پر کمپنی مالی حالت کو متاثر کرنے والی کوئی منفی مادی تبدیلیاں اور وعدے جن کا تعلق اس بیلنس شیٹ سے ہو وقوع پذیر نہیں ہوے ہیں۔

ix- 2018-2019 کمپنی کے حصص میں اس کے ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کے زوج اور نابالغ بچوں کی طرف سے کوئی تجارت نہیں کی گئی ہے۔

بورڈ آف ڈائریکٹرز کے اجلاس

زیرجائزہ سال کے دوران بورڈ آف ڈائریکٹرز کے آٹھ اجلاس منعقد ہوئے ہر ڈائریکٹر کی حاضری درج ذیل ہے۔

نام	تعداد حاضری
مسز شہناز عمر	8 (آٹھ)
محمد عمر ورک 30-11-2018 کو مستعفی ہوئے	4 (چار)
محمد محبوب (30-09-18 تعینات ہوئے)	7 (سات)
محمد لطف اللہ ورک (30-11-2018 کو مستعفی ہوئے)	صفر
محمد طارق (30-11-2018 کو تعینات ہوئے)	3 (تین)
مسز سعدیہ عمیر	8 (آٹھ)
شوکت نذیر ملک (آزاد ڈائریکٹر)	5 (پانچ)
عثمان خالد (03-08-2018 کو مستعفی ہوئے)	(کوئی نہیں)
عمر عزیز میار 15-12-2018 کو تعینات ہوئے 30-11-2018 کو مستعفی ہوئے	1 (پانچ)
محمد سعید (30-03-2019 کو تعینات ہوئے)	1 (ایک)

جو ڈائریکٹرز بورڈ کے چند اجلاسوں پر حاضر نہ ہو سکے ان کی غیر حاضری کو چھٹی قرار دیا گیا۔

آڈٹ کمیٹی

کارپوریٹ گورننس کے ضابطہ کی تعمیل میں بورڈ آف ڈائریکٹر نے آڈٹ کمیٹی تشکیل دی ہے جو کہ مکمل طور پر کام کر رہی ہے۔کمیٹی تین ممبران پر مشتمل ہے۔

کمیٹی کے چیئرمین ایک آزاد ڈائریکٹر ہیں دوران سال آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے ہر ڈائریکٹر کی حاضری درج ذیل ہے۔

ڈائریکٹر کا نام	حاضری
جناب شوکت نذیر ملک	4 (چار)
جناب محمد طارق	2 (دو) جناب عمر ورک کی جگہ تعینات ہوئے
جناب عمر ورک	2 (دو) مستعفی ہو گئے
جناب محمد محبوب	3 (تین) عثمان خالد کی جگہ تعینات ہوئے

ہیومن ریسورس کمیٹی

کوڈ آف کارپوریٹ گورننس کی تعمیل کرتے ہوئے بورڈ آف ڈائریکٹر نے ایک ہیومن ریسورس کمیٹی تشکیل دی ہے جو کہ تین ممبران پر مشتمل ہے جس میں دو ڈائریکٹر نان ایگزیکٹو ہیں۔ دوران سال ہیومن ریسورس کمیٹی کا ایک اجلاس منعقد ہوا۔ ہر ڈائریکٹر کا حاضری درج ذیل ہے۔

ڈائریکٹر کا نام	حاضری
محترمہ سعدیہ عمیر	1 (ایک)
محترم محمد عمر ورک	1 (ایک)
محترم سعید احمد خان	1 (ایک)

آڈیٹرز

موجودہ آڈیٹرز میسرز رحمان سرفراز رحیم اقبال رفیق۔ چارٹرڈ اکاونٹس ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر مالی سال جون 2020 کے تقرر کیلئے خود کو پیش کرتے ہیں۔

اعتراف

کمپنی کے عملے اور کارکنان کی مسلسل محنت اور جذبہ اور تمام سطحوں پر اچھے تعلقات کا اعتراف کرتے ہیں۔ ڈائریکٹرز بینکرز اور دیگر حصہ داروں کا بھی کمپنی کی مسلسل حمایت پر شکریہ ادا کرتے ہیں

منجانب بورڈ

لاہور۔ 4 جنوری 2020

محمد محبوب
(چیف ایگزیکٹو آفیسر)

FINANCIAL SUMMARY

Amount Rs.(000)

	2019	2018	2017	2016	2015	2014
Net Sales	2,645,989	2,171,757	3,361,275	3,523,396	4,061,800	4,775,199
Cost of Sales	3,707,501	2,325,426	3,106,262	3,188,731	3,587,519	4,328,582
Gross profit	**(1,061,512)**	**(153,669)**	**255,013**	**334,666**	**474,281**	**446,617**
Administration Expenses	35,938	47,838	53,669	63,862	76,844	73,314
Selling Expences	2,893	12,364	41,175	36,677	50,039	54,092
Operating Profit	**(1,100,343)**	**(213,872)**	**160,169**	**234,127**	**347,398**	**319,210**
Other Operating Income	30,229	3,327	876	5,715	801	2,562
Profit before Interest & Taxation	**(1,070,114)**	**(210,545)**	**161,045**	**239,842**	**348,199**	**321,772**
Other Operating Expenses	763	14	207	1,596	5,956	2,217
Financial & Other Charges	220,936	205,016	219,556	228,410	270,151	285,867
Share of profit Hira Terry Mills Ltd.	(567,992)	(124,970)	102,676	91,565	78,303	73,636
Profit before Taxation	**(1,859,805)**	**(540,544)**	**43,958**	**101,400**	**150,395**	**107,324**
Provision for Taxation	156,037	6,425	36,503	7,862	58,057	(27,047)
Profit after Taxation (Net Profit)	**(2,015,842)**	**(546,969)**	**7,456**	**93,537**	**92,338**	**134,372**
Financial Position						
Current Assets	1,164,764	2,257,623	2,627,405	2,255,468	2,340,097	2,046,423
Current Liabilities	2,459,510	2,280,329	2,951,446	2,464,531	2,428,841	2,300,419
Operating Fixed Assets	2,446,541	2,506,220	2,545,357	2,574,458	2,083,750	1,948,545
Total Assets	3,713,199	5,434,614	5,967,446	5,514,606	5,021,274	4,515,040
Net Capital Employed	1,718,746	3,662,236	3,545,253	3,050,075	2,592,433	2,214,621
Long Term Debts	1,122,338	1,127,709	426,044	466,125	589,701	330,560
Share Holder,s Equity	(97,439)	1,947,860	2,497,864	1,945,237	1,852,817	1,762,184
Surplus on Revaluation on Fixed Assets	465,057	507,951	529,235	451,377	65,893	65,893
Break -up Value Per Share (Rupees)	(1.13)	22.50	28.85	22.47	23.54	22.39
Number of shares	86,577,920	86,577,920	86,577,920	86,577,920	78,707,200	78,707,200
Financial Ratios Analysis (Annualized)						
Current Ratio	0.47	0.99	0.89	0.92	0.96	0.89
Total Debt to Total Assets	30.23	20.75	7.14	8.45	11.74	7.32
Acid -Test Ratio	35.31	15.98	16.55	17.26	17.59	15.36
Debt Equity	110:(10)	37:63	15:85	19:81	24:76	16:84
Debt Coverage Ratio	7.82	(0.93)	3.55	0.94	1.08	1.09
Leverage Ratio	(39.11)	1.79	1.39	1.83	1.71	1.56
Interest Coverage Ratio	(7.42)	(1.64)	1.20	1.44	1.56	1.38
Fixed Assets Turnover	1.08	0.87	1.32	1.37	1.95	2.45
Total Assets Turnover	0.71	0.40	0.56	0.64	0.81	1.06
Per Share Results & returns						
Earning per Share	(23.28)	(6.32)	0.09	1.08	1.15	1.69
Return on Capital employed- net	(117.29)	(14.94)	0.21	3.07	3.56	6.07
Gross Profit to Sales	-40.12	-7.08	7.59	9.50	11.68	9.35
Operating Profit To Sales	(41.59)	(9.85)	4.77	6.64	8.55	6.68
Net Income to Sale (Profit margin)	(76.18)	(25.19)	0.22	2.65	2.27	2.81
Return on Assets (ROA)	(54.29)	(10.06)	0.12	1.70	1.84	2.98

INFORMATION UNDER CLAUSE XVI(J) OF THE CODE CORPORATE GOVERNANCE
As at June 30, 2019

Description	Shares Held	%
Director, Chief Executive Officer, and their Spouse,and minor children.		
MRS. SHAHNAZ UMAR	5,725,854	6.6135
MRS. SADIYA UMAIR	5,637,933	6.5120
MR. SAEED AHMED KHAN	2,420	0.0028
MR. MUHAMMAD TARIQ	500	0.0006
MR. MOHAMMAD MAHBOOB	500	0.0006
MR. SHAUKAT NAZIR MALIK	967	0.0011
MR. MUHAMMAD SAEED	500	0.0006
	11,368,674	**13.13**
Associated Companies, undertakings and related parties. Adamjee Insurance Co.	**-**	-
Banks, Development Finance Institutions, Non Banking Financial Instuitions.	**738**	0.00
Joint Stock Cpmpanies	**3,230,318**	3.73
Modarabas / P.FUND	**1,752,000**	2.02
Govt. Institution	**72,567**	0.08
General Public	**70,153,623**	81.03
Local		-
Foreign	Nil	-
	86,577,920	**100.00**
Shareholders holding 5% or more		
MR. MUHAMMAD UMAR VIRK	23,619,758	27.28
MRS. UMAIRA OMAR	8,603,922	9.94
MRS. SHAHNAZ UMAR	5,725,854	6.61
MRS. SADIYA UMAIR	5,637,933	6.51

Pattern of Shareholding
As at June 30, 2019

INCORPORATION No. 0023196

FORM 34

Share Holders	Shareholding From		Shareholding To	Total Shares Held
147	1	-	100	4,339
230	101	-	500	99,788
320	501	-	1000	269,606
745	1001	-	5000	2,185,171
283	5001	-	10000	2,289,785
119	10001	-	15000	1,529,807
73	15001	-	20000	1,360,741
56	20001	-	25000	1,338,148
36	25001	-	30000	1,038,760
28	30001	-	35000	941,382
14	35001	-	40000	544,300
16	40001	-	45000	688,125
26	45001	-	50000	1,275,775
11	50001	-	55000	583,750
13	55001	-	60000	769,500
7	60001	-	65000	435,434
6	65001	-	70000	417,060
3	70001	-	75000	222,567
3	75001	-	80000	230,500
3	80001	-	85000	251,000
7	85001	-	90000	612,950
4	90001	-	95000	370,000
12	95001	-	100000	1,192,535
3	100001	-	105000	310,250
4	105001	-	110000	430,500
1	110001	-	115000	115,000
3	115001	-	120000	357,000
3	120001	-	125000	374,063
2	125001	-	135000	266,500
6	135001	-	150000	865,000
5	160001	-	170000	835,238
3	170001	-	180000	530,500
10	180001	-	200000	1,965,755
1	200001	-	210000	210,000
2	235001	-	240000	477,750
1	240001	-	250000	250,000
2	255001	-	300000	556,000
2	310001	-	355000	678,500
1	355001	-	380000	377,000
1	380001	-	405000	400,000
1	425001	-	455000	434,000
1	455001	-	460000	457,500
1	460001	-	490000	486,000
1	490001	-	500000	500,000
2	500001	-	560000	1,079,500
1	560001	-	565000	564,000
2	565001	-	600000	1,200,000
1	600001	-	605000	602,250
1	605001	-	865000	860,000
1	865001	-	970000	966,000
3	970001	-	1000000	2,979,000
2	1000001	-	1100000	2,195,000
1	1100001	-	1110000	1,107,022
1	1135001	-	1970000	1,966,602
1	1970001	-	5640000	5,637,933
1	5640001	-	5730000	5,725,854
1	5730001	-	8605000	8,603,922
1	8605001	-	11185000	11,180,186
1	11185001	-	12385000	12,383,072
2236				**86,577,920**

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Company has compiled with the requirements of the regulation in the following manner:

1. The total number of directors are 07 as per the following:
   a. Male: 05
   b. Female: 02
2. The composition of Board is as follows:
   a) Independent Director: 01 as named hereunder:
   i. Mr. Shaukat Nazir Malik

b) Other Non-executive Directors: 04 as named hereunder:
   i. Mrs. Shahnaz Umar
   ii. Mrs. Sadiya Umair
   iii. Mr. Mohammad Tariq
   iv. Mr. Mohammad Saeed

c) Executive Director: 02 as named hereunder:
   i. Mr. Mohammad Mahboob – Chief Executive Officer
   ii. Mr. Saeed Ahmad Khan

   Regulation 6 of the Regulations requires that the independent directors of each listed company shall not be less than two members or one third of the total members of the Board, whichever is higher. However, there is only independent director on the Board of Directors of the Company. The Company is taking steps to ensure compliance with this requirement.

