

40th

ANNUAL REPORT

2021

SUHAIL JUTE MILLS LIMITED

40th

ANNUAL REPORT

2021

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Company Information**Chairperson**

Mrs. Neelum Sohail Shaikh

Board of Directors /**Chief Executive**

Sohail Farooq Shaikh

Directors

Farrukh Haroon Rashid

Mrs. Neelum Sohail Shaikh

Mrs. Sadia Mohsin

Mr. Shahmeer Shaikh

Mr. Saleem Asghar Mian

Mr. Syed Ibrahim Ahmad

Audit Committee

Chairman - Mr. Syed Ibrahim Ahmed

Member - Mrs. Neelum Sohail Shaikh

Member - Mrs. Sadia Mohsin Shaikh

HR and Remuneration Committee

Chairman – Mr. Syed Ibrahim Ahmed

Member – Mr. Sohail Farooq Shaikh

Member - Mrs. Sadia Mohsin Shaikh

Company Secretary

Farzand Ali Khan Bangash

Chief Finance Officer

Mohammad Amjad Iqbal

Share Registrar

Corplinks (Pvt) Ltd., Lahore

Auditors

Crowe Hussain Chaudhury & Co

Chartered Accountants, Islamabad

Registered Office

14-B, Civil Lines, Rawalpindi

Factory

Kabul River Railway Station

Mardan Road, Khyber Pakhtunkhwa

Vision

**To excel in delivering highest standards quality
Jute products to customers as per
their customized needs.**

Mission Statement

**To transform Company into a modern and dynamic Jute Industry
and to provide quality products to consumers and explore new
markets to promote / extend sale of the Company's products through
good governance and foster a sound and dynamic team, so as to
achieve optimum profitability**

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 40th Annual General Meeting of the members of Suhail Jute Mills Limited, ("the Company") is to be held on Thursday 28th October, 2021, at the Registered Office of the Company, 14-B Civil Lines Rawalpindi at 15:30 PM.

ORDINARY BUSINESS

1. To confirm the minutes of 39th Annual General Meeting held on 28th October 2020.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2021 together with the Director's and Auditor's Reports thereon.
3. To appoint Auditors of the Company for the year ending June 30, 2022 and fix their remuneration. The present auditors, Crowe Hussain Chaudhury & Co., Chartered Accountant, have consented to continue as Auditors and the Board of Directors, based on the recommendation of Audit Committee, has recommended their re-appointment as auditors of the Company, for the year ending June 30, 2022.
4. To discuss any other matter with the permission of the Chair.

By Order of the Board of Directors
Company Secretary

Rawalpindi Dated: 06th October 2021

1. The Register of members will remain closed from 20th October 2021 to 27th October 2021 (both dates inclusive). The Members whose names appear on the Register of Members as on 19th October 2021 shall be entitled to attend and vote at the AGM.
 2. A member entitled to attend speak and vote at the meeting shall also be entitled to appoint his / her proxy to attend, speak and vote instead of him/her, and a proxy so appointed shall have such rights with respect to attending, speaking and voting. The Instrument of Proxy and the Power of Attorney or other authority (if any) under which it is signed or a notarized certified copy of that Power of Attorney or authority, in order to be effective, must be received by the Company at least 48
-

hours before the meeting. A proxy need not be a member of the Company. The Form of Proxy is enclosed with this notice. Members may request participation through Video link in terms of SECP Circular No.10. of 2014, read with section 134(1)(b) of the Companies Act 2017.

3. Any company or other body corporate which is a member of the Company may, by resolution of its Directors, or proxy signed by authorized officers, authorize any of its officials or any other person to act as its representatives at the meeting and the person so authorized shall be entitled to exercise the same powers as it he/she were an individual member of the Company.

4. Individual members who have lodged their shares at the Central Depository Company (CDC), desiring to attend the meeting are requested to bring their original Computerized National Identity Cards (CNICs) along with the Investor Account or Participant ID and House Account/Sub-Account numbers, for identification purposes, whereas, in case of corporate member, the resolution of Board of Directors / Power of Attorney with specimen signature of the nominee may preferably be provided to the Company well in advance or otherwise produced at the time of meeting.

5. Members are requested to notify any change of their registered address, if any, immediately, but before the first day of book closure, to the Company Secretary.

6. Pursuant to Section 242 of the Companies Act, 2017 (the Act) read with relevant provisions of the Companies (Distribution of Dividends) Regulations, 2017 (the Regulations), all listed companies have been mandated to pay dividend directly into the bank accounts of entitled shareholders, as designated by them. Please provide bank account details at the earliest.

7. Members may access Financial Statements and other information from the company's Website (www.sjmlimited.com) and post comments and questions on email suhailjutemill@hotmail.com.

**REVIEW REPORT OF THE CHAIRPERSON
FOR THE YEAR ENDED 30 JUNE 2021**

I am pleased to present my Review Report for the year ended 30 June 2021.

The Board has fully participated in the company's efforts to return to the path of commercial production and operations. Despite the limited scope of activity, the Board played an effective role in contributing to achieving the objectives of the Company. Directors' attendance and participation has been satisfactory.

It is to be noted that the Company continues to be in a non-operational state. As such, there are no day to day commercial activities. The Company is in a transitional stage having completed a Court approved merger plan. Central to this effort was a special resolution authorising the company to dispose off identified surplus assets in order to generate funds to pay off pressing liabilities in an orderly fashion and raise working capital to re start commercial operations.

During the year, the committee of Directors, constituted by the Board to dispose off the identified surplus assets, actively pursued the task allotted to them. The Directors on the Committee have been closely involved in all aspects of the origination of expressions of interest and negotiation with parties who expressed interest in acquiring the assets being disposed off. and Board has been kept apprised of the ongoing developments in a timely fashion. To the date of this review however, there has been no sale transaction that has materialised.

COVID 19

One of the most significant events during the year was the continuation of Covid19, which has assumed pandemic proportions, worldwide. The Board continued to take steps to ensure the safety and well being of the company's staff by complying with the public health and governmental guidelines, including facilitating vaccinations. We are thankful that no company employee was afflicted by Covid19. Moreover, no person was laid off by the Company as a consequence of the disruption wrought by the spread of the disease.

I look forward to an improvement in the Company's overall state of affairs, once funds have been generated from the disposal of surplus assets and the company is able to recommence commercial production.

I wish to thank the Directors for their contribution and cooperation in ensuring the smooth and effective functioning of the Board.


NEELUM SOHAIL SHAIKH
CHAIRPERSON

RAWALPINDI, 06 October 2021

**DIRECTORS REPORT TO THE MEMBERS
FOR THE YEAR ENDED 30 JUNE 2021**

We are please to present to the shareholders the Directors Report for the period.

The following persons served on the Board of the Company during the financial year

NAMES OF DIRECTORS-

S. NO	Name	Current status	Total Meetings	Attended Meetings
1	SOHAIL FAROOQ SHAIKH	CEO	4	4
2	NEELUM SOHAIL SHAIKH	CHAIRPERSON	4	4
3	SADIA MOHSIN	DIRECTOR	4	4
4	FARRUKH HAROON RASHID	DIRECTOR	4	-
5	SHAHMEER SHAIKH	DIRECTOR	4	4
6	SALEEM ASGHAR MIAN	NOMINATED AS INDEPENDENT DIRECTOR	4	4
7	SYED IBRAHIM AHMAD	NOMINATED AS INDEPENDENT DIRECTOR	4	4

PRINCIPAL ACTIVITIES, DEVELOPMENT AND PERFORMANCE OF THE COMPANY

It is important to take into consideration the Company's its non-operational status and the fact that the Company is in a transitional phase post-merger with the possible benefits of the merger still not fully achieved..

The Company was unable to re-commence its commercial production due to the unavailability of working capital finance. As a result the Company is not considered a 'going concern' and has presented its financial statements on a 'realizable basis'.

Subsequent to the completion of its merger with its former associated company, the Company has identified surplus assets that may be disposed off to repay Banks and other creditors and provide working capital finances to re-commence operations, as was envisaged in the Merger Plan approved by the Court in sanctioning the Merger.

The Company continued to incur administrative expenditure essential to safeguard its infrastructure, service its corporate and statutory obligations and to keep its existing plant and machinery in order. The entire amount of he funding required for this purpose was fully met by funds provided by the principal shareholder, from personal resources.

During the year, the Company management actively sought buyers for its surplus assets. The Company received expressions of interest for the assets and is in the process of negotiating suitable terms of disposal, under Board supervision. Management remains hopeful that the disposal of assets will successfully take place in a reasonable period of time and the Company will be able to raise working capital.

PRINCIPAL RISKS AND UNCERTAINTIES

As the Company has been non-operational for an extended period it is subject to uncertainties and risks. The inordinate and unplanned delay in the completion of the merger had exacerbated the risk. These risks are significantly offset by the availability of surplus assets that, when realized, are expected to be sufficient to meet its obligations and re-commence operations. The main risk faced by the company, is that the principal shareholder becomes unable to sustain the funding that is required to keep the Company in existence with no other source of funding available. Management, continues to pro actively pursue the implementation of the merger plan as a means of overcoming these risks and has taken steps to implement the plan primarily by identifying surplus assets and initiating a process whereby funds are generated by the disposal of assets.

CHANGES IN THE NATURE OF THE BUSINESS OR ITS SUBSIDIARIES

Apart from the developments disclosed above no changes have taken place.
The Company has no subsidiaries.

COMMENTS IN AUDITORS REPORT.

There are no adverse qualifications in the Auditors' Report. The reference to 'material uncertainty', in the auditors' report is in consonance with the view of management. The accounts are presented on a 'realizable basis' and there is no presumption that the company remains a 'going concern'

PATTERN OF SHAREHOLDINGS

Attached in the specified Form-34

DOMICILE

The Company is a Pakistan domicile company and has no holding company.

EARNINGS (LOSS) PER SHARE

The Company incurred a loss of RS. 47.286 Million (RS 10.91 per share) during the year as compared to a loss of RS. 45.428 (RS. 10.48 per share) in the last financial year.

REASONS FOR LOSS AND PROSPECTS OF PROFIT

The losses have arisen because the Company has not been able re commence commercial production since its cessation of manufacturing operations in 2010. The operations were discontinued because of the extensive damage to the manufacturing facility by unprecedented floods and the subsequent non availability of working capital. The Company is hopeful that funds generated by the disposal of surplus assets will enable it to recommence commercial production, as envisaged in the Court approved Merger Plan. However, it is not possible to quantify or, specify the time horizon for this as it is entirely dependent on the outcome of the efforts to dispose off surplus assets, which is underway.

DEFAULTS IN DEBTS AND REASONS FOR DEFAULT

As detailed in the Financial Accounts, the Company is in default of its obligations to Financial institutions against which Decrees have been ordered and execution proceedings are being conducted in accordance with the law by the Courts of jurisdiction.

The Company defaulted on its obligations directly because of the damage to its assets and destruction of all its stocks by the Flood events of 2010. The stocks carried as collateral security for the working capital finance were destroyed by the flood waters leaving the company with the underlying debt outstanding. However, the lenders are adequately secured by mortgaged Assets, an arrangement that was put in place after the collateral stocks were lost due to the floods. The assets

that are mortgaged against the said obligations are separate from those that have been identified as surplus assets and which are available for disposal.

ADEQUACY OF INTERNAL FINANCIAL CONTROL

The Company's internal financial controls are considered adequate in the circumstances. Due to its non-operational state and in the absence of any revenue source, all expenditure is being met by the principal shareholder from personal resources. This in itself presupposes close scrutiny of all outgoings, as to justifiable need and cost.

The Company has accounting systems that provide complete and accurate financial information on a timely basis, that serve to safeguard its assets, detect and prevent fraud and errors. Moreover, due to the prescribed statutory frameworks such as the IFRS, Directors refer to, approve and authenticate financial statements based on the principles and guidance provided by such frameworks.

MATERIAL POST CLOSING CHANGES

The material changes or commitments that have occurred between the close of the financial year on 30 June 2021 and the date of this report, has been the lifting of the suspension in trading the shares of the Company on the Pakistan Stock Exchange (PSX). The Company took all steps required to remove the causes of suspension. The suspension on trading was lifted on 13 August 2021 and, significantly, over 50,000 of the Company's Rs 10 share have been traded since, reaching a price of Rs 44.95 per share. This afforded shareholders the opportunity to encash their holdings at a significant premium if they so desired. Coupled with this development was the de-listing of the merged (Colony) Sarhad Textile Mills Ltd shares, which constitutes the final step in the regulatory-legal process of the merger.

MAIN TRENDS AND FACTORS LIKELY TO EFFECT THE COMPANY

The main trends and factors likely to effect the development, performance and position of the business of the Company do not apply in our case as it is in a non-operational state. However, the factors that will effect the future outcome of the implementation of the asset disposal process under the Merger plan is dependent on the market demand for assets and the ability of buyers to conduct transactions suited to the Company's needs.

ENVIRONMENTAL IMPACT

As there is currently no manufacturing activity by the company there is no exceptional, measure able impact on the environment.

EFFECT OF COVID 19 ON THE COMPANY'S AFFAIRS

As the company is in an non operational state, there was no effect on the company's activities due to the public health safety measures imposed by the Government. Mercifully, no case of Covid19 afflicted any staff member of the Company. It is noteworthy that the Company did not lay-off any employees due to the pandemic and continued to pay all due emoluments in full over the period of the lockdown and beyond.

CORPORATE SOCIAL RESPONSIBILITY

As the Company has not generated any revenue it has no funds available to deploy towards specific corporate social responsibility projects or programs. However it continues to fulfill its obligations to its employees and their families.

DIRECTORS RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROL

In so far as Directors' responsibility for adequacy of internal financial control is concerned, it is reported that they approve and authenticate the financial information that is produced by the

company's accounting system in an timely, complete and accurate fashion, based on the framework stipulated by International Financial Reporting Standards (IFRS), as prescribed.

They are also responsible for the company's adherence to policies and procedures that guard against fraud and errors as well as the safeguarding of assets.

PENALTIES IMPOSED

The details of the penalties imposed by the SECP during the year are tabulated below:

<i>DATE OF ORDER</i>	<i>SECTIONS OF COMPANIES ACT 2017 APPLIED</i>	<i>EXTENT OF PENALTY</i>	<i>STEPS TAKEN FOR RECTIFICATION OF DEFAULT</i>
20/10/2020	Code of Corporate Governance Regulations & 512	RS. 100,000	The Company has rectified the non compliance or, falls under the regime of comply or explain
20/10/2020	192 read with 193 and 479	RS 50,000	The requirement for the Chairperson's Review has been complied with
16/02/2021	183 read with 479	RS. 30,000 on each Director	Board approval for borrowing is being taken on a periodic basis
31/05/2021	209 read with 479	RS. 10,000 on the Company	The Register is being maintained and updated
14/06/2021	153 read with 175 and 479	RS. 12,500 each on Independent Directors	The qualifying shares acquired by the Independent Directors were enjoined from being registered by the PSX .An application to allow the registration is pending with the SECP

STATEMENT OF COMPLIANCE -CORPORATE GOVERNANCE

1. The total number of directors are 7 (Seven), as per the following:
 - a. Male: - 5 (Five)
 - b. Female - 2 (Two)
2. The composition of the Board is as follows:
 - a) Independent Directors 2 (two)
 - b) Other Non-executive Director 4 (four)
 - c) Executive Directors 1 (one)
3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

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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 Chairperson and, in her 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 been able to arrange Directors' Training program during the year due to its financial constraints
10. The board has in the normal course 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. The 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)
- | | | |
|----------|---|---------------------------|
| Chairman | - | Mr Syed Ibrahim Ahmad |
| Member | : | Mrs. Neelum Sohail Shaikh |
| Member | : | Mrs. Sadia Mohsin Shaikh |
- b) HR and Remuneration Committee (Name of members and Chairman) -
- | | | |
|----------|---|--------------------------|
| Chairman | - | Mr Syed Ibrahim Ahmad |
| Member | : | Mr. Sohail Farooq Shaikh |
| Member | : | Mrs. Sadia Mohsin Shaikh |
- c) Nomination Committee (if applicable) Not Applicable
- d) Risk Management Committee (if applicable) Not Applicable
13. The frequency of meetings (quarterly/half yearly/ yearly) of the committee, were as per following:
- a) Audit Committee 4
- b) HR and Remuneration Committee 2
- c) Nomination Committee (if applicable) NA
- d) Risk Management Committee (if applicable).NA
14. The Company has an effective internal audit function. The Company's internal auditor has a B.Com degree and 13 years of experience and is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.
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15. *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 *

16. 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

17. The Board has on the recommendation of the Audit Committee, proposed M/s Crowe Hussain Chaudhry & Co to be appointed Auditors for the year ending 30 June 2022.at an agreed remuneration