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The company has not arranged training programs for its directors during the year. However, the company has planned training program for its directors in accordance with the requirements of PSX regulations. Three Directors who had completed their training had resigned and inducted new directors who have 14 years education and vast business experience in finance, accounts and corporate.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:
    a) Audit Committee (Name of members and Chairman)
    i. Mr. Shaukat Nazir Malik (Independent Director and Chairman of Board's Audit Committee)
    ii. Mr. Mohammad Tariq (Non-Executive Director and Member of Board's Audit Committee)
    iii. Mr. Mohammad Saeed (Non-Executive Director and Member of Board's Audit Committee)
    b) HR and Remuneration Committee (Name of members and Chairman)
    i. Mrs. Sadiya Umair (Non-Executive Director and Chairman of Board's HR&R Committee)
    ii. Mr. Mohammad Mahboob (Executive Director and Member of Board's HR&R Committee)
    iii. Mr. Saeed Ahmad Khan (Executive Director and Member of Board's HR&R Committee)

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

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

    a) Audit Committee: 04 meetings held during the year ended 30 June 2019

    b) HR and Remuneration Committee: 01 meetings held during the year ended 30 June 2019

15. The Board has set-up an effective internal Audit function. The staff is considered to be suitably qualified and experienced for the purpose and is fully 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. Except for as stated above, we confirm that all other requirements of the Regulations have been complied with.

For and on behalf of the Board

MOHAMMAD MAHBOOB
Chief Executive Officer

Lahore: January 04, 2020

This page has been left blank intentionally

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of HIRA TEXTILE MILLS LIMITED

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

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

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

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

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

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

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

Reference	
Paragraph 2	Independent directors of Company are less than two members or one third of the total members of the Board of Directors of the Company.
Paragraph 9	The Board has not arranged any directors training program for its directors during the year.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Lahore: ***January 04, 2020***

INDEPENDENT AUDITOR'S REPORT

To the members of HIRA TEXTILE MILLS LIMITED
Report on the Audit of the Financial Statements

Adverse Opinion

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

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

Basis for Adverse Opinion

We have not received responses to our requests for direct confirmations from bankers of the Company for liabilities amounting to Rs. 1,048.68 million. We were unable to satisfy ourselves by alternative means concerning these liabilities as at the reporting date.

The Company has recognized its share of profit or loss and other comprehensive income of associate on the basis of financial statements that are neither audited nor authenticated by the Board of Directors of the associate. A material adjustment to the carrying amount of investment may be required after the audited financial statements of associate become available.

We have not received response to our request for direct confirmation from a related party for transactions and balances amounting to Rs. 563.783 million and Rs. 61.49 million respectively. We were unable to satisfy ourselves by alternative means concerning these transactions and balances. Further, as referred to in note 19.1.7, the related party has claimed an amount of Rs. 420 million as due from the Company as at the reporting date on account of temporary loans, sales and expenses, which the Company has denied. A material adjustment to balances with related party may be required.

As referred to in note 2.2 to the financial statements, the Company has incurred gross loss of Rs. 1,061.512 million and loss after tax of Rs. 2,015.842 million during the year ended June 30, 2019. As at the reporting date, the Company has accumulated losses of Rs. 1,510.775 million. Its current liabilities exceed current assets by Rs. 186.364 million. The Company has not been able to make timely repayments of its debt finances and interest/mark-up thereon. The providers of debt finances have filed recovery suits against the Company for Rs. 706 million. These factors indicate existence of material uncertainty that raises doubts about the Company's ability to continue as a going concern and that the Company may not be able to discharge its liabilities and realize its assets in the normal course of business. Further, a related party has claimed an amount of Rs. 420 million as due from the Company as at the reporting date on account of temporary loans, sales and expenses, which the Company has denied. We consider that in the absence of any favourable settlement with the providers of debt finances/related party, ability to obtain further financing and revival of its operations, the Company may not be able to settle its liabilities and realize its assets in the normal course of business. Consequently, the use of going concern assumption in the preparation of annexed financial statements is not appropriate and adjustments may be required to the amounts reported in the financial statements. The financial statements do not disclose this fact.

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

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
1. First time adoption of IFRS 9 – Financial Instruments	
As referred to in note 3 to the financial statements, the Company has adopted IFRS 9 - 'Financial Instruments'. The new standard requires the Company to make allowance for impairment of financial assets using Expected Credit Loss ['ECL'] approach as against the Incurred Loss Model previously applied by the Company. Determination of ECL for financial assets requires significant judgment and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information. We have considered the first time application of IFRS 9 requirements as a key audit matter due to significance of the change in accounting methodology and involvement of estimates and judgments in this regard.	Our key procedures to review the application of IFRS 9 included, amongst others, review of the methodology developed and applied by the Company to estimate the ECL in relation to financial assets. We also considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates. Further, we assessed the integrity and quality of the data used for ECL computation based on the accounting records and information system of the Company as well as the related external sources as used for this purpose. We checked the mathematical accuracy of the ECL model by performing recalculation on test basis. In addition to above, we assessed the adequacy of disclosures in the financial statements of the Company regarding application of IFRS 9 as per the requirements of the above standard.

Key audit matter	How our audit addressed the key audit matter
2. Inventory valuation	
Stock in trade amounts to Rs 246.532 million as at the reporting date. The valuation of stock in trade at cost has different components, which includes judgment in relation to the allocation of labour and overheads which are incurred in bringing the stock to its present location and condition. Judgment has also been applied by management in determining the Net Realizable Value ['NRV'] of stock in trade. The estimates and judgments applied by management are influenced by the amount of direct costs incurred historically, expectations of repeat orders to utilize the stock in trade, sales contract in hand and historically realized sales prices.	To address the valuation of stock in trade, we assessed historical costs recorded in the inventory valuation; testing on a sample basis with purchase invoices. We tested the reasonability of assumptions applied by the management in allocating direct labour and direct overhead costs to inventories. We also assessed management's determination of the net realizable value of inventories by performing tests on the sales prices secured by the Company for similar or comparable items of inventories.

Key audit matter	How our audit addressed the key audit matter
The significance of the balance coupled with the judgment involved has resulted in the valuation of inventories being identified as a key audit matter The disclosures in relation to inventories are included in note 24.	
3. Tax contingencies	
As disclosed in note 19 to the annexed financial statements, various tax matters are pending adjudication at various levels with the taxation authorities and other legal forums. Such contingencies require the management to make judgments and estimates in relation to the interpretation of tax laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Due to inherent uncertainties and the time period such matters may take to resolve, the management's judgments and estimates in relation to such contingencies may be complex and can significantly impact the financial statements. For such reasons we have considered tax contingencies as a key audit matter.	Our key audit procedures in this area included, amongst others, a review of the correspondence of the Company with the relevant tax authorities and tax advisors including judgments or orders passed by the competent authorities. We also obtained and reviewed confirmations from the Company's external tax advisor for their views on the status of each case and an overall opinion on the open tax position of the Company. We involved internal tax experts to assess and review the management's conclusions on contingent tax matters and evaluated whether adequate disclosures have been made in note 19 to the annexed financial statements.

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) except for the possible effects of matters explained in 'Basis of Adverse Opinion' section of our report:

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

    ii. the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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

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

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

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Lahore: ***January 04, 2020***

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019	2018
		Rupees	*Rupees*
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
87,000,000 (2018: 87,000,000) ordinary shares of Rs. 10 each		**870,000,000**	870,000,000
Issued, subscribed and paid-up capital	*7*	**865,779,200**	865,779,200
Share premium	*8*	**82,500,000**	82,500,000
Surplus on revaluation of property, plant and equipment	*9*	**465,056,876**	507,951,005
Un-appropriated (losses)/profit		**(1,510,775,030)**	491,629,425
TOTAL EQUITY		**(97,438,954)**	1,947,859,630
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances	*10*	**908,845,098**	904,109,303
Loan from directors and sponsors	*11*	**213,493,000**	213,493,000
Liabilities against assets subject to finance lease	*12*	**-**	10,106,974
Employees retirement benefits	*13*	**7,893,687**	12,154,649
Deferred taxation	*14*	**220,896,635**	66,561,468
		1,351,128,420	1,206,425,394
CURRENT LIABILTIES			
Trade and other payables	*15*	**809,150,599**	742,032,688
Unclaimed dividend		**2,757,216**	2,757,216
Short term borrowings	*16*	**1,345,646,184**	1,448,562,373
Accrued interest/markup	*17*	**242,790,441**	65,965,591
Current portion of non-current liabilities	*18*	**59,165,314**	21,010,952
		2,459,509,754	2,280,328,820
TOTAL LIABILITIES		**3,810,638,174**	3,486,754,214
CONTINGENCIES AND COMMITMENTS	*19*		
TOTAL EQUITY AND LIABILITIES		**3,713,199,220**	5,434,613,844

The annexed notes from 1 to 55 form an integral part of these financial statemements.

CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	DIRECTOR/CHAIRPERSON

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019	2018
		Rupees	*Rupees*
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	*20*	**2,446,540,823**	2,506,220,177
Long term investments	*21*	**68,867,548**	637,901,323
Long term deposits	*22*	**33,026,841**	32,869,577
		2,548,435,212	3,176,991,077
CURRENT ASSETS			
Stores, spares and loose tools	*23*	**36,417,562**	99,238,521
Stock in trade	*24*	**251,674,899**	1,725,675,247
Trade debts	*25*	**605,316,530**	83,029,429
Advances, deposits, prepayments and other receivables	*26*	**196,726,360**	192,000,547
Advance income tax	*27*	**66,311,981**	89,407,213
Cash and bank balances	*28*	**8,316,676**	68,271,810
		1,164,764,008	2,257,622,767
TOTAL ASSETS		**3,713,199,220**	5,434,613,844

The annexed notes from 1 to 55 form an integral part of these financial statemements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR/CHAIRPERSON

HIRA TEXTILE MILLS LIMITED

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 *Rupees*	2018 *Rupees*
Sales -*net*	*29*	**2,645,989,119**	2,171,756,666
Cost of sales	*30*	**(3,707,501,122)**	(2,325,425,936)
Gross loss		**(1,061,512,003)**	(153,669,270)
Distribution cost	*31*	**(2,893,481)**	(12,364,474)
Administrative expenses	*32*	**(35,937,831)**	(47,837,780)
		(38,831,312)	(60,202,254)
Other income	*33*	**30,229,008**	3,326,836
Operating loss		**(1,070,114,307)**	(210,544,688)
Finance cost	*34*	**(220,935,640)**	(205,015,531)
Other charges	*35*	**(763,478)**	(14,250)
		(1,291,813,425)	(415,574,469)
Share of loss of associate	*21*	**(567,991,792)**	(124,969,647)
Loss before taxation		**(1,859,805,217)**	(540,544,116)
Taxation	*36*	**(156,036,892)**	(6,425,137)
Loss after taxation		**(2,015,842,109)**	(546,969,253)
Loss per share -*basic and diluted*	*37*	**(23.28)**	(6.32)

The annexed notes from 1 to 55 form an integral part of these financial statemements.