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

CHIEF EXECUTIVE OFFICE /
DIRECTOR

APPROVED BY BOARD ON 06th OCTOBER 2021

PATTERN OF SHAREHOLDING

Pattern of holding of the shares held by the shareholders as at 30-06-2021

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
1036	1	100	34,433
191	101	500	57,392
52	501	1,000	40,715
67	1,001	5,000	158,665
17	5,001	10,000	107,132
4	10,001	15,000	43,000
3	15,001	20,000	56,119
2	20,001	25,000	42,400
1	35,001	40,000	39,500
1	55,001	60,000	55,328
1	155,001	160,000	155,298
4	320,001	325,000	1,292,900
1	895,001	900,000	895,437
1	1,350,001	1,355,000	1,354,500
1381			4,332,819

Categories of shareholders	Share held	Percentage
Directors, Chief Executive Officers, and their spouse and minor children	2,922,034	67.4396%
Associated Companies, undertakings and related parties. (Parent Company)	20,500	0.4731%
NIT and ICP	21,379	0.4934%
Banks Development Financial Institutions, Non Banking Financial Institutions.	16,845	0.3888%
Insurance Companies	3,062	0.0707%
Modarabas and Mutual Funds	766	0.0177%
Share holders holding 10% or more	2,249,937	51.9278%
General Public a. Local	1,341,934	30.9714%
b. Foreign	0	0.0000%
Others (to be specified) 1- Joint Stock Companies	5,299	0.1223%
2- Others	1,000	0.0231%

**Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2021**

Sr. No.	Name	No. of Shares Held	Percentage
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Associated Companies, Undertakings and Related Parties (Name Wise Detail):

1	SURIYYA FAROOQ CHARITABLE FOUNDATION	20,000	0.4616
2	ISMAIL FAROOQ INDUSTTEIS (PVT.) LIMITED	500	0.0115

Mutual Funds (Name Wise Detail)	-	-
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Directors and their Spouse and Minor Children (Name Wise Detail):

1	MIAN SOHAIL FAROOQ SHAIKH	2,249,937	51.9278
2	MRS. SADDIA MOHSIN	328,439	7.5803
3	MRS. NEELUM SOHAIL	5,869	0.1355
4	MIAN FARRUKH HAROON RASHID	519	0.0120
5	MR. SHAHMEER SHAIKH	6,741	0.1556
6	SYED IBRAHIM AHMAD *	-	0.0000
7	MR. SALEEM ASGHAR MIAN *	-	0.0000
8	MRS. MEHREEN HAROON RASHID	330,529	7.6285

Note: * The Independent Directors have acquired 500 qualifying shares each but such acquisition could not be registered due to restrictions imposed by the Pakistan Stock Exchange. An application to the SECP to allow the registration is pending.

Executives:	-	-
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Public Sector Companies & Corporations:	-	-
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Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:	20,673	0.4771
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Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)		
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S. No.	Name	Holding	Percentage
1	MIAN SOHAIL FAROOQ SHAIKH	2,249,937	51.9278
2	MRS. SHARMEEN AZAM	323,500	7.4663
3	MRS. AMBREEN ZAHID BASHIR	323,300	7.4617
4	MRS. MEHREEN HAROON RASHID	330,529	7.6285
5	MRS. SADDIA MOHSIN	328,439	7.5803

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No	NAME	SALE	PURCHASE
	NIL		

KEY OPERATING FINANCIAL DATA.

A statement of key operating and financial data of the Company for the last seven years is summarised to the annual report.

PARTICULARS	2021	2020	2019	2018	2017	2016	2015
Net sales					-	-	-
Cost of sales					-	-	-
Operating expenses	47,286,124	45,427,732	42,019,311	39,663,624	58,365,685	52,819,466	36,214,403
Other income.	10,000	-	1,175,617	351,516	389,780	4,345,069	835,719
Earning per share - Rupees	- 10.91	- 10.48	- 9.43	- 9.07	- 15.48	- 12.94	9.45
FINANCIAL POSITION							
Equity	718,845,256	728,631,381	773,918,442	(527,578,640)	(493,439,861)	-309,971,864	(267,813,269)
Reserve on Revaluation of fixed assets			-	1,342,300,767	1,315,194,265	796,458,725	802,714,276
Loan from director	236,149,305	209,270,558	185,418,953	192,657,842	170,265,962	91,484,356	72,290,818
Deferred liabilities	7,415,743	7,178,018	6,323,910	5,720,034	6,003,930	4,720,831	4,141,673
Current liabilities.	445,010,519	428,777,156	414,759,139	371,399,593	359,877,408	314,808,519	308,617,411
	1,407,420,823	1,373,857,113	1,380,420,444	1,384,499,596	1,357,901,704	897,500,567	919,950,909
Fixed capital expenditure	1,397,265,384	1,363,630,743	1,367,774,830	1,372,317,468	1,345,997,034	816,430,237	823,374,924
Due from associated undertaking	-	-	-	-	-	69,037,148	67,534,658
Current assets.	10,155,439	10,226,370	12,645,614	12,182,128	11,904,670	12,033,182	29,041,327
	1,407,420,823	1,373,857,113	1,380,420,444	1,384,499,596	1,357,901,704	897,500,567	919,950,909

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
SUHAIL JUTE MILLS LIMITED**

Opinion

We have audited the annexed financial statements of “**SUHAIL JUTE MILLS LIMITED**”, which comprise the statement of financial position as at 30 June 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity 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 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 30 June 2021 and of the loss, the comprehensive loss, and the cash flows and its changes in equity for the year then ended.

Basis for Opinion

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

Material Uncertainty relating to Going Concern

During the year Company has incurred loss after taxation of Rs. 47.286 million (2020: Rs. 45.427 million). The Company has suffered accumulated loss of Rs. 901.918 million (2020: Rs. 857.942 million) as on June 30, 2021.

The company has also ceased operations since June 2010. Thus, there is a material uncertainty of the company to continue as a going concern.

Key Audit Matter(s)

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.

Following is the key audit matter:

Sr No.	Key audit matter	How the matters were addressed in our audit
	<p>Refer notes 13 & 18 to the financial statements.</p> <p>During the year the company carried out revaluation of its freehold land, building on free hold land and plant and machinery by an independent valuer. As a result of this revaluation the company booked revaluation surplus of Rs. 60 million on freehold land and deficit of Rs. 12.5 million and Rs. 10 million on building on free hold land and plant and machinery respectively.</p> <p>We identified revaluation of freehold land, building on freehold land and plant and machinery as key audit matter because there is a risk that amounts being wrongly revalued with related implications on incremental depreciation for the year.</p>	<p>Our audit procedures to access the recognition of revaluation surplus/deficit amongst others are as follows:</p> <ul style="list-style-type: none"> ❖ Obtained an understanding of the process relating to recognition of revaluation surplus /deficit and tested the design implementation and operating effectiveness of key internal controls our recording of revaluation surplus/deficit. ❖ Obtained list of all the assets that have been revalued and considered the following: <ul style="list-style-type: none"> • Reasons for revaluation, • The professional competence and experience of the valuer, • Significant assumptions made, • Method used, • Date of revaluation, • Amount of revaluation, and • Treatment of revaluation surplus/deficit. ❖ Obtained copies of revaluation report from the client and performed audit test in accordance with IAS 620 "Using the work of an expert" while considering the revaluation reports we considered the following: <ul style="list-style-type: none"> Competence and objectivity of the expert, Scope of experts work, and Assessing the work of the experts.

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

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2021 but does not include the financial statement and our auditor's report thereon.

Our opinion on the financial statement 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 appear to be materially misstated. If, based on the work we have performed, we conclude that there is 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 Those Charge with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

- a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) The statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with books of account and returns;
- c) Expenditure incurred during the year were for the purpose of the Company's business; and
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit of Financial Statements of **SUHAIL JUTE MILLS LIMITED** for the year ended June 30, 2021 resulting in this independent auditors' report is C.A Habib.

Place: Islamabad

**CROWE HUSSAIN CHAUDHURY & CO.
(CHARTERED ACCOUNTANTS)**

Dated: 20 September 2021

**INDEPENDENT AUDITOR'S REVIEW REPORTS
To the members of Suhail Jute 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 Suhail Jute Mills Limited for the year ended June 30, 2021 in accordance with the requirements of regulation 40 of the Regulations.

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

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

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

Based on our review except for the above instance(s) of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the Regulations as applicable to the Company for the year June 30, 2021.