CHIEF EXECUTIVE | CHIEF FINANCIAL OFFICER | DIRECTOR/CHAIRPERSON

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		Rupees	*Rupees*
Items that may be reclassified subsequently to profit or loss		**-**	-
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit obligation	*13.3*	**(208,015)**	(335,244)
Deferred tax on remeasurements of defined benefit obligation		**33,331**	28,585
Deferred tax adjustment on surplus on revaluation of property, plant and equipment attributable to changes in tax rates	*9*	**-**	1,022,147
Deferred tax adjustment on surplus on revaluation of property, plant and equipment attributable attributable to change in proportion of income taxation under final tax regime	*9*	**(28,239,808)**	(4,169,138)
Share of other comprehensive (loss)/income of associate - *unrealized*		**(1,041,983)**	418,236
Other comprehensive loss		**(29,456,475)**	(3,035,414)
Loss for the year		**(2,015,842,109)**	(546,969,253)
Total comprehensive loss		**(2,045,298,584)**	(550,004,667)

The annexed notes from 1 to 55 form an integral part of these financial statemements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR/CHAIRPERSON

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		Rupees	*Rupees*
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	*38*	**139,753,392**	412,864,508
Payments for:			
Employees retirement benefits		**(9,248,760)**	(20,796,724)
Interest/markup on borrowings		**(42,359,759)**	(206,370,096)
Income tax		**(6,812,970)**	(9,352,352)
Net cash generated from operating activities		**81,331,903**	176,345,336
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(73,350,067)**	(98,635,122)
Proceeds from disposal of property, plant and equipment		**4,168,000**	8,950,000
Long term deposits made		**(157,264)**	(619,835)
Net cash used in investing activities		**(69,339,331)**	(90,304,957)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term finances		**(4,340,000)**	(63,507,412)
Repayment of liabilities against assets subject to finance lease		**(4,691,517)**	(20,179,491)
Net (decrease)/increase in short term borrowings		**(62,916,189)**	59,828,591
Dividend paid		**-**	(121,960)
Net cash generated from financing activities		**(71,947,706)**	(23,980,272)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(59,955,134)**	62,060,107
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**68,271,810**	6,211,703
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	*39*	**8,316,676**	68,271,810

The annexed notes from 1 to 55 form an integral part of these financial statemements.

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR/CHAIRPERSON**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2019

	Share capital	Capital reserves		Revenue reserves	
	Issued subscribed and paid-up capital *Rupees*	Share premium *Rupees*	Surplus on revaluation of property, plant and equipment *Rupees*	Un-appropriated profit/(losses) *Rupees*	Total equity *Rupees*
Balance as at July 01, 2017	865,779,200	82,500,000	529,234,822	1,020,350,275	2,497,864,297
Comprehensive income					
Loss after taxation	-	-	-	(546,969,253)	(546,969,253)
Other comprehensive income/(loss)	-	-	(3,146,991)	111,577	(3,035,414)
Total comprehensive loss	-	-	(3,146,991)	(546,857,676)	(550,004,667)
Incremental depreciation	-	-	(18,136,826)	18,136,826	-
Transaction with owners	-	-	-	-	-
Balance as at June 30, 2018	865,779,200	82,500,000	507,951,005	491,629,425	1,947,859,630
Balance as at July 01, 2018	**865,779,200**	**82,500,000**	**507,951,005**	**491,629,425**	**1,947,859,630**
Comprehensive income					
Loss after taxation	**-**	**-**	**-**	**(2,015,842,109)**	**(2,015,842,109)**
Other comprehensive loss	**-**	**-**	**(28,239,808)**	**(1,216,667)**	**(29,456,475)**
Total comprehensive loss	**-**	**-**	**(28,239,808)**	**(2,017,058,776)**	**(2,045,298,584)**
Incremental depreciation	**-**	**-**	**(14,654,321)**	**14,654,321**	**-**
Transaction with owners	**-**	**-**	**-**	**-**	**-**
Balance as at June 30, 2019	**865,779,200**	**82,500,000**	**465,056,876**	**(1,510,775,030)**	**(97,438,954)**

The annexed notes from 1 to 55 form an integral part of these financial statemements.

CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	DIRECTOR/CHAIRPERSON

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

1 LEGAL STATUS AND OPERATIONS

Hira Textile Mills Limited ['the Company'] is incorporated in Pakistan as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017), and is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 44-E/1, Gulberg III, Lahore. The principal activity of the Company is manufacturing and sale of yarn. The manufacturing facility is located at Manga Raiwind Road, Tehsil and District Kasur in the province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards ['IFRS'] issued by the International Accounting Standards Board ['IASB'] as notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards ['IFAS'] issued by Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

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

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

2.2 Appropriateness of the going concern assumption

The Company has been facing unfavorable market conditions, depressed yarn prices following weak demand of spun yarn, increase in raw material and production costs resulting in low margins for past few years. As a result, the Company has incurred gross loss of Rs. 1,061.512 million and loss after taxation of Rs. 2,015.842 million during the year ended June 30, 2019. As at June 30, 2019, the Company has accumulated losses of Rs. 1,510.775 million as at the reporting date and its current liabilities exceed its current assets by Rs. 186.364 million. The Company has failed to make timely repayments of its debt finances and interest/mark-up thereon due to which lenders have filed recovery suits against the Cmpany. These factors raise doubts about the Company's ability to continue as a going concern and that the Company may not be able discharge its liabilities and realize its assets in normal course of business. However, these financial statements have been prepared on going concern basis based on the following:

a) The managment of the company has entered into negotiation with the providers of debt finances for restructuring of long term and short term debt including accrued interest/mark-up thereon. The Company has proposed a re-structuring plan to enable the Company to maintain its going concern status, which is the only WIN-WIN situation for all of the stake holders. The management is confident that it will be able to secure a reasonable arrangement with bank of principal repayment in 20 semi-annual installment with three (3) years grace period, which will relieve the Company of its liquidity crises and ultimatly the profitablity of the Company will increase.

b) The Company has continued financial support of its directors and sponsors in the form of loans. Upto June 30, 2019, the directors and sponsors of the Company has provided financial support amounting to Rs. 531.58 million in the form or long term and short term loans. The lenders have always waived entire interest/mark-up on these loans.

c) The Company has shifted its product mix from manufacturing of coarse count yarn to fine count yarn. This will lead to lower cost of raw material (primarily cotton) and reduction in manpower requirements, reduction in per spindle cost through savings in energy costs as well as upto 60% savings in labour costs. This, coupled with a company-wide cost-cutting drive, is expected to provide the much needed breathing room in terms of liquidity.

The management believes that in view of the afore mentioned, the Company will able to continue as a going concern.

2.2 Basis of measurement

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

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

2.3 Critical accounting judgements and key sources of estimation uncertainty

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

2.3.1 Critical accounting judgements

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

(a) Business model assessment (see note 6.7.2)

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

(b) Depreciation method, rates and useful lives of operating fixed assets (see note 6.1)

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

(c) Expected credit losses and impairment of financial assets (see note 6.23.1)

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

(d) Recoverable amount and impairment of non-financial assets (see note 6.23.2)

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

(e) Obligation under defined benefit plan (see note 6.6)

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

(f) Taxation (see note 6.19)

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

(g) Provisions (see note 6.13)

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

(h) Revaluation of property, plant and equipment (see note 6.1)

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

(i) Net realizable values of stock in trade (see note 6.5)

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

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

2.3.2 Key sources of estimation uncertainty

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

(a) Calculation of impairment allowance for expected credit losses on financial assets (see note 6.23.1)

When measuring expectied credit losses on financial assets the Company uses reasonable and supportable forward looking information as well as historical data to calculate the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from collateral and integral credit enhancements, if any. Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. If the expected credit loss rates on trade debts past due had been 10% higher/lower as at the reporting date, the loss allowance on financial assets would have been higher/lower by Rs. 76,347

2.4 Functional currency

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

2.5 Date of authorization for issue

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

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

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

3.1 IFRS 9 - Financial Instruments

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

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

Classification and measurement

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

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

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

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

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

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

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

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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

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

	IAS 39	IFRS 9
Long term finances	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Loan from directors and sponsors	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Liabilities against assets subject to finance lease	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Short term borrowings	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Accrued interest/markup	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Trade creditors	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Due to related party	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Accrued liabilities	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Unclaimed dividend	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Long term deposits	Loans and receivables	Financial assets at amortized cost
Trade debts	Loans and receivables	Financial assets at amortized cost
Advances to employess	Loans and receivables	Financial assets at amortized cost
Margin deposits	Loans and receivables	Financial assets at amortized cost
Due from related party	Loans and receivables	Financial assets at amortized cost
Bank balances	Loans and receivables	Financial assets at amortized cost

Impairment of financial assets

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

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

3.2 IFRS 15 - Revenue from Contracts with Customers

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

3.3 Clarifications to IFRS 15 - Revenue from Contracts with Customers

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

3.4 IFRIC 22 - Foreign Currency Transactions and Advances Consideration

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

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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

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

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

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

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

- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;

- an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach

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

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

IAS 40 - Investment Property have following amendments:

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

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

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

Annual improvements makes amendments to the following standards:

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

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

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

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

	Effective date (annual periods beginning on or after)
IFRS 16 - Leases (2016)	January 01, 2019
IFRS 17 - Insurance contracts (2017)	January 01, 2021
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely

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

	Effective date (annual periods beginning on or after)
IFRIC 23 - Uncertainty over Income Tax Treatments	January 01, 2019
Prepayment Features with Negative Compensation (Amendments to IFRS 9 - Financial Instruments)	January 01, 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28 - Investments in Associates and Joint Ventures)	January 01, 2019
Annual Improvements to IFRS Standards 2015 – 2017 Cycle	January 01, 2019
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19 - Employee	January 01, 2019
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
Definition of a Business (Amendments to IFRS 3 - Business Combinations)	January 01, 2020
Definition of Material (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)	January 01, 2020

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

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

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

5 CHANGES IN ACCOUNTING POLICIES

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

Previous accounting policy	New accounting policy
Impairment of financial assets A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.	The Company recognizes a loss allowance for expected credit losses on financial assets carried at amortized cost on date of inital recognition. The amount of expected credit losses is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial asset. Impairment is recognized at an amount equal to lifetime expected credit losses for financial assets for which credit risk has increased significantly since initial recognition. For financial assets for which credit risk is low, impairment is recognized at an amount equal to twelve months' expected credit losses, with the exception of trade debts, for which the Company recognises lifetime expected credit losses estimated using internal credit risk grading based on the Company's historical credit loss experience, adjusted for factors that are specific to debtors, general economic conditions, and an assessment for both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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

6 SIGNIFICANT ACCOUNTING POLICIES

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

6.1 Property, plant and equipment

6.1.1 Operating fixed assets

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

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

The Company recognizes depreciation in profit or loss by applying reducing balance method over the useful life of each operating fixed asset using rates specified in note 20.1 to the financial statements. Depreciation on additions to operating fixed assets is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

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

6.1.2 Capital work in progress

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

6.1.3 Spare parts held exclusively for capitalization

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

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

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

6.3 Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of the associates have been incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the statement of financial position at cost as adjusted for post acquisition changes in the Company's share of net assets of the associates, less any impairment in the investment. Losses of an associates in excess of the Company's interest in that associate (which include any long term interest that, in substance, form part of the Company's net investment in the associate) are recoganise only to the extent that the Company has incurred legal or constructive obligation or made payment on behalf of the associate.

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

6.4 Stores, spares and loose tools

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

6.5 Stock in trade

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

Raw material	Weighted average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost

Stock in transitInvoice price plus related cost incurred up to the reporting date

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

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

6.6 Employee benefits

6.6.1 Short-term employee benefits

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

6.6.2 Post-employment benefits

(a) Defined benefit plan

The Company operates an unfunded gratuity scheme for all its employees at mill who have completed the minimum qualifying service period. Liability is adjusted on each reporting date to cover the obligation and the adjustment is charged to statement of profit or loss with the exception of remeasurements which are recognized in statement of comprehensive income. The amount recognized on statement of financial position represents the present value of defined benefit obligation. The details of the scheme are referred to in note 13 to the financial statements.

(b) Defined contribution plan

The Company operates an approved funded contributory provident fund for its employees at head office who have completed the minimum qualifying period of service as defined under the respective scheme. Equal monthly contributions are made both by the Company and the employees at the rate of 8.33% percent of basic salary and cost of living allowance, where applicable, to cover the obligation. Contributions are charged to statement of profit or loss.

6.7 Financial instruments

6.7.1 Recognition

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

6.7.2 Classification

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

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

(a) Financial assets at amortized cost

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

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

These are financial assets which have not been classified as 'financial assets at amortized cost' or as 'financial assets at fair value through other comprehensive income', are mandatorily measured at fair value through profit or loss or for which the Company makes an irrevocable election at initial recognition to designate as 'financial asset at fair value through profit or loss' if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

(c) Financial liabilities at amortized cost

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

6.7.3 Measurement

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

6.7.4 Derecognition

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

6.7.5 Off-setting

A financial asset and financial liability is offset and the net amount reported in the statement of financial position if the Company has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

6.7.6 Regular way purchases or sales of financial assets

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

6.8 Ordinary share capital

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

6.9 Loans and borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of the borrowings on an effective interest basis.**6.10 Finance leases**

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

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

6.11 Ijarah transactions

Ujrah payments under an Ijarah are recognized as an expense in the statements of profit or loss on a straight-line basis over the Ijarah terms unless another systematic basis are representative of the time pattern of the user's benefit, even if the payments are not on that basis.

6.12 Trade and other payables

6.12.1 Financial liabilities

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

6.12.2 Non-financial liabilities

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

6.13 Provisions and contingencies

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

6.14 Trade and other receivables

6.14.1 Financial assets

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

6.14.2 Non-financial assets

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

6.15 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

Revenue from different sources is recognized as follows:

The Company recognizes revenue primparily from contracts with customer for sale of goods. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with customer. The Company recognizes revenue when risks and rewards incidental to the ownership of goods are transferred to the customer.

Export rebate is recognized at the same time when revenue from export sales is recognized.

6.16 Comprehensive income

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

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

6.17 Borrowing costs

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

6.18 Operating segment

The Company is a single operating segment based on internal reporting to the Board of Directors of the Company.

6.19 Income tax

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

6.19.1 Current taxation

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

6.19.2 Deferred taxation

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

6.20 Earnings per share ['EPS']

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

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

6.21 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at banks.

6.22 Foreign currency transactions and balances

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

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

6.23 Impairment

6.23.1 Financial assets

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

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

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

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

6.23.2 Non-financial assets

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

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

6.24 Dividend distribution to ordinary shareholders

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

	2019	2018
	Rupees	*Rupees*
7 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
Ordinary shares of Rs. 10 each		
48,000,000 (2018: 48,000,000) shares issued for cash	**480,000,000**	480,000,000
38,577,920 (2018: 38,577,920) shares issued as fully paid bonus shares	**385,779,200**	385,779,200
	865,779,200	865,779,200

8 SHARE PREMIUM

This represents premium on issue of ordinary shares recognized under Section 83(1) of the repealed Companies Ordinance, 1984.

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

		Note	2019	2018
			Rupees	Rupees
9	**SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**			
	As at beginning of the year		**507,951,005**	529,234,822
	Incremental depreciation transferred to accumulated profits			
	Incremental depreciation for the year		**(17,450,456)**	(19,827,466)
	Deferred taxation		**2,796,135**	1,690,640
			(14,654,321)	(18,136,826)
	Other adjustments			
	Deferred tax adjustment attributable to change in proportion of income taxation under final tax regime		**(28,239,808)**	(4,169,138)
	Deferred tax adjustment attributable to changes in tax rates		**-**	1,022,147
			(28,239,808)	(3,146,991)
	As at end of the year		**465,056,876**	507,951,005

		Note	2019	2018
10	**LONG TERM FINANCES**			
	These represent secured long term finances utilized under interest/markup arrangements from banking companies			
	Term Finances ['TF']			
	TF - I	*10.1*	**21,575,000**	25,915,000
	TF - II	*10.2*	**316,088,000**	316,088,000
	TF - III	*10.3*	**466,788,303**	466,788,303
	TF - IV	*10.4*	**99,658,000**	99,658,000
	TF - V	*10.5*	**40,000,000**	-
			944,109,303	908,449,303
	Current portion presented under current liabilities	*18*	**(35,264,205)**	(4,340,000)
			908,845,098	904,109,303

10.1 The finance has been obtained from Askari Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company, subordination of loan from directors and personal guarantees of the Company's Directors. The finance carries interest/markup at SBP rate plus 2.5% per annum (2018: SBP rate plus 2.5% per annum) payable quarterly. The finance is repayable in twelve equal quarterly installments with the first installment due in February 2019. An amount of Rs. 271,544 on account of interest/markup is over due as at the reporting date.

10.2 The finance has been obtained from MCB Bank Limited on conversion short term borrowings and restructuring and is secured by charge over operating fixed assets of the Company, subordination of loan from directors and personal guarantees of the Company's Directors. The finance carries interest/markup at three months KIBOR plus 1% (2018: three months KIBOR plus 1%) per annum, payable quarterly. The finance is repayable in twenty equal quarterly installments with the first installment due in June 2020. An amount of Rs. 27.1 million on account of interest/markup is over due as at the reporting date.

10.3 The finance has been obtained from National Bank of Limited on conversion short term borrowings and is secured by charge over operating fixed assets of the Company, personal guarantees of the Company's Directors and pledge of 25% shares of Hira Textile Mills Limited. The finance carries interest/markup at three months KIBOR plus 1% (2018: three months KIBOR plus 1%) per annum, payable quarterly. The finance is repayable in twenty equal quarterly installments with the first installment due in June 2020. An amount of Rs. 39.08 million on account of interest/markup is over due as at the reporting date.

10.4 The finance has been obtained from Faysal Bank Limited on conversion short term borrowings and is secured by charge over operating fixed assets of the Company, personal guarantees of the Company's Directors. The finance carries interest/markup at three months KIBOR plus 1% (2018: three months KIBOR plus 1%) per annum, payable quarterly. The finance is repayable in twenty equal quarterly installments with the first installment due in July 2020. An amount of Rs. 6.72 million on account of interest/markup is over due as at the reporting date.

10.5 The finance has been obtained from Habib Bank Limited on conversion short term borrowings and is secured by charge over operating fixed assets of the Company, personal guarantees of the Company's Directors. The finance carries interest/markup at one month KIBOR plus 1% per annum, payable monthly. The finance is repayable in forty equal monthly installments with the first installment due in April 2020.

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

10.6 For mortgages and charges on assets as security for liabilities, refer to note 45 to the financial statements.

11 LOAN FROM DIRECTORS AND SPONSORS

These represent finances obtained from directors and sponsors of the Company and is unsecured. The finance carries markup at six months KIBOR plus 1.75% per annum (2018: six months KIBOR plus 1.75% per annum). As per the terms of this loan, the lenders on their sole discretion may waive full or partial payment of markup on these finances.

	Note	**2019** *Rupees*	2018 *Rupees*
12 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Present value of minimum lease payments	*12.1 & 12.2*	**22,086,409**	26,777,926
Current portion presented under current liabilities	*12.1 & 12.2*	**(22,086,409)**	(16,670,952)
		-	10,106,974

12.1 These represent vehicles and machinery acquired under finance lease arrangements. The leases are priced at rates ranging from three months to six months KIBOR plus 1.5% to 2% per annum (2018: three months to six months KIBOR plus 1.5% to 2% per annum). Lease rentals are payable monthly over a tenor ranging from 4 to 5 years. Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to finance lease are borne by the Company. The Company also has the option to acquire these assets at the end of their respective lease terms by adjusting the deposit amount against the residual value of the asset and intends to exercise the option. As at reporting date, Rs. 10.71 million and Rs. 849,480 on account of principal and interest/markup respectively are over due. This constitutes default as per terms of lease agreements. Accordingly the entire outstanding amount has been classified as current liability.

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

	Note	**2019** *Rupees*	2018 *Rupees*
Not later than one year		**16,975,515**	18,234,189
Later than one year but not later than five years		**5,972,423**	10,958,052
Total future minimum lease payments		**22,947,938**	29,192,241
Finance charge allocated to future periods		**(861,529)**	(2,414,315)
Present value of future minimum lease payments		**22,086,409**	26,777,926
Not later than one year	*18*	**(22,086,409)**	(16,670,952)
Later than one year but not later than five years		-	10,106,974

13 EMPLOYEES RETIREMENT BENEFITS

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

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

		Note	2019	2018
			Rupees	*Rupees*
13.1	**Movement in present value of defined benefit obligation**			
	As at beginning of the year		**12,154,649**	14,249,582
	Charged to profit or loss for the year	*13.2*	**6,594,483**	18,366,547
	Benefits paid during the year		**(9,248,760)**	(20,796,724)
	Actuarial loss arising during the year		**208,015**	335,244
	As at end of the year		**9,708,387**	12,154,649
	Benefits due presented under current liabilities	*18*	**(1,814,700)**	-
			7,893,687	12,154,649
13.2	**Charge to profit or loss**			
	Current service cost		**6,064,649**	18,068,077
	Interest cost		**529,834**	298,470
			6,594,483	18,366,547
13.3	**Remeasurements recognized in statement of comprehensive income**			
	Actuarial loss arising from changes in:			
	Demographic assumptions		**-**	-
	Financial assumptions		**-**	-
	Experience adjustments		**208,015**	335,244
			208,015	335,244

13.4 Principal actuarial assumptions

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

	2019	2018
Discount rate	**12.50%**	8.00%
Expected rates of increase in salary	**11.50%**	7.00%

13.5 Average duration of the defined benefit obligation

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

13.6 Expected charge to statement of profit or loss for the next financial year

The expected charge to statement of profit or loss for the year ending June 30, 2020 amounts to Rs. 4.85 million.

13.7 Sensitivity analysis

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

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	2019		2018	
	Change in actuarial assumption	**Defined benefit obligation**	Change in actuarial assumption	Defined benefit obligation
		Rupees		*Rupees*
Discount rate	+ 1%	8,586,090	+ 1%	10,749,562
	- 1%	11,101,941	- 1%	13,899,343
Expected rates of increase in salary	+ 1%	11,101,941	+ 1%	13,899,343
	- 1%	8,567,096	- 1%	10,725,782

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

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

13.8 Risk factors

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

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

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

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

		Note	**2019**	2018
			Rupees	*Rupees*
14	**Deferred taxation**			
	Deferred tax liability on taxable temporary differences	*14.1*	**277,320,244**	135,747,390
	Deferred tax asset on deductible temporary differences	*14.1*	**(56,423,609)**	(69,185,922)
			220,896,635	66,561,468

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

14.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2019			
	As at July 01	**Recognized in profit or loss**	**Recognized in OCI**	**As at June 30**
	Rupees	***Rupees***	***Rupees***	***Rupees***
Deferred tax liabilities				
Operating fixed assets - owned	**137,483,452**	**91,845,183**	**28,239,808**	**257,568,443**
Operating fixed assets - leased	**3,757,143**	**3,352,840**	**-**	**7,109,983**
Long term investment	**(5,493,205)**	**18,135,023**	**-**	**12,641,818**
	135,747,390	**113,333,046**	**28,239,808**	**277,320,244**
Deferred tax assets				
Employees retirement benefits	**(1,036,397)**	**(485,874)**	**(33,331)**	**(1,555,602)**
Impairment allowance for expected credit losses	**-**	**(122,334)**	**-**	**(122,334)**
Unused tax losses and credits	**(68,149,525)**	**13,403,852**	**-**	**(54,745,673)**
	(69,185,922)	**12,795,644**	**(33,331)**	**(56,423,609)**
	66,561,468	**126,128,690**	**28,206,477**	**220,896,635**

	2018			
	As at July 01	Recognized in profit or loss	Recognized in OCI	As at June 30
	Rupees	*Rupees*	*Rupees*	*Rupees*
Deferred tax liabilities				
Operating fixed assets - owned	128,805,611	5,530,850	3,146,991	137,483,452
Operating fixed assets - leased	(3,230,406)	6,987,549	-	3,757,143
Long term investment	-	(5,493,205)	-	(5,493,205)
	125,575,205	7,025,194	3,146,991	135,747,390
Deferred tax assets				
Employees retirement benefits	(1,081,723)	73,911	(28,585)	(1,036,397)
Impairment allowance for expected credit losses	-	-	-	-
Unused tax losses and credits	(46,632,606)	(21,516,919)	-	(68,149,525)
	(47,714,329)	(21,443,008)	(28,585)	(69,185,922)
	77,860,876	(14,417,814)	3,118,406	66,561,468

14.2 Deferred tax arising from timing differences pertaining to income from business is provided for only that portion of timing differences that represent income taxable under normal provisions of the Income Tax Ordinance, 2001 ['the Ordinance'] as revenue from export sales of the Company is subject to taxation under the final tax regime, while the remaining portion of revenue attracts assessment under normal provisions of the Ordinance. These differences are calculated at that proportion of total timing differences that the local sales, other than the indirect exports taxable under section 154 (3) of the Ordinance, bear to the total sales revenue based on historical and future trends. Deferred tax has been calculated at 29% (2018: 29%) of the timing differences so determined based on tax rates notified by the Government of Pakistan for future tax years.

14.3 Deferred tax asset on unused tax losses and credits amounting to Rs. 1,457.903 million has not been recognized as sufficient taxable profits are not expected to be available in future against which these could be utilized. The deferred tax asset on unused tax losses has been recognized only the extent of unabsorbed tax depreciation losses as these are available for use for an infinite period under the present income tax laws.