**Place: Islamabad
Dated: 20 September 2021**


**CROWE HUSSAIN CHAUDHURY & CO.
(CHARTERED ACCOUNTANTS)**

**STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021**

	Note	2021	2020
		-----Pak Rupees-----	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital: (5,000,000 ordinary shares of Rs.10 each)		<u>50,000,000</u>	<u>50,000,000</u>
Issued, subscribed and paid up capital (4,332,819 ordinary shares of Rs. 10 each)	11	<u>43,328,190</u>	43,328,190
Reserves	12	<u>(889,796,948)</u>	(845,820,788)
Merger reserve		<u>196,362,085</u>	196,362,085
Surplus on revaluation of property, plant and equipment	13	<u>1,368,951,930</u>	1,334,761,894
		<u>718,845,256</u>	728,631,381
CURRENT LIABILITIES			
Staff retirement benefits	14	<u>7,415,743</u>	7,178,018
Trade and other payables	15	<u>195,086,075</u>	181,469,883
Accrued mark-up		<u>54,086,276</u>	54,086,276
Unclaimed dividend		<u>384,359</u>	384,359
Loan from directors		<u>236,149,305</u>	209,270,558
Short term borrowings - secured	16	<u>195,453,810</u>	192,836,639
Provision for taxation	17	<u>-</u>	-
		<u>688,575,567</u>	645,225,732
		<u>1,407,420,823</u>	<u>1,373,857,113</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	18	<u>1,397,075,383</u>	1,363,440,743
Long term investment	19	<u>190,000</u>	190,000
		<u>1,397,265,384</u>	<u>1,363,630,743</u>
CURRENT ASSETS			
Cash and bank balances	20	<u>1,470,407</u>	1,542,788
Advances, deposits, prepayments and other receivables	21	<u>5,687,399</u>	5,675,840
Stores and spare parts	22	<u>1,910,762</u>	1,920,872
Stock in trade	23	<u>824,389</u>	824,389
Long term security deposits	24	<u>262,482</u>	262,482
		<u>10,155,439</u>	10,226,370
		<u>1,407,420,823</u>	<u>1,373,857,113</u>
CONTINGENCIES AND COMMITMENTS	25		

AUDITORS' REPORT ANNEXED:

The annexed notes from 1 to 38 form an integral part of these financial statements.



CHIEF EXECUTIVE CHIEF FINANCE OFFICER DIRECTOR

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021	2020
		-----Pak Rupees-----	
Sales		-	-
Cost of sales		-	-
Gross profit / (loss)		-	-
Administrative expenses	26	(39,685,118)	(38,229,538)
Finance cost	27	(7,611,006)	(7,198,194)
Other operative income	28	10,000	-
Loss before taxation		(47,286,124)	(45,427,732)
Income tax expense	17	-	-
Loss after taxation		(47,286,124)	(45,427,732)
Loss per share - basic and diluted	29	- 10.91	- 10.48

The annexed notes from 1 to 38 form an integral part of these financial statements.








CHIEF EXECUTIVE CHIEF FINANCE OFFICER DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	-----Pak Rupees-----	
Loss after taxation	(47,286,124)	(45,427,732)
Other comprehensive income for the year		
Other comprehensive income not to be reclassified to income and expenditure in subsequent periods		
Actuarial gain on re-measurement of staff retirement benefit	480,426	140,670
Total comprehensive loss for the year	<u>(46,805,698)</u>	<u>(45,287,062)</u>

The annexed notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE CHIEF FINANCE OFFICER DIRECTOR

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021	2020
-----Pak Rupees-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(47,286,124)	(45,427,732)
Adjustments for:			
Financial charges		7,445,483	7,055,514
Gain on sale Scrap	28	(10,000)	-
Depreciation	26	3,865,359	4,334,087
Staff retirement benefit	14	237,725	994,778
		<u>(35,747,557)</u>	<u>(33,043,353)</u>
Working capital changes:			
(Increase) / decrease in current assets			
Stores and spare parts	22	10,110	1,757
Advances, deposits, prepayments and other receivables	21	(11,559)	(262,015)
Increase / (decrease) in current liabilities			
Trade and other payables	15	13,616,192	11,397,243
		<u>13,614,742</u>	<u>11,136,986</u>
Cash used in operations		<u>(22,132,815)</u>	<u>(21,906,367)</u>
Financial charges paid		<u>(7,445,483)</u>	<u>(7,055,514)</u>
Net cash used in operating activities		<u>(29,578,298)</u>	<u>(28,961,881)</u>
CASH FLOWS FROM OPERATING ACTIVITIES		(29,578,298)	(28,961,881)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceed from sale of scrap		10,000	-
Short term investment		-	3,752,309
Net cash flows generated from investing activities		<u>10,000</u>	<u>3,752,309</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings	16	2,617,171	2,620,774
Loan from directors		26,878,747	23,851,605
Net cash generated from financing activities		<u>29,495,918</u>	<u>26,472,379</u>
Net (decrease) / increase in cash and cash equivalents		(72,381)	1,262,808
Cash and cash equivalents at the beginning of the year		1,542,788	279,980
Cash and cash equivalents at the end of the year	20	<u>1,470,407</u>	<u>1,542,788</u>

The annexed notes from 1 to 38 form an integral part of these financial statements.





CHIEF EXECUTIVE CHIEF FINANCE OFFICER DIRECTOR

SUHAIL JUTE MILLS LIMITED

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CHIEF EXECUTIVE


CHIEF FINANCE OFFICER


DIRECTOR

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021****1. LEGAL STATUS AND OPERATIONS**

Suhail Jute Mills Limited (the Company) was incorporated in Pakistan in 1981 as a public limited company under the Companies Act, 1913 (now Companies Act, 2017). Its shares are quoted on Pakistan stock exchanges in Pakistan. The Company is principally engaged in the business of manufacturing and sale of jute products. The registered office of the Company is situated at 14-B, Civil Lines, Rawalpindi.

The production facilities are situated at Kabul River Railway Station, Mardan Road, Nowshera, Khyber Pakhtunkhwa and GT road, Nowshera, Khyber Pakhtunkhwa consisting of 872 Kanals 3 Marlas and 744 kanals 2 Marlas piece of land respectively.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**2.1 Statement of Compliance**

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

2.3 Basis of measurement and preparation

These financial statements have been prepared under historical cost convention.

2.4 Accounting convention

These financial statements have been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively in addition to historical cost convention. All assets and liabilities in these financial statements have been presented in the order of liquidity.

2.5 Material Uncertainty Relating to Going Concern

The Company has incurred loss after taxation of Rupees 47.286 million this year. The Company has suffered accumulated losses of Rupees 901.918 million as on June 30, 2021. The company has ceased operations since June 2011. These events indicates that material uncertainty that may cause serious doubt on the ability of company to continue as going concern.

2.6 Functional and presentation currency

The financial statements are presented in Pakistan Rupees (PKR) which is the Company's functional and presentation currency.

2.7 Impact of covid 19

The management of SUHAIL JUTE MILLS LIMITED has evaluated the financial impact of COVID-19 on the financial statement and is of the review that there are no material financial implication of the COVID-19.

3. SIGNIFICANT ACCOUNTING POLICIES**3.1 Staff retirement benefits**

The Company operates an unfunded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Provision is made annually to cover obligations under the scheme in accordance with actuarial recommendations. Projected Unit Credit Method has been used for actuarial valuation.

Actuarial gains and losses (re-measurement gains/losses) on employees' retirement benefit plans are recognized immediately in other comprehensive income and past service cost is recognized in profit and loss when they occur.

3.2 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid or given in future for goods and services received or to be delivered or for any other amount, whether or not billed to the company.

3.3 Taxation

Current

Provision for current taxation is based on taxable income of the Company after taking into account rebates, if any, allowable to the Company. In case of loss the tax liability is calculated according to the section 113 of Income Tax Ordinance, 2001.

Deferred

Deferred income tax, if any, is accounted for using the balance sheet liability method in respect of all temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are recognized for all taxable temporary timing differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the timing differences will reverse, based on the tax rates that have been enacted. Deferred tax is charged or credited to income except in the cases where it is included in equity.

3.4 Provision

A provision is recognized in the statement of financial position when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

3.5 Property, plant and equipment

Property and equipment, are stated at cost less accumulated depreciation and any identified impairment loss. Cost includes direct cost, related overheads and mark up.

Depreciation on all property and equipment is charged on reducing balance method so as to write off the depreciable amount of an asset over its useful estimated life at the rates mentioned in the note 18.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably, and the assets so replaced, if any, are retired.

3.6 Cash and cash equivalent

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and bank balances. Cash and bank balances are carried at historical cost except foreign currency which is carried at fair value.

3.7 Stock in trade

Stock in trade is stated at the lower of average cost and net realizable value, less allowance for obsolete items.

- Raw material is at moving average purchase cost and directly attributable expenses.
 - Work in process and finished goods is at moving average cost of raw materials and applicable manufacturing expenses.
 - Raw material in transit is at invoice value plus other charges incurred up to the balance sheet date.
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3.8 Contingent liabilities

Contingent liabilities are disclosed when:

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

3.9 Revenue recognition

Revenue from contracts with customers is recognized when or as the company satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. The transfer of control of Jute twine, Gunny bags, Hessian cloth and Rice bags coincides with the title passing to the customer and customer taking physical possession. The Company physically satisfies its performance obligations at a point in time in the amount of revenue recognized relating to performance. For sale of Jute twine, Gunny bags, Hessian cloth and Rice bags the transfer of control usually occurs on delivery of goods to the customer.

3.10 FINANCIAL INSTRUMENTS**Recognition and initial measurement**

Trade debts are initially recognized when they are originated. All other financial assets and liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of an instrument.

A financial asset (unless it is a trade debt without significant financing component) or financial liability is initially measured at fair value, plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. A trade debt without a significant financing component initially measured at the transaction price.

Classification and subsequent measurement**Financial assets**

On initial recognition, a financial asset is classified as measured at amortized cost, FVTOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

Financial assets at amortized cost are subsequently measured using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss.

Financial liabilities-Classification and subsequent measurement

Financial liabilities are measured at amortized cost or FVTPL. A Financial liability is classified as FVTPL if it is classified as held-for-trading, it is derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss.

Derecognition**Financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of modified liability are substantially different, in which case a new financial liability is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

Off-setting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

4 NEW STANDARDS, INTERPRETATIONS AND AMMENDMENTS

There are certain amendments to existing and accounting reporting standards that have become applicable for accounting periods beginning on or after Jan 01, 2020. These are considered either to not be relevant or don't have any significant impact on these financial statements.

4.1 Standards, ammendments to approved accounting standards and interpretation that are not yet effective and have not been early adopted by the company.

- The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 01, 2019 and have not been early adopted by the company:
- Amendments to IAS 1 presentation of financial statements and IAS 8 accounting policies, changes in accounting estimates and errors is applicable on accounting periods beginning on or after January 01, 2020. The amendments are intended to make definition of material in IAS 1 easier to understand and are not intended alter the underlying concept of materiality in IFRS. In addition IAASB has also issued guidance on how to make materiality judgements when preparing general purpose financial statements in accordance with IFRS. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of financial statements, which provide financial information about a specific reporting entity.
- Amendments to IAS 37 provisions, contingent assets and contingent liabilities is applicable for accounting periods beginning on or after January 01, 2022. Under IAS 37, contract is onerous when unavoidable cost of meeting the contractual obligations i.e: lower of the cost of fulfilling a contract or terminating it, outweighs the economic benefits. The amendments clarify that cost of fulfilling a contract comprise both incremental cost and an allocation of other direct costs. The amendments are not expected to have material impact on company financial statements.
- Annual improvements 2018 applicable for annual periods beginning on or after January 01, 2022. These amendments include changes from 2018-2020 cycle of annual improvement project that mainly affect following standards:

- Amendments to IFRS 1, 'First time adoption of IFRS, simplifies the application of IFRS 1 for a subsidiary that becomes a first time adopter of IFRS later then its parent.
- Amendment to IFRS 9, financial instrument clarifies that for purpose of performing 10 % test for derecognition of financial liabilities in determining those fees paid net of fees received, a borrower includes fees paid or received between the borrower and lender, including fees paid or received by either of borrower or lender on the others behalf.

5 USE OF ESTIMATES AND JUDGMENTS

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of Company's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively:

Information about judgments made in applying accounting policies that have significant effect on the amounts recognized in the financial statements are discussed in the ensuing paragraphs.

5.1 Property, plant and equipment

The Company reviews the residual values and useful lives of property, plant and equipment on regular basis. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis. Any change in such estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge, impairment and related deferred tax liability.

5.2 Provision for inventory obsolescence

The Company reviews the net realizable value of stock in trade, stores and spare to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated cost to complete and estimated cost to make the sales.

5.3 Taxation

The Company takes into account the current income tax laws and decisions taken by the taxation authorities. Instances where the Company's view differs from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

5.4 Provisions and contingencies

A provision is recognized as a result of past event when the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the liability. The un-winding of discount is recognized as finance cost, if any. Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation can not be measured with sufficient reliability, it is disclosed as contingent liability.

6 Impairment

Impairment of financial assets

The Company measures loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost after considering the pattern of receipts from and future financial outlook of the counterparty and is reviewed by the management on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of assets with a corresponding effect on the profit or loss.

Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated using criteria given in respective accounting standards to determine the extent of impairment loss, if any.

7 Earnings per share

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

8 Other income / finance cost

Other income comprises gain on disposal of property, plant and equipment.

Finance cost comprises interest expense on borrowings, Workers' Profit Participation Fund, and bank charges.

9 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short position at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

10 RELATED PARTY TRANSACTION AND DISCLOSURE

The determination of related party relation and disclosures relating thereto are in accordance with International Accounting Standards on Related Party Disclosures (IAS 24).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

			Note	2021	2020
				----- Pak Rupees-----	
11 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL					
	2020	2021			
	(Number of shares)				
	3,245,000	3,245,000	Ordinary shares of Rs. 10 each issued for cash	32,450,000	32,450,000
	3,245,000	3,245,000		32,450,000	32,450,000
	1,087,819	1,087,819	Issued against merger	10,878,190	10,878,190
	4,332,819	4,332,819		43,328,190	43,328,190
11.1 Shares held by associated undertakings					
	2020	2021		2021	2020
	(Number of shares)			----- (Rupees)-----	
	500	500	M Farooq Private Limited	5,000	5,000
	20,000	20,000	Surriya Farooq Charitable Foundation	200,000	200,000
11.2	All ordinary share holders have same rights regarding voting, board selection, right of first refusal and block voting.				
			Note	2021	2020
				----- Pak Rupees-----	
12 RESERVES					
General reserve			12.1	3,380,000	3,380,000
Dividend equalization reserve			12.2	7,490,000	7,490,000
Fair value reserve				1,251,607	1,251,607
Accumulated loss				(901,918,556)	(857,942,396)
				(889,796,948)	(845,820,788)
12.1	This represents amount transferred to the general reserve from Reserve for Participation Term Certificates (PTC) for contingencies created in year 1992.				
12.2	This represents the reserve for the purpose of cash and stock dividend at 20 percent of the issued share capital proposed in 1992, but not approved by the shareholders.				
13 SURPLUS ON REVALUATION OF FIXED ASSETS					
This represents the surplus arising from the revaluation of assets which is amortized over the useful lives of corresponding assets.					
			Note	2021	2020
				----- Pak Rupees-----	
Opening balance					
Free hold land				1,262,734,609	1,262,734,609
Building				64,357,198	64,357,198
Plant and machinery				123,273,000	123,273,000
				1,450,364,807	1,450,364,807
Surplus /(deficit) on revaluation made during the year					
Free hold land				60,000,000	-
Building				(12,500,000)	-
Plant and machinery				(10,000,000)	-
				37,500,000	-
Accumulated Depreciation				(118,912,877)	(115,602,913)
				1,368,951,930	1,334,761,894

Revaluation of free hold land, building on free hold land and plant and machinery of the Company was carried out on June 21, 2021 by an independent valuer, BFA (Private) Limited, under the market value basis. Previously , the revaluation and plant and free hold land and machinery of the Company was carried out on January 26, 2017 prior to that the free hold land of the Company was revalued in 1992 and 2008 and 2011, whereas the buildings on free hold land and plant and machinery were revalued in 1995 and 2008.