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		Rupees	Rupees
15 TRADE AND OTHER PAYABLES			
Trade creditors	15.1	**698,912,708**	278,066,610
Accrued liabilities		**86,057,950**	36,264,098
Advances from customers	15.2	**17,435,179**	175,825,660
Payable to Provident Fund Trust		**1,622,737**	381,216
Tax deducted at souce		**2,382,690**	2,105,321
Due to related party	15.3	**-**	246,650,448
Workers' Profit Participation Fund		**781,124**	781,124
Workers' Welfare Fund		**1,958,211**	1,958,211
		809,150,599	742,032,688

15.1 This includes Rs. 273 million recognized as provision against debit note issue to Hira Terry Mills Limited, a related party, as referred to in note 19.1.7.

15.2 This include advance from related party, against sale of yarn, amounting to nil (2018: Rs. 157.118 million).

15.3 This represents temporary loan obtained from Hira Terry Mills Limited which has been fully settled during the year against amounts due from the lender against expenses charged. This carried markup at rates ranging from 9.51% to 9.72% per annum.

	Note	2019	2018
		Rupees	Rupees
16 SHORT TERM BORROWINGS			
Banking companies - *secured*	16.1	**1,027,555,511**	1,146,900,000
Directors and sponsors - *unsecured*	16.2	**318,090,673**	301,662,373
		1,345,646,184	1,448,562,373
16.1 Banking companies -*secured*			
These represent short term finances utilized under interest/markup arrangements from banking companies.			
Running finances	16.1.1	**502,638,414**	503,356,903
Term loans	16.1.2	**524,917,097**	643,543,097
		1,027,555,511	1,146,900,000

16.1.1 These facilities have been obtained from various banking companies for working capital requirements and are secured by charge over all present and future current assets of the Company, lien over export documents and personal guarantees of sponsors. These carry interest/markup at rates ranging from one to six months KIBOR plus 1% to 3% per annum (2018: three to six months KIBOR plus 1% to 3% per annum) payable quarterly/monthly. During the year short term borrowings amounting to Rs. 40 million were converted into long term finance (see note 10.5). As at the reporting date, Rs. 413.162 million and Rs 34.644 million on account of principal and interest/markup respectively are over due.

16.1.2 These facilities have been obtained from various banking companies for working capital requirements and are secured by charge over all present and future current, fixed assets of the Company and pledge of imported cotton. These carry interest/markup at rates ranging from 8.43% to 13.13% (2018: 5% to 9.43%) per annum. As at the reporting date, Rs. 524.917 million and Rs 65.623 million on account of principal and interest/markup respectively are over due.

16.1.3 All short term borrowing facilities stand expired as at the reporting date.

16.2 Loan from directors and sponsors - *Unsecured*

This represents loan obtained from directors for working capital requirements. The loan is unsecured, interest free and repayable on demand.

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

		Note	**2019**	2018
			Rupees	*Rupees*
17	**ACCRUED INTEREST/MARKUP**			
	Long term finances		**101,098,690**	10,521,834
	Liabilities against assets subject to finance lease		**1,317,250**	460,592
	Short term borrowings		**140,374,501**	54,983,165
			242,790,441	65,965,591
18	**CURRENT PORTION OF NON-CURRENT LIABILITIES**			
	Long term finances	*10*	**35,264,205**	4,340,000
	Liabilities against assets subject to finance lease	*12*	**22,086,409**	16,670,952
	Employee retirement benefits	*13*	**1,814,700**	-
			59,165,314	21,010,952

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

19.1.1 The Company received a demand order in respect of detection bill amounting to Rs. 6.7 million. The Company has filed an appeal before Oil and Gas Regulatory Authority against the said detection bill. The appeal has not been fixed for hearing so far.

19.1.2 For the tax year 2010, Assistant Commissioner Inland Revenue ['ACIR'] created a tax demand amounting to Rs. 186.6 million. The Company filed an appeal before Commissioner Inland Revenue-Appeals ['CIR-A'] who partially remanded back the case but upheld the reduction in refund amounting to Rs. 0.6 million. The Company has filed an appeal before the Appellate Tribunal Inland Revenue ['ATIR'], which is pending adjudication.The management and the tax / legal advisors of the Company are of the view that the matter will eventually be settled in favour of the Company.

19.1.3 For the tax year 2011, Deputy Commissioner Inland Revenue ['DCIR'] created a tax demand amounting to Rs. 28.7 million. The Company filed an appeal before CIR-A which is pending adjudication. The management and the tax / legal advisors of the Company are of the view that the matter will eventually be settled in favour of the Company.

19.1.4 Gas Infrastructure Development Cess ['GIDC'] has been levied with effect from December 15, 2011 on industrial gas customers firstly through OGRA notification and subsequently via GID Cess Ordinance 2014 and GID Cess Act 2015. The Company, along with other industrial concerns, has filed a writ petition in the Honorable High Court of Sindh challenging the imposition of GIDC. On October 26, 2016, the Honorable High Court of Sindh held that enactment of GIDC Act 2015 is ultra-vires to the constitution of Pakistan. The Company has not recognised any provision relating to GIDC aggregating to Rs. 73.9 million.

19.1.5 MCB Bank Limited filed a suit against the Company and others for recovery of Rs. 491.038 million, before the Honourable High Court Lahore vide COS No. 28331/2019. This suit is presently pending adjudication. This case is being vigorously and diligently contested by the Company.

19.1.6 Bank Alfalah Limited filed a suit against the Company and others for recovery of Rs. 214.991 million, before the Honourable High Court Lahore vide COS No. 35823/2019. This suit is presently pending adjudication. This case is being vigorously and diligently contested by the Company.

19.1.7 Hira Terry Mills Limited, a related party, as at June 30, 2019, has claimed an aggregate amount of Rs. 420 million as due from the Company against temporary loans, sales and expenses charged. The Company has denied the claim and has issued a debit note for Rs. 273 million to the related party against expenses charged. No liability has been recognized against the amount claimed by the related party, however, the Company is carrying a provision equivalent to the amount of debit note as the same has not been accepted by the related party and is considered disputed.

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

		2019	2018
		Rupees	*Rupees*
19.1.7	Guarantees issued by banks on behalf of the Company	**29,542,428**	29,542,428
	Post dated cheques to Collector of Customs	**7,920,000**	7,920,000
		37,462,428	37,462,428

19.2 Commitments

19.2.1 Commitments under irrevocable letters of credit for:

	2019	2018
Purchase of stores, spares and loose tools	**-**	67,700,426
Purchase of raw material	**-**	7,684,133
	-	75,384,559

19.2.2 The Company has rented office premises under operating lease arrangement with directors. Commitments for payments in future periods under the lease agreement are as follows:

	Note	2019	2018
		Rupees	*Rupees*
- payments not later than one year		**-**	4,200,000
- payments later than one year but not later than five years		**-**	2,100,000
		-	6,300,000

20 FIXED ASSETS

	Note	2019	2018
Operating fixed assets	*20.1*	**2,446,540,823**	2,506,220,177
Capital work in progress	*20.2*	**-**	-
		2,446,540,823	2,506,220,177

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

20.1 Operating fixed assets

	2019											
	COST/REVALUED AMOUNT					DEPRECIATION						Net book value as at June 30, 2019 Rupees
	As at July 01, 2018 Rupees	Additions Rupees	Disposals Rupees	Transfers Rupees	As at June 30, 2019 Rupees	Rate %	As at July 01, 2018 Rupees	For the year Rupees	Adjustment Rupees	Transfers Rupees	As at June 30, 2018 Rupees	
Assets owned by the Company												
Freehold land	183,480,000	-	-	-	183,480,000	-	-	-	-	-	-	183,480,000
Buildings on freehold land	350,525,941	-	-	-	350,525,941	5	33,703,475	15,841,123	-	-	49,544,598	300,981,343
Plant and machinery	1,873,618,994	61,072,912	-	-	1,934,691,906	5	175,135,019	86,225,085	-	-	261,360,104	1,673,331,802
Electric installation	154,321,937	10,262,511	-	-	164,584,448	10	88,935,468	6,729,839	-	-	95,665,307	68,919,141
Generator	123,215,005	-	-	-	123,215,005	10	38,995,016	8,421,999	-	-	47,417,015	75,797,990
Power house	166,638,661	272,826	-	-	166,911,487	10	89,713,930	7,707,570	-	-	97,421,500	69,489,987
Factory equipment	2,100,357	343,399	-	-	2,443,756	10	1,652,963	46,210	-	-	1,699,173	744,583
Office equipment	1,398,090	36,030	-	-	1,434,120	10	1,084,019	32,220	-	-	1,116,239	317,881
Telephone installation	1,576,022	-	-	-	1,576,022	10	1,050,649	52,537	-	-	1,103,186	472,836
Tarpaulin	382,057	-	-	-	382,057	10	325,391	5,667	-	-	331,058	50,999
Computers	5,693,225	123,626	-	-	5,816,851	10	3,140,088	255,348	-	-	3,395,436	2,421,415
Furniture and fixtures	5,673,243	68,763	-	-	5,742,006	10	3,592,712	208,822	-	-	3,801,534	1,940,472
Vehicles	9,960,547	1,170,000	(1,069,500)	-	10,061,047	20	8,290,391	340,878	(703,349)	-	7,927,920	2,133,127
	2,878,584,079	73,350,067	(1,069,500)	-	2,950,864,646		445,619,121	125,867,298	(703,349)	-	570,783,070	2,380,081,576
Assets subject to finance lease												
Plant and machinery	79,402,549	-	-	-	79,402,549	5	15,596,561	3,190,299	-	-	18,786,860	60,615,689
Vehicles	12,572,905	-	(5,511,880)	-	7,061,025	20	3,123,674	2,032,832	(3,939,039)	-	1,217,467	5,843,558
	91,975,454	-	(5,511,880)	-	86,463,574		18,720,235	5,223,131	(3,939,039)	-	20,004,327	66,459,247
	2,970,559,533	73,350,067	(6,581,380)	-	3,037,328,220		464,339,356	131,090,429	(4,642,388)	-	590,787,397	2,446,540,823

20.1.1 Free hold lands of the Company are located at Kasur with an area of 438,665 (2018: 438,665) square yards.

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

	2018											
	COST/REVALUED AMOUNT						DEPRECIATION					Net book
	As at July 01, 2017 Rupees	Additions Rupees	Disposals Rupees	Transfers Rupees	As at June 30, 2018 Rupees	Rate %	As at July 01, 2017 Rupees	For the year Rupees	Adjustment Rupees	Transfers Rupees	As at June 30, 2018 Rupees	value as at June 30, 2018 Rupees
Assets owned by the Company												
Freehold land	183,480,000	-	-	-	183,480,000	-	-	-	-	-	-	183,480,000
Buildings on freehold land	345,611,000	141,100	-	4,773,841	350,525,941	5	17,280,550	16,422,925	-	-	33,703,475	316,822,466
Plant and machinery	1,784,659,736	88,959,258	-	-	1,873,618,994	5	87,602,013	87,533,006	-	-	175,135,019	1,698,483,975
Electric installation	149,769,027	4,552,910	-	-	154,321,937	10	81,856,752	7,078,716	-	-	88,935,468	65,386,469
Generator	123,215,005	-	-	-	123,215,005	10	29,637,239	9,357,777	-	-	38,995,016	84,219,989
Power house	165,956,622	682,039	-	-	166,638,661	10	81,186,778	8,527,152	-	-	89,713,930	76,924,731
Factory equipment	2,100,357	-	-	-	2,100,357	10	1,603,252	49,711	-	-	1,652,963	447,394
Office equipment	1,398,090	-	-	-	1,398,090	10	1,049,122	34,897	-	-	1,084,019	314,071
Telephone installation	1,576,022	-	-	-	1,576,022	10	992,274	58,375	-	-	1,050,649	525,373
Tarpaulin	382,057	-	-	-	382,057	10	319,095	6,296	-	-	325,391	56,666
Computers	5,665,175	28,050	-	-	5,693,225	10	2,856,717	283,371	-	-	3,140,088	2,553,137
Furniture and fixtures	5,660,043	13,200	-	-	5,673,243	10	3,362,350	230,362	-	-	3,592,712	2,080,531
Vehicles	19,862,547	3,366,650	(13,268,650)	-	9,960,547	20	13,805,668	2,128,859	(7,644,136)	-	8,290,391	1,670,156
	2,789,335,681	97,743,207	(13,268,650)	4,773,841	2,878,584,079		321,551,810	131,711,447	(7,644,136)	-	445,619,121	2,432,964,958
Assets subject to finance lease												
Plant and machinery	79,402,549	-	-	-	79,402,549	5	12,238,351	3,358,210	-	-	15,596,561	63,805,988
Vehicles	7,378,327	5,194,578	-	-	12,572,905	20	850,991	2,272,683	-	-	3,123,674	9,449,231
	86,780,876	5,194,578	-	-	91,975,454		13,089,342	5,630,893	-	-	18,720,235	73,255,219
	2,876,116,557	102,937,785	(13,268,650)	4,773,841	2,970,559,533		334,641,152	137,342,340	(7,644,136)	-	464,339,356	2,506,220,177