14	STAFF RETIREMENT BENEFITS	Note	2021	2020
			----- Pak Rupees-----	
	Present value of defined benefit obligation		6,192,902	5,875,177
	Deferred liabilities - staff gratuity		1,222,841	1,302,841
			7,415,743	7,178,018
14.1	The amounts recognized in the Statement Of Financial Position			
	Present value of defined benefit obligation	14.2	6,192,902	5,875,177
14.2	Movement in the present value of defined benefit obligation:			
	Opening balance		5,875,177	5,021,069
	Charge for the year	14.3	798,151	994,778
	Actuarial gain		(480,426)	(140,670)
	Benefits paid during the year		-	-
			6,192,902	5,875,177
14.3	Charge for the year			
	Current service cost		298,761	279,276
	Interest cost		499,390	715,502
			798,151	994,778
14.4	Remeasurement recognized in OCI			
	Actuarial gain on re-measurement of defined benefit obligation		480,426	140,670
14.5	The principal actuarial assumptions used in actuarial valuations were as follows;			
	Valuation discount rate	0.1	8.5%	
	Salary increase rate short term (1 year)	0.1	14.25%	
	Salary increase rate long term	0.1	8.5%	
	Withdrawal rates	High	Low	
	Mortality rates	SLIC 2001-2005	SLIC 2001-2005	
	Duration	4.50 year	5.01 Year	
	Normal retirement age	60 years	60 Years	
	Effective salary increase date	01.Jul.21	01.Jul.20	

14.6 Sensitivity analysis

The calculation of defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined obligation at the end of reporting period would have increased / (decreased) as a result of change in respective assumptions:

	Effect of increase	
	2021	2020
	----- Pak Rupees-----	
Discount rate changed by 1%	5,932,219	5,600,921
Salary rate change by 1%	6,516,340	6,214,596
Withdrawal rates change by 10% / 1 year mortality age set-back / set-forward	6,192,902	587,177

The above sensitivity analysis are based on the changes in assumptions while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be co-related. When calculating the sensitivity of defined benefit obligations to significant assumptions the same method (present value of the defined benefit obligation calculated with the projected credit unit method at the end of the reporting period) has been applied when calculating the liability recognized within the balance sheet.

	Note	2021	2020
		----- Pak Rupees-----	
15 TRADE AND OTHER PAYABLES			
Creditors		21,836,332	22,896,772
Accrued expenses	15.1	80,689,003	67,268,580
Security deposits		1,600	1,600
Advances from customers		-	3,400,000
Workers' profit participation fund	15.2	59,079,020	54,250,707
Workers welfare fund		269,503	269,503
Other taxes payable		717,438	969,606
Others		2,933,065	2,691,301
Payable to employees retirement benefits	15.3	29,560,114	29,721,814
		<u>195,086,075</u>	<u>181,469,883</u>
15.1	This includes an amount payable to director of the company on account of remuneration Rs. 68,458,565/- and godown rent Rs. 2,981,800/- respectively.		
15.2	Worker's (Profit) Participation fund		
		----- Pak Rupees-----	
Opening balance		54,250,707	49,815,967
Interest on funds utilized by the Company	15.2.1	4,828,313	4,434,740
		<u>59,079,020</u>	<u>54,250,707</u>
15.2.1	Interest on funds utilized by the Company is charged at KIBOR + 2.5%.		
15.3 Payable to employees retirement benefits	Note	2021	2020
		----- Pak Rupees-----	
Gratuity payable	15.3.1	28,309,686	28,471,386
Provident fund payable	15.3.2	1,250,428	1,250,428
		<u>29,560,114</u>	<u>29,721,814</u>
15.3.1	This represent gratuity payable to 301 employees who left after the floods in July, 2010.		
15.3.2	This represents balance of the amount payable to employees that has arisen as result of the discontinuation of the provident fund of the company.		
16 SHORT TERM BORROWINGS	Note	2021	2020
		----- Pak Rupees-----	
From banking companies- Secured			
Faisal Bank Limited	16.1	128,809,828	128,809,828
AL Baraka Islamic Bank Limited	16.2	30,000,000	30,000,000
Bridge Finance facility		36,643,981	34,026,811
		<u>195,453,810</u>	<u>192,836,639</u>
16.1 Faisal Bank Ltd			
Running finance facility	16.1.1	127,885,528	127,885,528
Finance against imported merchandise	16.1.2	924,300	924,300
		<u>128,809,828</u>	<u>128,809,828</u>

- 16.1.1** Running finance facility of Rs. 128.55 million was sanctioned in June, 2011 and is payable on demand. The facility had been obtained to meet working capital requirements. The rate of mark up is 3 months KIBOR plus 2.91 percent per annum. The facility is secured against first exclusive hypothecation charge for Rupees 100 million on all present and future current assets of the Company and pari passu charge for Rs.280 million on fixed assets of Company including land, building and plant and machinery.
- 16.1.2** Finance against imports facility of Rs. 20 million had been obtained to finance import of raw material, and is payable on demand. The rate of mark up is 3 months KIBOR plus 2.91 percent per annum. The facility is secured against pledge of imported goods in factory godown amounting to Rs. 1,027,000 with built in margin under custody of bank's appointed Maccadum and lien over shipping documents.
- 16.2** The Company has drawn down Rs. 30 million out of total facility of Rs. 30 million sanctioned in October, 2011. It carries mark up at the rate 6 months KIBOR plus 2.5 percent per annum (if paid with in 180 days) and 3 months KIBOR plus 3 percent per annum (if paid within 90 days). This facility has expired in June, 2012. This facility is also secured against First Pari Passu charge over entire present and future fixed assets of the Company including free hold land and building on free hold land. The court on petition filed by the Bank ordered a decree in favor of the bank.

This represents interest free unsecured borrowing from the director, Sohail Farooq Shaikh, of the Company payable at the convenience of the Company.

17 PROVISION FOR TAXATION

No provision for current taxation has been made due to the reason that the Company has no taxable income. Turnover tax under section 113 of Income Tax Ordinance, 2001 does not apply as the Company has no turnover during the year.

Deferred tax asset is not recognized in the financial statements because the Company has sufficient tax losses available and it is probable that the Company will not be able to utilize deductible temporary differences in near future.

17 Property Plant & Equipment (Schedule Annexed - Page No.43-44)

2021 2020
----- Pak Rupees-----

19 LONG TERM INVESTMENTS

Available for sale investment - Unquoted
Farooq Energy Company Private Limited
190 shares (2021: 190) of Rs 1,000 each

190,000	190,000
----------------	---------

20 CASH AND BANK BALANCES

Cash in hand
Cash at banks:
- in current accounts

32,880	24,473
1,437,527	1,518,315
1,470,407	1,542,788

2021 2020
----- Pak Rupees-----

21 ADVANCES DEPOSITS PREPAYMENTS AND OTHER RECEIVABLES

Advances - considered good:

- Employees
- Expenses

Deposits
Prepayments

Sarhad Development Authority

Income tax withheld (Refundable)

Other receivables - considered good

47,000	279,598
3,490	14,784
501,940	501,940
172,022	176,487
2,550,000	2,550,000
2,412,947	2,148,275
-	4,756
5,687,399	5,675,840

22 STORES AND SPARES

Stores	7,606,567	7,606,317
Spares	2,088,937	2,099,296
	9,695,504	9,705,613
Less: Provision for obsolescence	(7,784,741)	(7,784,741)
	1,910,762	1,920,872

23 STOCKS IN TRADE

Raw materials	824,389	824,389
---------------	---------	---------

24 LONG TERM SECURITY DEPOSITS

Sui Northern Gas Pipeline Limited	30,000	30,000
Office building security	232,482	232,482
	262,482	262,482

25 CONTINGENCIES AND COMMITMENTS

- 25.1** The Sarhad Development Authority has filed an appeal in Peshawar High Court against the decision made in the civil suit (No: 180/1) on May 26, 2011 in favor of Suhail Jute Mills Limited for the recovery of an amount of Rs. 2,550,000 against surrender of land measuring six acres situated at Gadoon Industrial Estate, Khyber Pakhtunkhwa. The Sarhad Development Authority had acknowledged the surrender of land and made a payment of Rs. 1,667,343 after deducting charges of Rs. 882,657 which was returned by the Company with the plea that total amount should be refunded. The Company has also filed an appeal before the District Judge, Peshawar against other pleas related to this issue dismissed in the above decision.
- 25.2** Income tax demand of Rs. 8,771,178 for the tax year 2010 was raised against the Company under section 161/205 of the Income Tax Ordinance, 2001 which has been remanded back by Commissioner Inland Revenue (appeals) to the Deputy Commissioner Inland Revenue for redetermination of the liability, if any. The proceedings before Deputy Commissioner Inland Revenue has not yet finalized. The management and the tax advisor of the Company do not expect any unfavorable outcome or serious loss to the Company in this case.
- 25.3** The Company has secured running finance from Faysal Bank and Al Baraka Bank as disclosed in note to the financial statements. These Banks have filed suits for recovery of all outstanding over due principal and markup amount. In case of Faysal Bank the proceedings are pending with Lahore High Court and there are remote chances of decision in favor of the Company. In case of Al Baraka Bank the Banking Court, Rawalpindi has already issued decree in favor of Bank, which is not yet executed in view of charge on assets of Faysal Bank, as well and the Company is not pursuing the matter further. Accordingly as Company is already in legal proceedings with both Banks markup on outstanding borrowing amount has not been serviced and charged in these financial statements from July 01, 2014 in case of Faysal Bank and from July 01, 2012 in case of Al Baraka Bank. The management and legal advisor are of the opinion that markup freezes upon decree by the court / initiation of recovery proceedings.
- 25.4** The company is contingently liable in respect of guarantees of Rs. 463,100 issued by the bank in normal course of business.
- 25.5** The Company is in litigation with sales tax authorities circle 1, Rawalpindi for refund of sales tax amounting to Rs. 2.452 million (2020 Rs. 2.452 million). The case is pending with the Honorable Lahore High Court, Lahore.
- 25.6** The Company is in litigation with various parties for which cases have been filed by / against the Company in different courts of law as normal business events.

		2021	2020
		----- Pak Rupees-----	
26 ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	26.1	9,802,444	10,371,899
Directors' meeting fee		10,000	10,500
Travelling		335,394	419,020
Motor vehicle running expenses		1,063,161	1,052,393
Entertainment		550,702	505,330
Printing and stationery		331,945	336,496
Communication		536,830	517,901
News paper and periodicals		44,889	49,422
Rent, rates and taxes		1,544,328	1,100,648
Utilities		6,510,329	6,152,954
Fees and subscription		790,863	868,664
Professional charges		926,240	679,857
Auditor's remuneration	26.2	227,500	261,000
Directors' Remuneration	26.3	11,796,953	10,609,878
Depreciation		3,865,359	4,334,087
Repairs and maintenance		1,125,336	798,093
Insurance		5,500	-
Miscellaneous		217,345	161,396
		39,685,118	38,229,538

26.1 Factory operating expenses for the year have been classified as administrative expenses as the factory remained un-operational and the expenses incurred were of administrative nature.

This include Gratuity Provision of Rs 583,381/-

	2021	2020
	----- Pak Rupees-----	
26.2 Auditor's remuneration		
Statutory audit	175,000	203,000
Semi annual review fee	52,500	58,000
	227,500	261,000

26.3 REMUNERATION OF DIRECTORS, EXECUTIVES AND MANAGING DIRECTOR

The aggregate amounts charged in theses financial statements in respect of remuneration including benefits applicable to the managing director, directors and executives of the Company are given below.

	2021 ----- Pak Rupees-----			2020 ----- Pak Rupees-----		
	Director	Executive	Managing Director	Director	Executive	Managing Director
Fee	10,000	-	-	10,500	-	-
Managerial Remuneration	-	-	7,000,200	-	-	6,364,200
Rented accommodation	-	-	3,144,600	-	-	2,859,000
Travelling and Conveyance	-	-	48,000	-	-	190,020
Communication	-	-	32,042	-	-	28,294
Utilities	-	-	1,572,111	-	-	1,168,364
	10,000	-	11,796,953	10,500	-	10,609,878
Numbers	7	-	1	7	-	1

The Managing Director has also been provided with a Company maintained car, utilities and telephone at his residence.

	2021	2020
	----- Pak Rupees-----	
27 FINANCE COST		
Mark-up on bridge finance	2,617,170	2,620,774
Interest on workers' profit participation fund	4,828,313	4,434,740
Bank charges	165,523	142,680
	<u>7,611,006</u>	<u>7,198,194</u>
28 OTHER OPERATING INCOME		
Income from assets other than financial assets		
Sale of Scrap	<u>10,000</u>	<u>-</u>
29 LOSS PER SHARE		
Loss for the year after taxation	(47,286,124)	(45,427,732)
Weighted average number of ordinary shares	4,332,819	4,332,819
Loss per share	<u>- 10.91</u>	<u>- 10.48</u>

There are no dilutive potential ordinary shares outstanding as at reporting date.

30 CASH AND CASH EQUIVALENTS

Cash, cash equivalents and short-term borrowings (used for cash management purposes) include the following for the purposes of the cash flow statement.

	2021	2020
	----- Pak Rupees-----	
Cash and bank balances	1,470,407	1,542,788
Short term running finance	-	-
	<u>1,470,407</u>	<u>1,542,788</u>

31. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- 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 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

31.1. The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

On-balance sheet financial instruments

	Carrying amount			Fair value			
	Amortized Cost	FVTPL	Total	Level 1	Level 2	Level 3	Total
----- Pak Rupees-----							
30 June 2021							
Financial assets as per Statement Of Financial Position							
Long term investment	190,000	-	190,000	-	-	-	-
Short term investment	-	-	-	-	-	-	-
Advances, deposits and prepayments	-	3,102,430	3,102,430	3,102,430	-	-	3,102,430
Other receivables	-	-	-	-	-	-	-
Long term security deposits	-	262,482	262,482	262,482	-	-	262,482
Cash and bank balances	1,470,407	-	1,470,407	-	-	-	-
	1,660,407	3,364,912	5,025,319	3,364,912	-	-	3,364,912
Trade and other payables							
	195,086,075	-	195,086,075	-	-	-	195,086,075
Accrued mark-up	54,086,276	-	54,086,276	-	-	-	54,086,276
Unclaimed dividend	384,359	-	384,359	-	-	-	384,359
Loan from directors	236,149,305	-	236,149,305	-	-	-	236,149,305
Short term borrowings - secured	195,453,810	-	195,453,810	-	-	-	195,453,810
	681,159,824	-	681,159,824	-	-	-	681,159,824
----- Pak Rupees-----							
30 June 2020							
Financial assets as per Statement Of Financial Position							
Long term investment	190,000	-	190,000	-	-	-	-
Short term investment	-	-	-	-	-	-	-
Advances, deposits and prepayments	-	3,351,078	3,351,078	3,351,078	-	-	3,351,078
Long term security deposits	-	262,482	262,482	262,482	-	-	262,482
Cash and bank balances	1,542,788	-	1,542,788	-	-	-	-
	1,732,788	3,613,560	5,346,348	3,613,560	-	-	3,613,560
Trade and other payables							
	181,469,883	-	181,469,883	-	-	-	-
Accrued mark-up	54,086,276	-	54,086,276	-	-	-	-
Unclaimed dividend	384,359	-	384,359	-	-	-	-
Loan from directors	209,270,558	-	209,270,558	-	-	-	-
Short term borrowings - secured	192,836,639	-	192,836,639	-	-	-	-
	638,047,714	-	638,047,714	-	-	-	-

31.2. The Company has not disclosed the fair value for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are a reasonable approximation of their fair values.

31.3. The Company has exposure to the credit risk, market risk and liquidity risk from its use of financial instruments.

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

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

31.4. Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including trade receivables and committed transactions.

The maximum exposure to credit risk as at June 30, 2021, along with comparative is tabulated below:

	2021	2020
	----- Pak Rupees-----	
Exposure to credit risk		
Long term investment	190,000	190,000
Advances deposits and prepayments	5,687,399	5,675,840
Cash and bank balances	1,470,407	1,542,788
	7,347,806	7,408,627

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company.

31.6. Market Risk

Currency Risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company primarily has no foreign currency exposures.

Interest rate risk

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will affect the value of financial instruments. At June 30, 2021 the Company's financial instruments mainly affected due to changes in the interest rates on amounts placed on deposits with banks where changes in interest rates may have impact on the future profits / cash flows. The effects of changes in interest rates on the future profits arising on the balances placed on deposits with banks is not considered to be material.

32. RELATED PARTY TRANSACTIONS

The related parties comprise of key management personnel, entities over which the Company are able to exercise influence and employers funds. All transactions with related parties are carried out at arms length prices except loan from directors determined in accordance with comparable uncontrolled price method. The remuneration of managing director and other executives is given in note 26.3 to the financial statements. Balances outstanding and transaction made with related parties at the year end are as follows:

Related party	Basis of relationship	Percentage of shareholding
Surriya Farooq Charitable Foundation	Associated company	0.50%
Ismail Farooq Industries private Limited	Associated company	0.01%
Mian Sohail Farooq Sheikh	Key Management personnel	51.92%
Staff retirement benefits fund	Provident fund trust	Nil

2021 **2020**

----- Pak Rupees-----

Transactions and balances with related parties**Contribution to staff retirement benefits**

Gratuity - expense charged	798,151	994,778
Gratuity - payment made	-	-

Key management personnel**Sohail Farooq Sheikh -Managing Director**

Loan received	26,878,747	23,851,605
Loan repayments	-	-
Remuneration payable	68,458,565	58,313,765

32.1 Purpose of Loan From Directors

Purpose of loan from director is to run Suhail Jute Mills Limited and to meet daily base expenses and loan from director is unsecured.