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

20.1.2 Disposal of operating fixed assets

Particulars	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
				2019			
	Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*		
Vehicles							
Suzuki Cultus	**1,069,500**	**703,349**	**366,151**	**618,000**	**251,849**	**Negotiation**	**Mr. Gul Nawaz Kiyani, Lahore**
Toyota Fortuner	**5,511,880**	**3,939,039**	**1,572,841**	**3,550,000**	**1,977,159**	**Negotiation**	**Mr. Farooq Ibrahim, Karachi**
	6,581,380	**4,642,388**	**1,938,992**	**4,168,000**	**2,229,008**		

Particulars	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
				2018			
	Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*		
Vehicles							
Mercedes Benz	9,230,000	6,736,479	2,493,521	5,550,000	3,056,479	Negotiation	Mr. Sajjad Qasim, Lahore
Suzuki Cultus	672,000	627,103	44,897	300,000	255,103	Negotiation	Mr. Sarfraz Khan, Lahore
Honda Vezel	3,366,650	280,554	3,086,096	3,100,000	13,904	Negotiation	Mr. Nadeem Aslam Butt, Lahore (Director)
	13,268,650	7,644,136	5,624,514	8,950,000	3,325,486		

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	**2019**	2018
		Rupees	*Rupees*

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

	Note	**2019 *Rupees***	2018 *Rupees*
Cost of sales	*30*	**128,468,620**	134,595,493
Administrative and general expenses	*32*	**2,621,809**	2,746,847
		131,090,429	137,342,340

20.1.4 Most recent valuation of land, building, plant and machinery was carried out by an independent valuer Messrs Materials & Design Services (Private) Limited as at June 30, 2016. For basis of valuation and other fair value measurement disclosures, refer to note 44.

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

		2019	
	Cost	**Accumulated depreciation**	**Net book value**
	Rupees	***Rupees***	***Rupees***
Freehold land	**20,113,708**	**-**	**20,113,708**
Building on freehold land	**278,421,894**	**141,447,500**	**136,974,394**
Plant and machinery	**2,590,519,468**	**1,112,435,728**	**1,478,083,740**

		2018	
	Cost	Accumulated depreciation	Net book value
	Rupees	*Rupees*	*Rupees*
Freehold land	20,113,708	-	20,113,708
Building on freehold land	278,421,894	134,232,271	144,189,623
Plant and machinery	2,529,446,556	1,035,035,205	1,494,411,351

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

	Rupees
Free hold land	**155,958,000**
Building on freehold land	**293,769,350**
Plant and machinery	**1,386,400,000**
	1,836,127,350

20.1.6 Operating fixed assets include certain assets leased out under operating lease arrangements to a related party, Hira Terry Mills Limited. The net book values of these assets as at reporting date are as follws:

	2019	2018
	Rupees	*Rupees*
Free hold land	**27,522,000**	-
Building on freehold land	**35,274,512**	-
Plant and machinery	**303,662,366**	-
	366,458,878	-

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

20.2 Capital work in progress

	2019			
	As at July 01, 2018	**Additions**	**Transfers**	**As at June 30, 2019**
	Rupees	***Rupees***	***Rupees***	***Rupees***
Buildings on freehold land	-	-	-	-
	-	-	-	-

	2018			
	As at July 01, 2017	Additions	Transfers	As at June 30, 2018
	Rupees	*Rupees*	*Rupees*	*Rupees*
Buildings on freehold land	3,881,926	891,915	(4,773,841)	-
	3,881,926	891,915	(4,773,841)	-

21 LONG TERM INVESTMENTS

This represents investment in ordinary shares of Hira Terry Mills Limited ['the associated company']. The investment has been accounted for by using equity method. The details of ownership and investment are as under:

	2019	2018
	Rupees	*Rupees*
21.1 Hira Terry Mills Limited		
Percentage of ownership interest	**46.90%**	46.90%
Cost of investment		
18,450,000 (2018: 18,450,000) fully paid ordinary shares of Rs. 10 each	**184,500,000**	184,500,000
Bonus Issue @ 20%	**36,900,920**	36,900,920
Share of post acquisition (losses)/profits - *unrealized*	**(152,533,372)**	416,500,403
	68,867,548	637,901,323

21.1.1 Extracts of financial statements of associated company

The assets and liabilities of Hira Terry Mills Limited as at the reporting date and related revenue and profit for the year then ended based on the un-audited financial statements are as follows:

	2019	2018
	Rupees	*Rupees*
Assets	**4,080,370,988**	5,364,434,014
Liabilities	**3,457,906,396**	4,003,703,179
Revenue	**2,214,694,162**	2,799,298,821
Loss for the year	**(1,211,069,918)**	(266,459,801)
Other comprehensive (loss)/income	**(2,221,712)**	891,762
Total comprehensive loss	**(1,213,291,630)**	(265,568,039)
Break-up value per share	**13.19**	28.82
Share of loss - *unrealized*	**(567,991,792)**	(124,969,647)
Share of other comprehensive (loss)/income - *unrealized*	**(1,041,983)**	418,236

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

		Note	2019 Rupees	2018 Rupees
22	**LONG TERM DEPOSITS**			
	Utility companies and regulatory authorities		**20,567,037**	20,409,773
	Financial institutions		**12,459,804**	12,459,804
			33,026,841	32,869,577
23	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		**919,452**	40,180,315
	Spares and loose tools		**35,498,110**	59,058,206
			36,417,562	99,238,521

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

		Note	2019 Rupees	2018 Rupees
24	**STOCK IN TRADE**			
	Raw material		**188,613,565**	1,324,207,931
	Packing material		**2,906,330**	12,327,808
	Work in process		**39,802,358**	27,947,507
	Finished goods	*24.1*	**20,352,646**	361,192,001
			251,674,899	1,725,675,247

24.1 Stock of finished goods include stock of waste valued at Rs. 3.01 million (2018: Rs. 6.55 million). The entire stock of waste is valued at net realizable value.

24.2 As at June 30, 2019, net realizable values of finished goods (yarn stock) were lower than their cost, which resulted in write-down of Rs. 9.678 million which has been charged to cost of sales. There were no write-down as at June 30, 2018.

		Note	2019 Rupees	2018 Rupees
25	**TRADE DEBTS**			
	Local		**606,080,008**	83,029,429
	Impairment allowance for expected credit losses	*25.1*	**(763,478)**	-
			605,316,530	83,029,429
25.1	**Impairment allowance for expected credit losses**			
	As at beginning of the year		**-**	-
	Recognized during the year	*35*	**763,478**	-
	As at end of the year		**763,478**	-

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

		Note	2019	2018
			Rupees	Rupees
26	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advances to suppliers		**24,871,469**	58,798,985
	Advances to employees	26.1	**4,104,512**	2,991,502
	Advance against sale of vehicle		**900,000**	-
	Letters of credit		**600,000**	22,021,654
	Margin deposits		**-**	4,198,946
	Prepayments		**10,000,000**	10,764,629
	Sales tax refundable		**50,751,875**	44,672,111
	Excise duty refundable		**1,953,431**	1,953,431
	Export rebate receivable		**5,630,401**	13,294,664
	Interest/markup rebate receivable	26.2	**28,996,716**	28,996,716
	Other receivables		**7,427,275**	4,307,909
	Due from related party	26.3	**61,490,681**	-
			196,726,360	192,000,547

26.1 These represent advances to employees for purchases and expenses on behalf of the Company and those against future salaries and post employment benefits in accordance with the Company policy. No advances have been given to any of the directors of the Company.

26.2 These represents interest/markup rebate receivable against reimbursment on account of 5% markup subsidy through notification by Ministry of Commerce and Textile.

26.3 This represents due from Hira Terry Mills Limited, a related party, against expenses charges. The maximum aggregate amount due at the end of any month during the year is Rs. 61,490,681. The ageing analysis as at the reporting date is as follows:

	2019	2018
	Rupees	Rupees
Past due by upto 30 days	**61,490,681**	-
Past due by 31 days to 180 days	**-**	-
Past due by 180 days or more	**-**	-
	61,490,681	-

		Note	2019	2018
27	**ADVANCE INCOME TAX**			
	Advance income tax/income tax refundable		**96,333,199**	105,084,189
	Provision for taxation	36	**(30,021,218)**	(15,676,976)
			66,311,981	89,407,213
28	**CASH AND BANK BALANCES**			
	Cash in hand		**366,248**	1,567,530
	Cash at banks			
	current accounts in local currency		**7,950,428**	66,704,280
			8,316,676	68,271,810

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

29 SALES - NET

	Note	2019 Finished goods Rupees	2019 Cotton Rupees	2019 Waste Rupees	2019 Total Rupees
Local		**2,534,754,362**	**27,933,110**	**119,802,023**	**2,682,489,495**
Export	29.1	**-**	**-**	**-**	**-**
Gross sales		**2,534,754,362**	**27,933,110**	**119,802,023**	**2,682,489,495**
Sales return		**(36,500,376)**	**-**	**-**	**(36,500,376)**
Export rebate		**-**	**-**	**-**	**-**
		2,498,253,986	**27,933,110**	**119,802,023**	**2,645,989,119**

	Note	2018 Finished goods Rupees	2018 Cotton Rupees	2018 Waste Rupees	2018 Total Rupees
Local		979,354,140	54,892,856	128,615,714	1,162,862,710
Export	29.1	1,018,320,885	-	-	1,018,320,885
Gross sales		1,997,675,025	54,892,856	128,615,714	2,181,183,595
Sales return		(20,728,558)	-	-	(20,728,558)
Export rebate		11,301,629	-	-	11,301,629
		1,988,248,096	54,892,856	128,615,714	2,171,756,666

29.1 Yarn export sales include indirect exports amounting to Rs. nil (2018: Rs. 709.48 million).

	Note	2019 Rupees	2018 Rupees
30 COST OF SALES			
Raw material consumed	30.1	**1,792,589,497**	1,553,445,406
Damaged stock written off		**778,054,130**	-
Packing material consumed		**28,059,730**	45,174,451
Stores, spares and loose tools consumed		**61,792,063**	28,432,915
Salaries, wages and benefits	30.2	**257,208,938**	275,675,419
Insurance		**4,062,994**	16,360,258
Power and fuel		**290,742,780**	254,230,144
Dyes and chemicals		**6,199,007**	29,131,185
Depreciation	20.1.3	**128,468,620**	134,595,493
Others		**8,278,462**	24,901,311
Manufacturing cost B/F		**3,355,456,221**	2,361,946,582

HIRA TEXTILE MILLS LIMITED

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

		2019	2018
		Rupees	*Rupees*
Manufacturing cost	*C/F*	**3,355,456,221**	2,361,946,582
Work in process			
As at beginning of the year		**27,947,507**	28,968,189
Sold during the year		**(1,572,905)**	-
As at end of the year		**(39,802,358)**	(27,947,507)
		(13,427,756)	1,020,682
Cost of goods manufactured		**3,342,028,465**	2,362,967,264
Finished goods			
As at beginning of the year		**361,192,001**	257,428,763
Sold during the year		**(3,299,808)**	-
As at end of the year		**(20,352,646)**	(361,192,001)
		337,539,547	(103,763,238)
Cost of cotton sold		**27,933,110**	66,221,910
		3,707,501,122	2,325,425,936

30.1 Raw material consumed

	2019	2018
As at beginning of the year	**1,324,207,931**	1,722,800,157
Purchased during the year	**1,462,982,371**	1,221,075,090
Sold during the year	**(27,933,110)**	(66,221,910)
Damaged stock written off	**(778,054,130)**	-
As at end of the year	**(188,613,565)**	(1,324,207,931)
	1,792,589,497	1,553,445,406

30.2 These include charge in respect of employees retirement benefits and contribution to provident fund amounting to Rs. 6.594 million and Rs. 0.883 million respectively (2018: Rs. 18.366 million and Rs. 1.101 million).