2021 **2020**
Kgs **Kgs**

33. PRODUCTION DATA

Normal capacity on 360 days basis	6,000,000	6,000,000
Production achieved during the year	-	-
Sacking cloth	-	-
Hessian cloth	-	-
Twine	-	-

It is difficult to describe precisely the production capacity of a Jute mill since it fluctuates widely depending on the pattern of production and number of shifts worked in a particular year. The production facilities of the Company remained idle throughout the year due to non availability of raw material.

34. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt.

35. ENTITY-WIDE INFORMATION

35.1 The Company constitutes of a single reportable segment, the principal classes of products are Jute Twine, Gunny Bags, Hessian Cloth and Rice bags.

35.2 The Company's principal classes of products accounted for the following percentages of sales:

	2021	2020
Jute Twine	0.00%	0.00%
Gunny bags	0.00%	0.00%
Hessian cloth	0.00%	0.00%
Others	0.00%	0.00%
	0.00%	0.00%

35.3 Information about geographical areas

The Company does not hold non-current assets in any foreign country.

35.4 Information about major customers

The Company has not made sales to any major external customers which tantamount to 10 percent or more of the entity's revenue.

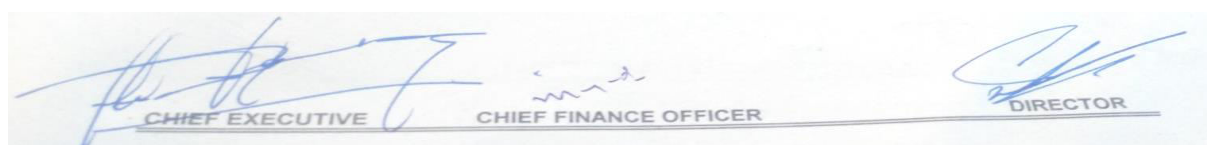
	2021	2020
36. NUMBER OF EMPLOYEES		
Total number of employees as at year end	62	69
Average number of employees during the year	62	69

37. DATE OF AUTHORIZATION FOR ISSUE

These Financial Statements were authorized for issue on 06th October 2021 by the Board of Directors of the Company.

38. GENERAL

In these financial statements figures have been rounded off to the nearest rupee and those of the previous year have been re-arranged and re-grouped wherever necessary to facilitate comparison.



CHIEF EXECUTIVE CHIEF FINANCE OFFICER DIRECTOR

31.5 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including expected interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	Up to one year	One to two years	Two to five	Five years onwards
	-----Pak Rupees-----					
2021						
Trade and other payables	195,086,075	195,086,075	195,086,075	-	-	-
Accrued mark-up	54,086,276	54,086,276	54,086,276	-	-	-
Unclaimed dividend	384,359	384,359	384,359	-	-	-
Loan from directors	236,149,305	236,149,305	236,149,305	-	-	-
Short term borrowings - secured	195,453,810	195,453,810	195,453,810	-	-	-
	<u>681,159,824</u>	<u>681,159,824</u>	<u>681,159,824</u>			
2020						
Trade and other payables	181,469,883	181,469,883	181,469,883	-	-	-
Accrued mark-up	54,086,276	54,086,276	54,086,276	-	-	-
Unclaimed dividend	384,359	384,359	384,359	-	-	-
Loan from directors	209,270,558	209,270,558	209,270,558	-	-	-
Short term borrowings - secured	192,836,639	192,836,639	192,836,639	-	-	-
	<u>638,047,714</u>	<u>638,047,714</u>	<u>638,047,714</u>			

18. PROPERTY, PLANT AND EQUIPMENT

Particulars	Free hold land	Building on freehold land	Plant and machinery	Furniture and fixtures	Office equipment	Motor vehicles	Library books	Total
-----Pak Rupees-----								
Year ended June 30, 2020								
Opening net book value	1,232,316,197	75,784,274	57,753,205	456,268	1,254,681	210,125	80	1,367,774,830
Cost	1,232,316,197	100,981,054	89,325,730	4,521,885	12,189,978	4,386,865	60,723	1,443,782,432
Accumulated depreciation	-	(25,196,780)	(31,572,525)	(4,065,617)	(10,935,297)	(4,176,740)	(60,643)	(76,007,602)
For the year:								
Additions	-	-	-	-	-	-	-	-
Surplus on revaluation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-
Depreciation charge	-	(2,273,528)	(1,847,415)	(45,627)	(125,468)	(42,025)	(24)	(4,334,087)
As at June 30, 2020								
Cost	1,232,316,197	100,981,054	89,325,730	4,521,885	12,189,978	4,386,865	60,723	1,443,782,432
Accumulated depreciation	-	(27,470,308)	(33,419,940)	(4,111,244)	(11,060,765)	(4,218,765)	(60,667)	(80,341,689)
Net book value - 2020	1,232,316,197	73,510,746	55,905,790	410,641	1,129,213	168,100	56	1,363,440,743
Depreciation rate	-	1.5% - 3%	3% - 15%	10%	10%	20%	30%	
Year ended June 30, 2021								
Opening net book value	1,232,316,197	73,510,746	55,905,790	410,641	1,129,213	168,100	56	1,363,440,743
Cost	1,232,316,197	100,981,054	89,325,730	4,521,885	12,189,978	4,386,865	60,723	1,443,782,432
Accumulated depreciation	-	(27,470,308)	(33,419,940)	(4,111,244)	(11,060,765)	(4,218,765)	(60,667)	(80,341,689)
For the year:								
Additions	-	-	-	-	-	-	-	-
Surplus on revaluation	60,000,000	(12,500,000)	(10,000,000)	-	-	-	-	37,500,000
Disposals	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-
Depreciation charge	-	(1,830,322)	(1,847,415)	(41,064)	(112,921)	(33,620)	(17)	(3,865,359)
As at June 30, 2021								
Cost	1,292,316,197	88,481,054	79,325,730	4,521,885	12,189,978	4,386,865	60,723	1,481,282,432
Accumulated depreciation	-	(29,300,630)	(35,267,355)	(4,152,308)	(11,173,686)	(4,252,385)	(60,684)	(84,207,048)
Net book value - 2021	1,292,316,197	59,180,423	44,058,375	369,577	1,016,292	134,480	39	1,397,075,383

- 18.1** Cost of free hold land, building on free hold land and plant and machinery are stated at revalued amounts. The carrying amount of these items of property, plant and equipment measured using the cost model are as under:

	2021			2020		
	Cost	Accumulated Depreciation	Written down value	Cost	Accumulated Depreciation	Written down value
-----Pak Rupees-----						
Freehold land	1,292,316,197	-	1,292,316,197	1,232,316,197	-	1,232,316,197
Building on land	88,481,054	(29,300,630)	59,180,423	100,981,054	(27,470,308)	73,510,746
Plant and Machinery	79,325,730	(35,267,355)	44,058,375	89,325,730	(33,419,940)	55,905,790
Total	1,460,122,981	(64,567,985)	1,395,554,996	1,422,622,981	(60,890,248)	1,361,732,733

18.2 Freehold Land

Freehold Land of the company is situated at Kabul River Railway station, Mardan Road, Nowshera, Khyber Pakhtunkhwa and GT road, Nowshera, Khyber Pakhtunkhwa consisting of 872 Kanals 3 Marlas and 744 Kanals 2 Marlas piece of land respectively.

18.3 Building of freehold land

The building and immoveable fixed assets of the company are located as disclosed in note 18.2 of the financial statements.

**ANNUAL GENERAL MEETING OF SUHAIL JUTE MILLS LIMITED
FORM OF PROXY**

I/We _____ of _____ being a member of Suhail Jute Mills Limited and holder of _____ Ordinary shares as per Share Register Folio _____ Number: _____ hereby appoint _____, CNIC Number _____, of _____ as my Proxy to attend, speak and Vote at the Annual General Meeting of the Company to be held on Thursday 28 October 2021, and at any adjournment thereof.

As witness my/our hand this _____ day of _____, 2021.

Witnesses:

1. Signature _____	2. Signature _____
Name _____	Name _____
Address _____	Address _____
_____	_____
CNIC/Passport No. _____	CNIC/Passport No. _____

CDC Account No. (If Applicable)

Revenue Stamp of PKR 5/-

To be signed by the above named shareholder

Notes:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, not less than 48 hours before the time of holding the meeting. A proxy need not to be a member of the Company.
2. The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
3. Attested copies of CNIC of the appointer and the proxy-holder shall be furnished with the Proxy Form.
4. The proxy-holder shall produce his/her original CNIC at the time of the meeting.
5. In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted along with Proxy Form.