	Note	2019	2018
		Rupees	*Rupees*
31 DISTRIBUTION COST			
Export			
Ocean freight and forwarding		-	7,010,168
Commission		-	3,203,960
Others		-	110,640
		-	10,324,768
Local			
Commission		**1,408,265**	2,039,706
Others		**1,485,216**	-
		2,893,481	2,039,706
		2,893,481	12,364,474

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

		Note	2019	2018
			Rupees	*Rupees*
32	**ADMINISTRATIVE EXPENSES**			
	Salaries and benefits	*32.1*	**19,309,245**	21,747,305
	Rent, rates and taxes	*32.2*	**31,023**	5,791,749
	Ujrah payments		**-**	2,560,456
	Printing and stationery		**251,815**	348,121
	Communication		**926,993**	1,538,447
	Electricity, water and gas		**1,832,537**	2,444,096
	Repair and maintenance		**193,014**	124,614
	Vehicles running and maintenance		**1,049,391**	1,536,896
	Traveling and conveyance		**1,177,142**	1,187,833
	Legal and professional		**3,293,019**	2,187,782
	Auditor's remuneration	*32.3*	**1,297,875**	1,297,875
	Fee and subscription		**1,354,738**	1,844,744
	Entertainment		**151,245**	153,135
	Insurance		**632,445**	428,209
	Depreciation	*20.1.3*	**2,621,809**	2,746,847
	Others		**1,815,540**	1,899,671
			35,937,831	47,837,780

32.1 These include charge in respect of contribution to provident fund amounting to Rs. 1.20 million (2018: Rs. 1.19 million).

32.2 These include charge in respect of office rent paid to directors amounting to Rs. nil (2018: Rs. 5.40 million).

		Note	2019	2018
			Rupees	*Rupees*
32.3	**Auditor's remuneration**			
	Annual statutory audit		**600,000**	600,000
	Limited scope review		**272,875**	272,875
	Review report under Code of Corporate Governance		**175,000**	175,000
	Out of pocket expenses		**250,000**	250,000
			1,297,875	1,297,875
33	**OTHER INCOME**			
	Gain on financial instruments			
	Foreign exchange gain		**-**	1,350
	Others			
	Gain on disposal of property, plant and equipment	*20.1.2*	**2,229,008**	3,325,486
	Rental income		**28,000,000**	-
			30,229,008	3,325,486
			30,229,008	3,326,836

33.1 This represents rental income arising from use, of yarn dyeing facility partially owned by the Company, by Hira Terry Mills Limited, a related party, under operating lease arrangements.

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

		Note	2019 Rupees	2018 Rupees
34	**FINANCE COST**			
	Interest/markup on borrowings:			
	long term finances	*34.1*	**93,577,600**	32,454,423
	liabilities against assets subject to finance lease		**2,309,370**	2,799,861
	short term borrowings		**123,297,639**	150,845,680
	balances with related parties		**-**	26,548,972
	Interest/markup rebate		**-**	(27,608,048)
			219,184,609	185,040,888
	Bank charges and commission		**1,751,031**	19,974,643
			220,935,640	205,015,531

34.1 During the year, markup of Rs. 22.78 million (2018: 16.93 million) on long term loans from directors and sponsors has been waived by the lenders on their discretion.

		Note	2019 Rupees	2018 Rupees
35	**OTHER CHARGES**			
	Gain on financial instruments			
	Impairment allowance for expected credit losses		**763,478**	-
	Others			
	Donations	*35.1*	**-**	14,250
			763,478	14,250

35.1 None of the directors or their spouses had any interest in donations made by the Company.

		Note	2019 Rupees	2018 Rupees
36	**TAXATION**			
	Current taxation			
	for current year	*36.1*	**30,021,218**	15,676,976
	for prior year		**(113,016)**	5,165,975
			29,908,202	20,842,951
	Deferred taxation:	*14*		
	Attributable to origination and reversal of temporary differences		**126,128,690**	(11,822,451)
	Attributable to changes in tax rates		**-**	(2,595,363)
			126,128,690	(14,417,814)
			156,036,892	6,425,137

36.1 Provision for current tax has been made in accordance with section 113 (2018: section 113 and 154) of the Income Tax Ordinance 2001 ['the Ordinance']. There is no relationship between the aggregate tax expense and accounting profit and accordingly, no numerical reconciliation has been presented.

36.2 The income tax assessments of the Company up to and including tax year 2018 have been completed by the concerned income tax authorities or are deemed to have been so completed under the provisions of section 120 of the Ordinance except for the tax years highlighted in note 19.1.

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

		Unit	2019	2018
37	**LOSS PER SHARE - BASIC AND DILUTED**			
	Loss attributable to ordinary shareholders	*Rupees*	**(2,015,842,109)**	(546,969,253)
	Weighted average number of ordinary shares outstanding during the year	*No. of shares*	**86,577,920**	86,577,920
	Loss per share	*Rupees*	**(23.28)**	(6.32)

37.1 There is no anti-diluting effect on the basic loss per share of the Company.

		2019 Rupees	2018 Rupees
38	**CASH GENERATED FROM OPERATIONS**		
	Loss before taxation	**(1,859,805,217)**	(540,544,116)
	Adjustments for non-cash and other items		
	Interest/markup on borrowings	**219,184,609**	212,648,936
	Interest/markup rebate	**-**	(27,608,048)
	Foreign exchange gain	**-**	(1,350)
	Gain on disposal of property, plant and equipment	**(2,229,008)**	(3,325,486)
	Provision for employees retirement benefits	**6,594,483**	18,366,547
	Depreciation	**131,090,429**	137,342,340
	Impairment allowance for expected credit losses	**763,478**	-
	Share of loss from associate	**567,991,792**	124,969,647
		923,395,783	462,392,586
		(936,409,434)	(78,151,530)
	Changes in working capital		
	Stores, spares and loose tools	**62,820,959**	16,058,899
	Stock in trade	**1,474,000,348**	291,653,286
	Trade debts	**(523,050,579)**	(4,740,274)
	Advances, deposits, prepayments and other receivables	**(4,725,813)**	144,989,339
	Trade and other payables	**67,117,911**	43,054,788
		1,076,162,826	491,016,038
	Cash generated from operations	**139,753,392**	412,864,508
39	**CASH AND CASH EQUIVALENTS**		
	Cash and bank balances	**8,316,676**	68,271,810
		8,316,676	68,271,810

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

40 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Name of related party	Nature of relationship	Basis of relationship	Aggregate %age of shareholding in the Company
Hira Terry Mills Limited	Associated company	Investment	46.9000%
Muhammad Umer Virk	Key management personnel	Father of director	27.2800%
Saeed Ahmad Khan	Key management personnel	Director	0.0028%
Muhammad Mehboob	Key management personnel	Director	0.0006%
Omer Aziz Mian	Key management personnel	Director (retired)	0.0000%
Shahnaz Umer	Key management personnel	Director	6.6135%
Sadiya Umair	Key management personnel	Director	6.5120%
Umair Umer	Close family member of director	Son of Director	0.0000%
Umaira Umer	Close family member of director	Daughter of Director	9.9400%

Transactions with key management personnel are limited to payment of short term employee benefits and office rent. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an orderly transaction between market participants at the date of transaction. Detail of transactions and balances with related parties is as follows:

		2019	2018
		Rupees	*Rupees*
40.1 Transactions with related parties			
Nature of relationship	**Nature of transactions**		
Associated company	Sales of yarn, cotton, dyes, scrap and chemicals	**239,949,375**	711,364,659
	Purchases of towels, cotton, waste, stores and spares	**-**	10,301,621
	Expenses charged	**17,587,235**	19,982,526
	Sale of work in progress	**1,572,905**	
	Sale of finished good	**3,299,808**	
	Interest/markup expense	**-**	26,548,972
	Rental income	**28,000,000**	-
	Debit note issued	**273,373,850**	-
Sponsors	Interest on borrowings charged	**22,779,703**	16,929,469
	Interest on borrowings waived	**22,779,703**	16,929,469
	Office rent	**-**	5,400,000
Provident fund trust	Contribution for the year	**2,090,508**	2,243,533
40.2 Balances with related parties			
Associated company	Borrowings	**-**	246,650,448
	Advance obtained against sale of yarn	**-**	157,117,892
	Receivable against expenses claimed	**61,490,681**	-
Sponsors	Borrowings	**531,583,673**	515,155,373
Key management personnel	Short term employee benefits payable	**1,185,136**	555,332
Provident fund trust	Payable to provident fund trust	**1,622,737**	381,216

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

41 FINANCIAL INSTRUMENTS

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

	Note	2019	2018
		Rupees	*Rupees*
41.1 Financial assets			
Cash in hand	*28*	**366,248**	1,567,530
Financial assets at amortized cost			
Long term deposits	*22*	**33,026,841**	32,869,577
Trade debts	*25*	**605,316,530**	83,029,429
Advances to employess	*26*	**4,104,512**	2,991,502
Margin deposits	*26*	**-**	4,198,946
Due from related party	*26*	**61,490,681**	-
Bank balances	*28*	**7,950,428**	66,704,280
		712,255,240	191,361,264
41.2 Financial liabilities			
Financial liabilities at amortized cost			
Long term finances	*10*	**944,109,303**	908,449,303
Loan from directors and sponsors	*11*	**213,493,000**	213,493,000
Liabilities against assets subject to finance lease	*12*	**22,086,409**	26,777,926
Short term borrowings	*16*	**1,345,646,184**	1,448,562,373
Accrued interest/markup	*17*	**242,790,441**	65,965,591
Trade creditors	*15*	**698,912,708**	278,066,610
Due to related party	*15*	**-**	246,650,448
Accrued liabilities	*15*	**86,057,950**	36,264,098
Unclaimed dividend		**2,757,216**	2,757,216
		3,555,853,211	3,226,986,565

42 FINANCIAL RISK EXPOSURE AND MANAGEMENT

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

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

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

42.1 Credit risk

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

42.1.1 Credit risk management practices

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

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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

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

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

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

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

The Company writes off a financial asset when there is information indicating that the counter-party is in severe financial condition and there is no realistic prospect of recovery.

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

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

42.1.2 Maximum exposure to credit risk

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

	Note	**2019**	2018
		Rupees	*Rupees*
Financial assets at amortized cost			
Long term deposits	*22*	**33,026,841**	32,869,577
Trade debts	*25*	**605,316,530**	83,029,429
Advances to employees	*26*	**4,104,512**	2,991,502
Margin deposits	*26*	**-**	4,198,946
Due from related party	*26*	**61,490,681**	-
Bank balances	*28*	**7,950,428**	66,704,280
		711,888,992	189,793,734

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

42.1.3 Credit quality and impairment

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

	Note	External credit rating	Internal credit risk grading	12-month or life-time ECL	Gross carrying amount	Loss allowance
Long term deposits	*22*	N/A	Performing	12-month ECL	33,026,841	-
Trade debts	*25*	N/A	Performing	Lifetime ECL	606,080,008	(763,478)
Advances to employees	*26*	N/A	Performing	Lifetime ECL	4,104,512	-
Due from related party	*28*	N/A	Performing	Lifetime ECL	61,490,681	-
Bank balances	*28*	A1 - A1+	N/A	12-month ECL	7,950,428	-
					712,652,470	**(763,478)**

(a) **Long term deposits**

Long term deposits comprise security deposits placed with various financial institutions and utility companies. These deposits are placed for an indefinite period without any fixed maturity and will be due for refund only if the Company ceases to use the underlying services. Therefore, no credit risk has been associated with these financial assets and acordingly no loss allownace has been made.

(b) **Trade debts**

For trade debts, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on trade debts by using internal credit risk gradings. As at the reporting date, trade debts amounting to Rs.nil million are considered to be credit impaired and thus 'in-default'. All other trade debts are considered 'performing' including those past due amounting to Rs. 373.099 million as there is no significant increase in credit risk in respect of these debts since initial recognition. The ageing analysis of trade debts as at the reporting date is as follows:

	2019	2018
	Rupees	*Rupees*
Neither past due nor impaired	**232,980,428**	25,794,539
Past due by upto 30 days	**202,597,527**	10,737,285
Past due by 31 days to 180 days	**38,110,183**	3,917,549
Past due by 180 days or more	**132,391,870**	42,580,056
	606,080,008	83,029,429

(c) **Advanes to employees**

Advances to employees have been given for purchases and expenses on behalf of the Company and those against future salaries and post employment benefits. Accordingly, these are considered to have no credit risk.

(d) **Due from related party**

This represents amount due from related party against expenses charged to them by the Company. These are disputed, however, no alloawance for the loss has been made as the Company is already carrying a provision of an equivalent amount as referred to note 15.1. For analysis of age of due from related parties, refer to note 26.3.

(e) **Bank balances**

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

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

42.1.2 Concentration of credit risk

There are no significant concentrations of credit risk, except for trade debts. The Company's two (2018: two) significant customers account for 249.163 (2018: Rs. 27.08 million) of trade debts as at the reporting date, apart from which, exposure to any single customer does not exceed 10% (2018: 10%) of trade debts as at the reporting date. These significant customers have long standing business relationships with the Company and have a good payment record and accordingly non-performance by these customers is not expected.

42.1.4 Collateral held

The Company does not hold any collateral to secure its financial assets with the exception advances to employees which are secured against future salaries and post-employment benefits.

42.1.5 Changes in impairment allowance for expected credit losses

The changes in impairment allowance for expected credit losses have been presented in note 35.

42.2 Liquidity risk

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

42.2.1 Liquidity risk management

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

42.2.2 Exposure to liquidity risk

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

	2019				
	Carrying amount *Rupees*	**Contractual cash flows** *Rupees*	**One year or less** *Rupees*	**One to three years** *Rupees*	**More than three years** *Rupees*
Long term finances	**944,109,303**	**1,378,274,230**	**202,125,488**	**565,171,992**	**610,976,750**
Loan from directors and sponsors	**213,493,000**	**213,493,000**	**213,493,000**	**-**	**-**
Liabilities against assets subject to finance lease	**22,086,409**	**22,947,938**	**22,947,938**	**-**	**-**
Short term borrowings	**1,345,646,184**	**1,345,646,184**	**1,345,646,184**	**-**	**-**
Accrued interest/markup	**242,790,441**	**242,790,441**	**242,790,441**	**-**	**-**
Trade creditors	**698,912,708**	**698,912,708**	**698,912,708**	**-**	**-**
Accrued liabilities	**86,057,950**	**86,057,950**	**86,057,950**	**-**	**-**
Unclaimed dividend	**2,757,216**	**2,757,216**	**2,757,216**	**-**	**-**
Due to related party	**-**	**-**	**-**	**-**	**-**
	3,555,853,211	**3,990,879,667**	**2,814,730,925**	**565,171,992**	**610,976,750**

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

	2018				
	Carrying amount	Contractual cash flows	One year or less	One to three years	More than three years
	Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*
Long term finances	908,449,303	1,205,483,205	81,473,908	1,124,009,297	-
Loan from directors and sponsors	213,493,000	215,122,469	-	215,122,469	-
Liabilities against assets subject to finance lease	26,777,926	27,629,004	16,670,952	10,958,052	-
Short term borrowings	1,448,562,373	1,448,562,373	1,448,562,373	-	-
Accrued interest/markup	65,965,591	65,965,591	65,965,591	-	-
Trade creditors	278,066,610	278,066,610	278,066,610	-	-
Accrued liabilities	36,264,098	36,264,098	36,264,098	-	-
Unclaimed dividend	2,757,216	2,757,216	2,757,216	-	-
Due to related party	246,650,448	246,650,448	246,650,448	-	-
	3,226,986,565	3,526,501,014	2,176,411,196	1,350,089,818	-

42.2.3 Overdue financial liabilities

The Company is facing a temporary liquidity shortfall as a result of which it was unable to meet its obligations in respect of various debt finances. The details are as follows:

	Principal	interest/markup	Total
	Rupees	*Rupees*	*Rupees*
Long term finances	**-**	**73,181,127**	**73,181,127**
Liabilities against assets subject to finance lease	**10,717,185**	**849,480**	**11,566,665**
Short term borrowings	**938,079,436**	**100,267,652**	**1,038,347,088**
	948,796,621	**174,298,259**	**1,123,094,880**

42.3 Market risk

42.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from transactions and resulting balances that are denominated in a currency other than functional currency. The Company is not exposed to currency risk

42.3.2 Interest rate risk

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

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

(a) Interest rate risk management

The Company manages interest rate risk by analysing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points.

(b) Interest/markup bearing financial instruments

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

	2019	2018
	Rupees	*Rupees*
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	-
Variable rate instruments		
Financial assets	-	-
Financial liabilities	2,467,984,282	2,576,271,650

(c) Fair value sensitivity analysis for fixed rate instruments

The Company does not account for its fixed rate instruments at fair value

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

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year by Rs. 24.74 million (2018: Rs. 25.76 million). A decrease of 100 basis points would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

42.3.3 Other Price risk

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

43 CAPITAL MANAGEMENT

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

	Unit	**2019**	2018
Total debt	*Rupees*	**1,181,503,412**	1,148,720,229
Total equity	*Rupees*	**(97,438,954)**	1,947,859,630
Total capital employed		**1,084,064,458**	3,096,579,859
Gearing	*% age*	**108.99**	37.10

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any other externally imposed capital requirements, except those, related to maintenance of debt covenants, commonly imposed by the providers of debt finance and subordination of long term loan from directors sponsors (see note 8).

44 FAIR VALUE MEASUREMENTS

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

levels.

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

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

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

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

44.1 Financial Instruments

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

44.2 Assets and liabilities other than financial instruments.

44.2.1 Recurring fair value measurements

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

	Level 1	Level 2	Level 3	**2019**	2018
				Rupees	*Rupees*
Freehold land	-	183,480,000	-	**183,480,000**	183,480,000
Buildings	-	300,981,343	-	**300,981,343**	316,822,466
Plant and machinery	-	1,673,331,802	-	**1,673,331,802**	1,698,483,975

For fair value measurements categorized into Level 2 the following information is relevant:

	Valuation technique	**Significant inputs**	**Sensitivity**
Freehold land	Market comparable approach that reflects recent transaction prices for similar properties	Estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.	A 5% increase in estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition would result in a significant increase in fair value of buildings by Rs. 9.17 million (2018:
Buildings	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in an increase in fair value of buildings by Rs. 15.05 million (2018: Rs. 15.84 million).

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	Valuation technique	Significant inputs	Sensitivity
Plant and machinery	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would results in an increase in fair value of plant and machinery by Rs. 83.67 million (2018: Rs. 84.92 million).

Reconciliation of fair value measurements categorized in Level 2 is presented in note 44.2.1.

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

44.2.2 Non-recurring fair value measurements

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

		2019	2018
		Rupees	***Rupees***
45	**RESTRICTION ON TITLE, AND ASSETS PLEDGED AS SECURITY**		
	Mortgages and charges		
	Charge over current assets	**3,007,000,000**	3,007,000,000
	Charge over fixed assets	**2,744,384,404**	2,744,384,404

46 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2019		
	Chief Executive	**Directors**	**Executives**
	Rupees	***Rupees***	***Rupees***
Managerial remuneration	**2,250,000**	**1,354,176**	**2,257,170**
House rent	**1,500,000**	**902,784**	**1,504,780**
Motor vehicle expenses	**229,056**	**317,340**	**181,899**
Utilities	**33,936**	**8,391**	**22,475**
Post employment benefits	**111,069**	**122,124**	**186,061**
	4,124,061	**2,704,815**	**4,152,385**
Number of persons	**1**	**1**	**2**

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	2018		
	Chief Executive	Directors	Executives
	Rupees	*Rupees*	*Rupees*
Managerial remuneration	2,328,000	1,424,093	3,027,732
House rent	1,552,000	949,395	2,018,488
Motor vehicle expenses	291,229	277,758	139,239
Utilities	156,771	19,729	52,020
Post employment benefits	-	-	165,027
	4,328,000	2,670,975	5,402,506
Number of persons	1	1	3

47 NON-CASH FINANCING ACTIVITIES

During the year, short term borrowings amounting to Rs. 40 million were converted into long term finances as referred to in note 10.5 and 16.1.1.

48 SEGMENT INFORMATION

48.1 The Company is a single reportable segment.

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

48.3 All sales of the Company have originated from Pakistan.

49 EMPLOYEES PROVIDENT FUND TRUST

The following information is based on the latest audited financial statements of the Hira Textile Mills Limited Employees Provident Fund for the year ended June 30, 2019.

	Unit	**2019**	2018
Size of the fund - *total assets*	*Rupees*	**15,668,238**	19,960,268
Cost/fair value of investments	*Rupees*	**12,802,000**	17,397,500
Percentage of investments made	*% age*	**81.71%**	87.16%

The break-up of investments is as follows:

	2019		2018	
	Rupees	***% age***	*Rupees*	*% age*
Government securities	**11,800,000**	**75.31**	9,300,000	46.59
Mutual funds	**-**	**-**	6,500,000	32.56
Interest bearing loans to members	**1,002,000**	**7.83**	1,597,500	9.18
	12,802,000	**83.14**	17,397,500	88.34

The Company has complied with all the requirements set out by the provisions of section 218 of the Companies Act, 2017 for investments out of provident fund.

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

50 PLANT CAPACITY AND ACTUAL PRODUCTION

		Unit	2019	2018
50.1	*Spinning*			
	Production capacity			
	Number of spindles installed	*No.*	**41,424**	41,424
	Installed capacity after conversion into 20's count	*Kgs*	**15,826,920**	15,826,920
	Actual production			
	Actual production after conversion into 20's count	*Kgs*	**11,996,095**	7,715,350
50.2	*Doubling*			
	Production capacity			
	Number of spindles installed	*No.*	**1,094**	1,094
	Installed capacity after conversion into 20's count	*Bags*	**51,560**	51,560
	Actual production			
	Actual production after conversion into 20's count	*Bags*	**-**	28,822
50.3	**Dyeing**			
	Production capacity			
	Installed machines	*No.*	**4**	4
	Dyeing capacity	*Kgs*	**1,800,000**	1,800,000
	Actual production			
	Actual dyeing production	*Kgs*	**520,334**	1,685,574

It is difficult to describe precisely the production capacity in textile industry since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, twist per inch and raw materials used, etc. It also varies according to the pattern of production adopted. Difference of actual production with installed capacity is in normal course of business. During the year, dyeing unit has been leased out to the Hira Terry Mills Limited, a related party.

51 MINIMUM LEASE PAYMENTS UNDER OPERATING LEASE

The Company has leased out certain assets under operating lease arrangements to a related party, Hira Terry Mills Limited. Amounts of minimum lease payments receivable under the lease agreement are as follows:

	2019	2018
	Rupees	*Rupees*
- receipts not later than one year	**48,000,000**	-
- receipts later than one year but not later than five years	**164,000,000**	-
- receipts later than five year	**-**	-
	212,000,000	**-**

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

52 NUMBER OF EMPLOYEES

	2019	2018
Total number of employees	**1,169**	1,310
Average number of employees	**1,068**	1,360

53 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period which may require adjustment of and/or disclosure in these financial statements

54 RECOVERABLE AMOUNTS AND IMPAIRMENT

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

55 GENERAL

55.1 Figures have been rounded off to the nearest rupee.

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

CHIEF EXECUTIVE | **CHIEF FINANCIAL OFFICER** | **DIRECTOR/CHAIRPERSON**

PROXY FORM

The Company Secretary
Hira Textile Mills Limited
44 E/1 Gulberg III
Lahore.

I / We ____ of ____being a member(s) of Hira Textile Mills Limited, and a holder of ____ Ordinary Shares as per Share Register Folio No. _______________________________________ (in case of Central Depository System Account Holder A/C No.________________ Participant I.D No.________________) hereby appoint ____________________ of ______________________________ another member of the Company as per Share Register Folio No. __________ or (Failing him / her__________________ of ______________________ another member of the Company) as my / our proxy to attend and vote for me / us and on my / our behalf at Annual General Meeting of the Company, to be held on January 27, 2020 (MONDAY) at 02:00 PM at the Registered Office (MILL SITE) of the company (i.e. 8-KM, Manga Raiwind Road, District Kasur) and at any adjournment thereof.

As witness my hand this ____________________ day of ___________________________ 2019 signed by the said ____ in presence of ____

Witness

Signature

Signature

Affix
Revenue
Stamp

Notes:

a. Proxies, in order to be effective, must be received at the Company's Registered Office / head Office not less than 48 hours before the meeting duly stamped, signed and witnessed.

b. Signature must agree with the specimen signature registered with the Company.

c. In case of Central Depository System Account Holder, an attested copy of identity Card should be attached to this proxy form.

d. No person shall act as proxy unless he is member of the company.

HIRA TEXTILE MILLS
LIMITED

8-Km, Manga Raiwind Road, Raiwind District Kasur.
Tel: (92-42) 35392305-07, Fax: (92-42) 35392308
E-mail: hira@hiramills.com.pk, URL: www.hiratex.com.pk